

**ANNUAL REPORT
ON
CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE
OF THE GROUP
PURSUANT TO ARTICLE 123-bis OF THE CFA
2022 FINANCIAL YEAR**

BANCO DI DESIO E DELLA BRIANZA S.p.A.
Registered office in Via Rovagnati, 1 – 20832 Desio (Monza and Brianza)
Tax Code No. 01181770155
Registered in the Metropolitan Chamber of Commerce of Milan, Monza and Brianza and Lodi, REA No. MB-129094
Share capital Euro 70,692,590.28 fully paid-up
Member of the Interbank Deposit Protection Fund
and the National Guarantee Fund
Registered in the Register of Banks at ABI Code No. 3440/5
Parent Company of the Banco di Desio e della Brianza Banking Group
Entered in the Banking Group Register under No. 3440/5
Website: www.bancodesio.it

("traditional" administration and control model)

(BoD 2 - 23 March 2023)

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MAIN DEFINITIONS USED IN THIS REPORT

CBL: Consolidated Banking Law – Italian Legislative Decree No. 385/1993 and subsequent amendments and additions.

CFA: Consolidated Finance Act – Italian Legislative Decree No. 58/1998 and subsequent amendments and additions.

Company representatives: Directors, Standing and Alternate Auditors, the General Manager and the Vice General Manager¹

Executives with strategic responsibilities: the General Manager and the Vice General Manager.

Group: the Banking Group as defined by the CBL, including Banco Desio (Banking Parent Company) and the subsidiary banking and finance companies.

Supervisory Authorities: Bank of Italy and Consob.

AISCI: the Director in charge of the Internal Control and Risk Management System (**whose role was absorbed by that of the Managing Director as from 23 April 2020**).

1 - GENERAL INTRODUCTORY REMARKS ON THE CORPORATE GOVERNANCE SYSTEM

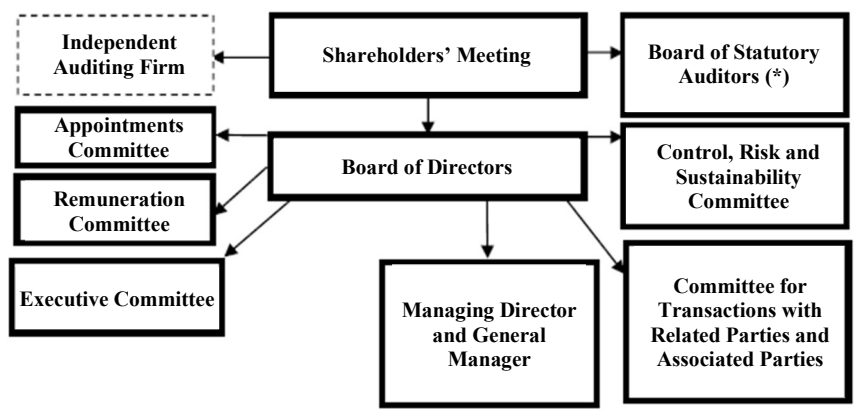
1.1. Preliminary information

During 2022, **there were no changes, from a substantive perspective, to the overall** corporate governance structure of Banco Desio and the Group². In detail, the current structure of the Bodies of the Bank is represented by the following chart³:

¹ In this Report, "Vice General Manager" means the Vice General Manager, if any, or, if more than one, the Vice General Managers appointed as and when.

² It should be noted that, at the Extraordinary Shareholders' Meeting and the Special Shareholders' Meeting of 4 October 2021, within the respective areas of competence, the mandatory conversion of savings shares into ordinary shares was resolved, which became effective on 29 November 2021. As a result of these resolutions, the Special Meeting of the Savings Shareholders was dissolved and the mandate of the Common Representative of the Savings Shareholders also came to an end.

³ **In the diagram, the arrows indicate the appointment and removal** relationships between the main bodies. Note that the BoD is also responsible for appointing/removing the Vice General Manager, the Executive appointed to draw up the accounting documents ("Appointed Executive") and Heads of the Internal Control Departments and the Executives in general.



(*) the Board of Statutory Auditors also performs the tasks of the Supervisory Body established pursuant to Italian Legislative Decree No. 231/2001 (hereinafter, also “SB 231”) - For more details, see section 7

It should be noted that the information provided in this paragraph is also relevant for the purposes of the NFS.

The division of functions between the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors and the Independent Auditing Firm is disciplined by legal and supervisory regulations, to which the **Articles of Association** refer. With regard to the general aspects, the division of the functions between:

- i) Senior Bodies (Board of Directors, Advisory/Proposal-making internal board Committees⁴, Executive Committee)
- ii) Executive Parties (Managing Director and General Manager)
- iii) Technical-operating committees⁵
- iv) Internal control departments
- v) Appointed Executive

is disciplined, in observance of the legal, supervisory and Articles of Association restrictions, by the “Internal Regulations of the Corporate Bodies, of Internal Board Committees and of the General Management” hereinafter briefly “Internal Regulations”). With regard to the specific aspects not detailed in the Internal Regulations, reference is made to the other Corporate Regulations and to the “Policies (documents also approved by the Board of Directors), as well as to Process Regulations. Process Regulations are, as a rule, approved by the Executive Committee, unless the matters are reserved to the competence of the Board of Directors by virtue of legal, regulatory, Articles of Association provisions and/or of resolutions of the Board itself, the Process Regulations pertaining to controls and risk remaining in any case reserved to the approval of the Board.

In 2018 - you are hereby reminded - it was deemed advisable to separate the Internal Regulations of the Board of Statutory Auditors from the aforesaid Internal Regulations. The Internal Regulations of the Board of Statutory Auditors were last updated in 2020, while the Internal Regulations of the Corporate Bodies, the Internal Board Committees and the General Management were last updated in 2021.

In addition, the legislative system regarding the matters involved in this Report remains characterised essentially by the following documentation:

1. **General Shareholders' Meeting Regulations** (see Section 10 below);
2. **Internal Regulations of Information Flows of Corporate Bodies**, last updated in 2021;
3. **Internal Regulations for Coordinating the Controls and the information flows of the banking Parent Company (See Section 7 below) most recently updated with Board resolution of 26 January 2023;**
4. **Internal Regulation of Delegated Powers, most recently updated in 2022, which contains the description of the functions (“function chart”) and with reference to each role/function regulates in a unitary manner the structure of the delegations: i) of operating powers and ii) powers of representation; the system of the latter was restructured, replacing the now outdated “by classification” approach in favour of a more appropriate “by role” approach;**
5. **Internal Regulations regarding Corporate Information of the Banco Desio Group (“Corporate Information Procedure”), most recently updated in 2022, containing, among other things, the functioning of the Corporate Bodies with specific reference to the dissemination of related documentation and the handling of privileged information and the register of the individuals who have access to the same, as well as for the communication of Internal Dealing transactions;**
6. **Internal Regulations on Transactions with “Associated Parties” and “other Related**

⁴ The Advisory/Proposal-making Committees (Appointments Committee, Remuneration Committee, Control, Risk and Sustainability Committee, Committee for Transactions with Related Parties and Associated Parties) are composed solely of Board members and are, as such, defined as internal board committees.

⁵See Section 4.3 below.

Parties", adopted in compliance with the Prudential Supervisory Provisions on risk activities and conflicts of interest with associated parties issued by the Bank of Italy pursuant to Article 53 CBL (see Section 5 below); said Regulation was updated in 2021 following the issuance by Consob of the amendments to its Regulation on the subject in assimilation of Italian Legislative Decree No. 49/2019 regarding shareholders' rights in acknowledgement of the EU Directive "SHRD2" (see below) and most recently in 2022, in accordance with the 35th update of Bank of Italy Circular no. 285 and related deed of issue with which the provisions on transactions with related parties of the EU Directive "CRD5" were transposed;

7. **Policy for identifying and managing conflicts of interest**, referenced by the procedures used to identify the types of conflict of interest, potential or otherwise, in relation to the provision of any investment service or activity, related service, etc., by way of implementation of the provisions acknowledging the MIFID Directives (see Section 5 below);
8. **Policy for the regulation of "personal transactions"⁶ in relation to investment services**, also issued in implementation of the provisions transposing the MIFID Directives;
9. **Policy that defines the Group's overall risk propensity ("Risk Appetite")**, intended as the maximum amount of capital that the Group is prepared to make available to hedge risks against a set expected return and that contains the general rules for business risk management with reference to each type of risk indicated in Prudential Supervisory Provisions of the Bank of Italy, containing specific provisions relating to risk activities with "Associated Parties" pursuant to point 4.

⁶ Personal Transaction, for the specific purposes of the aforementioned Policy, means a trade in a financial instrument effected by, or on behalf of, a Relevant Person, where at least one of the following criteria is met:

- a. the Relevant Person is acting outside the scope of the activities he/she carries out in his/her capacity as a Relevant Person;
- b. the transaction is carried out on behalf of any of the following persons:
 - i. the Relevant Person;
 - ii. any person with whom the Relevant Person has a "Family Relationship" or "Close Ties";
 - iii. a person whose relationship with the Relevant Person is such that the Relevant Person has a direct or indirect material interest in the outcome of the transaction, other than a fee or commission for the execution of the transaction.

A Relevant Person means persons belonging to one of the following categories relating to each Group Company:

- a) members of "Corporate Bodies" (understood, also hereafter, as the Board of Directors and the Board of Statutory Auditors);
- b) shareholders who possess a significant equity investment in the Banking Parent Company or in Group Companies;
- c) executives (including, also hereafter, the General Manager);
- d) employees;
- e) temporary workers and project-based contractors who participate in the provision of investment services and the exercise of investment activities;
- f) individuals who directly participate in the provision of services to the banking Parent Company and Group Companies based on an outsourcing agreement regarding the provision of investment services and related services.

Persons with whom the Relevant Person has a Family Relationship are intended as:

- a. the (not legally separated) spouse or the common law spouse of the Relevant Person;
- b. the children of the Relevant Person;
- c. any other relative of the Relevant Person to the fourth degree (i.e. parents, grandparents, great-grandparents, grandchildren, first cousins, aunts, uncles and great-aunts and great-uncles) who has shared the same household as the Relevant Person for at least one year on the date of the Personal Transaction. Parties with whom the Relevant Person has Close Ties means one or more individual or legal persons linked to a Relevant Person by:
 - a) an equity investment (which means ownership, direct or by way of control, of 20% or more of voting rights or capital of an undertaking);
 - b) control.

* * *

In the presentation of this Report, the traditional layout was maintained that, owing to the lack of consistent provisions on the matter, takes into consideration the guidelines indicated from time to time by Borsa Italiana S.p.A. and by Assonime. In said context, the attached Table 4 was maintained, which included the schedule summarising the implementation status of the recommendations in the new Corporate Governance Code for Listed Companies, referred to as the "Corporate Governance Code", as per Section 2.2 below⁷ (for the sake of brevity "the CG Code").

This Report:

- has been drawn up in accordance with Article 123-bis of the CFA, which lays down a series of information on the ownership structure, the corporate governance practices, the risk management and internal control systems relating to the financial disclosure process, and the composition and functioning of the general meeting, board and audit bodies; the independent auditing firm is required to express a consistent opinion on certain information required by the aforementioned Article 123-bis; this information is specified in Section 2.1 below;
- ⁸has been approved by the BoD, subject to the assessment of the Independent Directors as per a specific recommendation in the CG Code as transposed in the Internal Regulations. This assessment, issued at the meeting of the Independent Directors on 16 March 2023, is attached to the Report itself (Attachment A) following the board resolution of 23 March 2023, which approves the final version of the Report made available to the public; the Independent Directors have also already expressed a favourable opinion at their meeting of 16 February 2023 with regard to the information pursuant to article 123-bis of the Consolidated Finance Act, which are reported in the interim version of the Report approved with the board resolution of 2 March 2023, in order to comply with the terms for making them available to the independent auditors.
- it is published, albeit as a separate document, together with the Report on Operations, which also contains the due references. Likewise, it contains references to the financial statement documentation (Notes to the Financial Statements, Report on Operations, etc.), the Consolidated Non-Financial Statement ("NFS" or "Sustainability Report"), as well as the Policy on the remuneration policy and on remuneration paid ("Remuneration Report"), for the information contained therein, which otherwise would be duplicated; the latter is drafted in accordance with Article 123-ter of the CFA, which also contains the information required by Bank of Italy Circular No. 285 regarding remuneration and incentive policies and practices in banks and banking groups.

This Report and the Remuneration Report are also published on the website www.bancodesio.it in the "La Banca/Governance/Documenti Societari" (The Bank/Governance/Corporate Documents) section.

It should be noted that, on 31 January 2020, the new Corporate Governance Code for listed companies was published ("Corporate Governance Code").⁷ The new version of the aforementioned Code streamlines and enhances the formulation of the recommendations, introducing elements of flexibility in relation to the dimensions of the business and its ownership structure. The Code also assigns the BoD a new role in the furthering of the sustainability strategies and the dialogue with the market and the relevant stakeholders. The new Code was applied by the companies as from the first financial year starting after 31 December 2020, informing the market of its adoption in the Corporate Governance Report for 2021.

⁸ In accordance with the CG Code, the Independent Directors have met at least once a year in the absence of the other Directors (as a rule, at the time of the approval of the Annual Corporate Governance Report and for the purpose of expressing their opinion on the aspects they are responsible for).

1.2. General aspects of the corporate governance model pursuant to the applicable Supervisory Provisions⁹

The corporate governance model of Banco Desio is essentially structured on three legislative levels characterised by the Articles of Association, the Internal Regulations and the Control Coordination Regulation, whose general aspects are summarised below.

1.2.1. Articles of Association

At the Extraordinary Shareholders' Meeting of 14 April 2022, Banco Desio resolved some amendments to the Articles of Association which concerned, in particular:

- Article 14: the reduction of the board structure to a minimum and maximum odd number of members (i.e. from a minimum of 9 to a maximum of 11 members) in order to minimise, even theoretically, the risk of situations of parity of votes arising that require recourse to the "casting vote";
- Article 17: adaptation to the aforementioned 35th update of Circular no. 285 of the Bank of Italy, providing for the extension of the powers of the body with strategic supervision function, which cannot be delegated, to certain areas such as the standards of conduct that must provide the basis for the activities of the bank's employees and the policies for the management of dialogue with shareholders, including institutional investors and asset managers (areas in which the Board of Directors of Banco Desio was already committed, as will be discussed in paragraphs 7 and 10 below).

Following the amendment to article 14 of the Articles of Association modified as illustrated, the Ordinary Shareholders' Meeting held on the same date resolved to reduce the number of Directors for the current three-year period (expiring on approval of the financial statements as at 31 December 2022) from 12 to 11, specifying that this numerical "range" is considered adequate for the purposes of the composition and functioning of the Board itself and of its internal Committees. Under board resolution of 28 July 2022, the Board of Directors of Banco Desio started the process relating to the amendments to Article 2 of the Articles of Association in order to comply with the 39th update of the aforementioned Circular no. 285 of the Bank of Italy, including the specification that the Bank itself, as the banking Parent Company, is assigned "the powers and resources needed to ensure compliance with the rules governing banking activities on a consolidated basis". This amendment to the Articles of Association is formal in that it recognises a formal situation in which Banco Desio has for some time carried out structural management and coordination over its subsidiaries, as envisaged by the Group Regulations and the operating procedures underlying them, as well as by well-tested corporate governance and strategic, management and technical-operational coordination mechanisms. On 5 September 2022, Banco Desio sent the Bank of Italy the application pursuant to articles 56 and 61 of the Consolidated Banking Law in relation to the draft amendments to the Articles of Association referred to above, to the Bank of Italy. At the same time, Brianza Unione sent the Bank of Italy the request for exemption from the role of banking parent company pursuant to article 60 bis, par. 3 of the Consolidated Banking Law, whose process, which incorporates that of the amendment to the Articles of Association of Banco Desio, was concluded with the assessment measures issued by the Bank of Italy on 3 March 2023.

Duties and powers of the corporate bodies

A.1 Board of Directors

The body with strategic supervision function is first and foremost reserved the decisions concerning strategic policies and transactions as well as business and financial plans. This provision is included in the Articles of Association of Banco Desio (for further details see also Section 3 below). Among the powers that cannot be delegated, in addition to those introduced in

⁹ The provisions to which reference is made are contained in the aforementioned Circular No. 285.

2022 as specified in the previous section, the BoD is responsible for the appointment of the heads of the internal audit and compliance departments, and the other internal control departments, as well as the definition of the essential elements of the overall architecture of the internal control system¹⁰ (subject to the favourable opinion of the Board of Statutory Auditors). The Board of Directors also carries out management functions.

A.2 Board of Statutory Auditors

The body with auditing function oversees the observance of the legal, regulatory and Articles of Association provisions, the correct administration, and the adequacy of the organisational and accounting structures of the bank. The Articles of Association of Banco Desio assign the Board of Statutory Auditors the related duties and powers, which are illustrated within said Articles, according to the structure indicated in Circular No. 285. Furthermore, as stated, the Board of Statutory Auditors performs SB 231 functions, taking account not only the aforementioned Circulars No. 263 and 285, but also the provisions of paragraph 4-bis of Article 6 of the aforementioned Italian Legislative Decree No. 231/2001, and a specific recommendation in the CG Code with regard to Banco Desio. The relevant provision is added to the Articles of Association.

B. Composition of the Corporate Bodies

For Banco Desio, the “list voting” rules apply for the election of the members of the BoD and the Board of Statutory Auditors, introduced in due course to the Articles of Association by virtue of article 147-ter and article 148 of the Consolidated Finance Act (which, as is well known, provide for the appointment of a Director by minority list and the Chair of the Board of Statutory Auditors).

In addition, the Articles of Association includes the “gender quota” regulation introduced by Law No. 120/2011¹¹ for companies listed in regulated markets. This regulation envisaged that the “gender quota” had to be at least 1/5 for the first office (2014-2016) and at least 1/3 for the following two offices. The Extraordinary Shareholders' Meeting held on 23 April 2020 approved the amendment to the Articles of Association consequent to the entry into force (1 January 2020) of Italian Law No. 160 dated 27 December 2019 (the 2020 Budget Law), which extended the period of application by six mandates and raised the gender quotas for the Board of Directors and the Board of Statutory Auditors to at least 2/5 (a quota, however, maintained at least 1/3 in the case of bodies comprising 3 members, as in the case of the Board of Statutory Auditors) with effect from the renewal of offices that took place during the aforementioned Shareholders' Meeting.¹²

As mentioned in the previous paragraph, the Shareholders' Meeting of 14 April 2022 resolved to reduce the number of Directors from 12 to 11.

C. Remuneration and incentive mechanisms.

The provisions of Bank of Italy Circular No. 285 are shown: i) in the Articles of Association with respect to the general principles, where the Ordinary Shareholders' Meeting, in addition to establishing fees due to the Bodies it has appointed, approves the remuneration policies, including the plans based on financial instruments, and the criteria/limitations for any amounts agreed in view or on the occasion of the early termination of employment or cessation from office of identified staff (“golden parachutes”) as provided for by the aforementioned Circular No. 285; ii) in the Internal Regulations with regard to the application guidelines (for more details also see section 6 below).

¹⁰ Among the “essential elements of the overall architecture of the system of controls”, the Provisions themselves indicate powers, responsibilities, information flows and handling of conflicts of interest.

¹¹ “Golfo-Mosca” Law

¹² It should be noted that the gender quota regime adopted by Banco Desio as a listed company absorbs the one introduced for all banks by the aforementioned 35th update of Circular No. 285.

1.2.2. Internal Regulations of the Corporate Bodies, of Board Committees and of the General Management

With regard to the regulatory provisions that are complementary to the Articles of Association provisions as per the previous Section 1.2.1, the Internal Regulations acknowledge the application guidelines of Bank of Italy Circular No. 285 as per points A.2) Board of Statutory Auditors and C) Remuneration and incentive mechanisms (for further details also see Section 6 below). It is also established, within the Internal Regulations, that the Statutory Auditors cannot undertake offices in bodies other than the Board of Statutory Auditors within other Group Companies, as well as with companies in which Banco Desio directly or indirectly holds a strategic investment¹³. With reference to the role of Chair of the Board of Directors, who, according to the general principles expressed in the same Circular No. 285, performs an important role for the purpose of encouraging internal dialogue and ensuring the balancing of the powers, in the Internal Regulations it is specified that “the Chair of the Board of Directors promotes a communicative and transparent relationship among the members of the Board, to assure the effective functioning of the corporate governance system”; for this purpose, the Chair “within the scope of their function, directed at promoting internal dialogue and assuring the balancing of powers within the Board of Directors with respect to its different members, and to the Managing Director and General Manager in relation to the role described in Section 4.2 below, oversees the organisation of the Board's activities and the circulation of the information relating to said work, furthering the constant performance of the role of strategic supervision and management of said Board. Maintains relations with the Chair of the Board of Statutory Auditors and with the Chairs of the advisory/proposal-making committees established within the Board of Directors, serving as their main interlocutor”. For more details see also Section 4.2 below.

1.2.3. Regulations for Coordinating the Controls and the information flows of the banking Parent Company

The Control Coordination Regulations define the tasks and responsibilities of the control Bodies and functions within the Banco Desio Group (in particular, procedures, moments of coordination, organisational reports, and relevant links among the above-mentioned company functions), as well as the duties and responsibilities of the control functions, the main controls carried out by each function, the information flows between the different functions and between them and the corporate Bodies, the coordination and collaboration procedures eliminating any potential overlaps and allowing to develop synergies between the functions establishing, inter alia, that the Internal Control System consists of the set of the rules, procedures, organisational structures and coordination mechanisms that aim at essentially assuring the compliance of the Group Companies' operations with respect to the corporate strategies and with internal and external regulations. To this end, the banking Parent Company, as part of the Group's management and coordination activities, regulated as a whole by the “Group Regulations” adopted at that time, exercises: a) strategic control over the evolution of the Group's various business areas and the impending risks on the portfolio of activities carried out; b) management control aimed at maintaining the balance of the economic, financial and equity conditions, both for individual companies and the Group as a whole; c) technical-operational control aimed at evaluating the various risk profiles contributed to the Group by the individual subsidiaries. For more information, see also Section 7 below.

During 2022, a special Control Function Coordination Committee (“CCFC”) was established, representing an opportunity for the exclusive coordination of the Company Control Departments. The committee holds a “risk meeting” that was, however, already provided for within the Risk Management Committee (“CGR”).

¹³ As indicated by the aforementioned Circular No. 285, “strategic” for such purposes is understood to mean the equity investment that is equal to at least 10% of the share capital or the voting rights during ordinary Shareholders' Meetings of the investee company and 5% of the consolidated regulatory capital of the Banking Group.

2 - GENERAL INFORMATION ON THE OWNERSHIP STRUCTURE AND ON OTHER CORPORATE ASPECTS, ON COMPLIANCE WITH A CORPORATE GOVERNANCE CODE AND ON THE GROUP STRUCTURE

This section contains information on the ownership structure and the corporate aspects **pursuant to Article 123-bis CFA**, as well as on the Group structure and the management and coordination activities, according to the various banking and statutory rules.

Banco Desio is qualifiable as an “SME” in accordance with Article 1, Paragraph 1, Letter w-
quater.1) of the CFA, which defines SMEs as the enterprises, issuing listed shares, whose market capitalisation is less than 500 million Euros. Issuers of listed shares that exceeded the aforesaid limit for three consecutive years are not considered SMEs. The checks carried out following promulgation of Consob Resolution No. 20621 of 10 October 2018 (updated by means of Consob Resolution No. 21625 dated 10 December 2020 which eliminated the reference to turnover) made it possible to ascertain that Banco Desio falls within the definition of SME provided above, because its market capitalisation as at 30 June 2018 amounted to 278 million Euros. If, for three consecutive years, Banco Desio were to exceed the aforesaid limit relating to revenue and capitalisation, it would cease to be included in the SME category. As an indication, it should be noted that the total market capitalisation of the ordinary shares as at 9 February 2023 is approximately 447,428,953 million Euros. At the end of each year, the data is verified in accordance with the timescales and procedures established by the latest Consob Resolution referred to above.

2.1. OWNERSHIP STRUCTURE AND OTHER CORPORATE ASPECTS OF BANCO DESIO (Article 123-bis, paragraph 1, CFA)

a) **Share capital structure**

The share capital of Banco Desio, fully subscribed and paid-up, is composed of a total of 134,363,049 shares with no par value, following the effectiveness of the mandatory conversion of the 13,202,000 savings shares into ordinary shares in execution of the approval resolutions passed by the Extraordinary Shareholders' Meeting and the Special Shareholders' Meeting on 4 October 2021, to the extent of their respective areas of competence. From 29 November 2021, only the ordinary shares (including the ordinary shares resulting from the Mandatory Conversion, having the same characteristics as those outstanding on the effective date of the Mandatory Conversion), are traded on Euronext Milan of Borsa Italiana.

The ordinary shares grant the holders the rights and obligations envisaged by current legislation (in particular, the right to profits and voting rights pursuant to Articles 2350 and 2351 of the Italian Civil Code), without Articles of Association exceptions or limitations.

Other specific categories of shares or equity financial instruments endowed with specific equity or administrative rights have not been issued nor is the option to issue the same envisaged by the Articles of Association.

b) **Restrictions on the transfer of shares**

No voluntary or Articles of Association restrictions on the circulation of the shares are envisaged, such as limits to the possession of shareholdings or approval clauses. Furthermore, making equity investments in the Banks' share capital that would exceed the specific percentage thresholds is subject to restrictions established by the CBL and Supervisory Provisions.

c) **Significant investments**

Shareholders who hold stock in Banco Desio of **over 5¹⁴%** as at 31 December 2022 were as follows:

¹⁴ As a result of the acquisition, by Banco Desio, of the capacity of SME in accordance with the aforementioned regulations, the threshold for reporting significant investments rose from 3% to 5% in 2018.

-	share capital represented by a total of 134,363,049 <u>ordinary</u> shares:	
-	Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. (controlling interest)	50.41%
-	Avocetta S.p.A.	8.41%
-	Stefano Lado (of which 5.53% via Vega Finanziaria S.p.A.)¹⁵	7.43%
	Total	66.25%

The information on significant investments was essentially acquired on the basis of the entries in the Shareholders' Register, as well as the indications received by the company in accordance with Article 114, section 7 CFA (Internal Dealing) and Article 120 CFA (Ownership Structure).

It should be noted that the information provided in this paragraph is also relevant for the purposes of the NFS.

d) Securities that grant special control rights

No securities that grant special control rights have been issued.

e) Shareholdings of employees: voting procedure

There are currently no employee share ownership plans in place, except for an incentive plan based on the assignment of "phantom shares" and approved by the Ordinary Shareholders' Meeting of 14 April 2022. For further information, please refer to the Remuneration Report and the Information Document relating to the aforementioned plan (drawn up pursuant to Article 114-bis of the Consolidated Finance Act and Article 84-bis of the Issuers' Regulation). This documentation is published on the website www.bancodesio.it in the section "The Bank/Governance/Shareholders' Meeting".

f) Restrictions on voting rights

Restrictions on voting rights are not envisaged, except for the above limitation regarding savings shares and without prejudice to the restrictions envisaged by ad hoc legislation (for example: failure to acquire authorisation for the purchase of significant investments, not meeting "good standing" requirements by those investing in the share capital, failure to fulfil specific disclosure obligations vis-à-vis the Bank of Italy and Consob, etc.).

g) Agreements between shareholders

There are no shareholders' or corporate agreements between shareholders, as envisaged by current provisions (Article 20 of the CBL and Article 122 of the CFA).

h) Change of control clauses

Banco Desio and/or its subsidiaries do not have any significant agreements in place, whose effectiveness is subject to or which would be modified or terminated in the event of a change in the control of Banco Desio ¹⁶itself, except for the granting of a "call" option in favour of Anthilia Holding on the entire stake held from time to time by Banco Desio in Anthilia Capital Partners SGR S.p.A ("Anthilia SGR" or also "Anthilia" for short), exercisable in the event of a change in the control of Banco Desio during the partnership between Banco Desio itself and the aforementioned companies.¹⁷

¹⁵ The shareholding referring to Stefano Lado includes shares registered in the name of his spouse (0.005%) and shares registered in the name of his two children (in total 0.14%).

¹⁶ A change of control is defined as any transaction as a result of which a third party, other than Brianza Unione di Luigi Gavazzi e Stefano Lado S.p.a., acquires an interest in the share capital of Banco Desio in excess of 50%.

¹⁷ On 29 June 2022, Banco Desio e Anthilia Capital Partners SGR S.p.A. executed the partnership agreements for the entry of Banco Desio in the share capital of Anthilia. In execution of the Investment Agreement signed on 4 November 2021 between Banco Desio, Anthilia and its parent company Anthilia Holding S.r.l., Banco Desio subscribed and paid up the share capital increase resolved by the SGR (asset management company), and reserved for subscription to Banco Desio. Following the subscription and payment of said share capital increase, Banco Desio holds a stake of 15% in the SGR. In addition, in compliance with the aforementioned Investment Agreement, on the same date the SGR issued and assigned to Banco Desio a certain number of Warrants convertible to ordinary shares of the SGR, subject to Banco Desio achieving certain sales objectives as at 31 December 2024. Following any conversion of the Warrants, Banco Desio will therefore be able to increase its equity investment to a stake equal to 30% of the share capital of the SGR. Banco Desio and Anthilia Holding S.r.l. have also signed a shareholders' agreement governing the rights and

i) Indemnity paid to directors in the event of early termination of employment

Refer fully to Section 6 below and to the Remuneration Report.

j) Appointment and replacement of Directors and Statutory Auditors and Articles of Association amendments

The appointment of Banco Desio's BoD and Board of Statutory Auditors has been disciplined by the procedure set forth in Article 147-ter and Article 148 CFA, respectively.

The BoD is made up of a minimum of 9 and a maximum of 11 members, according to the decisions of the Shareholders' Meeting, and is appointed by means of "majority" list voting that, in the event of the presentation of two or more lists of candidates, envisages the appointment of all the Directors less one from the list that obtained the highest number of votes cast during the Shareholders' Meeting (majority list). One Director is appointed from the minority list that has obtained the highest number of votes cast after the majority list, provided that the number of votes is at least equal to half of the quorum necessary for the presentation of the lists and on the condition that the minority list is not linked to the shareholders who have presented or voted for the majority list.

These lists can be presented by shareholders who are owners of ordinary shares equal to at least 2.5% of the share capital represented by ordinary shares and must be presented at least 25 days before the Shareholders' Meeting, accompanied by: documentation proving the identity of the shareholders and their legitimate right to present the list; individual declarations accepting the candidacy and statement of compliance with the prescribed requirements, including independence requirements, as well as the Curriculum Vitae of the candidates; declarations of the shareholders who present the minority lists of the absence of any link with the majority shareholders.

In the event the Director appointed from the minority list leaves office, the BoD is obliged to co-opt, where possible, a non-elected candidate from the same list. In any event, during the Shareholders' Meeting called to resolve the replacement of the Director appointed from minority lists, the candidates can only be presented by other shareholders not linked to those who have presented and voted for the majority list at the time of BoD appointment and the appointment of the Director takes place by means of a relative majority.

With regard to the Board of Statutory Auditors, a similar procedure applies with the following changes: two Standing Auditors and two Alternate Auditors are appointed from the majority list; a Standing Auditor, who will take on the office of Chair, and an Alternate Auditor, are appointed from the first minority list not linked to the majority shareholders, irrespective of the number of votes obtained. In the event that in the 25 days prior to the Shareholders' Meeting, only the majority list has been duly presented, the deadline for the filing of the minority lists is extended by 3 days and the presentation quorum is halved.

Amendments to the Articles of Association are the exclusive responsibility of the Extraordinary Shareholders' Meeting, except in those cases where the law and the Articles of Association permit approval by the BoD. In any event, the amendments to the Articles of Association are subject to the prior assessment of the Bank of Italy in accordance with Articles 56 and 61 of the CBL. For further information relating to the administrative body and the control body, see Sections 3 and 9 below.

k) Powers pursuant to Article 2443 of the Italian Civil Code and authorisations to purchase own shares

No powers have been granted to Banco Desio's BoD for increasing the share capital as per Article 2443 of the Italian Civil Code, nor for issuing equity financial instruments. There are no Shareholders' Meeting authorisations for the purchase of own shares in force at the date of this Report.

2.2. COMPLIANCE WITH A CORPORATE GOVERNANCE CODE (Article 123-bis, paragraph 2, letter a) CFA)

As illustrated in previous Reports, Banco Desio complies with the Corporate Governance Code

obligations of Banco Desio in relation to the corporate governance of the Asset Management Company and the transfer of its stake; all in the broader context of the commercial partnership governed by an appropriate commercial framework agreement.

(now CG Code) for Listed Companies as from its first issue by Borsa Italiana. In detail, the Code was adopted on a generalised basis, with the exception of certain criteria of a circumscribed nature that it was considered not necessary or appropriate to assimilate fully. For detailed information on the status of adherence to individual recommendations of the Code, refer to the attached [Table 4](#). The current Code can be found at the following web address: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

On 19 November 2020, the Board of Directors resolved to fully adopt the new Code in force as from 1 January 2021: i) within the scope of the recommendations applicable to **"non-large" and "concentrated ownership" companies**¹⁸; ii) in compliance with the Supervisory Provisions applicable to listed banks as they are treated as "larger banks" pursuant to the aforementioned Circular No. 285, as from 1 January 2021, without prejudice to the fact that the recommendations relating to the independence criteria shall be applied at the same time as the independence requirements set forth in the MEF Regulation pursuant to Article 26 of the Consolidated Banking Law (the "MEF Decree") in order to ensure the consistency of the system at the next renewal of corporate offices expiring with approval of the financial statements as at 31.12.2022.

The possible use of the relevant flexibility options for the application of the Code is significantly limited by the fact that these Supervisory Provisions are particularly stringent (as also confirmed by the aforementioned 35th update of Circular 285). **For an illustration of the options and actions resolved upon by the Board of Directors, please refer to [Attachment D](#) in full. Additional information laid down by Article 123-bis, paragraph 2 CFA, referring to financial disclosure (letter b), the functioning of Shareholders' Meetings and dealings with shareholders (letter c) and the composition/functioning of administration and control bodies (letter d) is provided, specifically, in Sections 3, 7, 9 and 10 below. Section 7 also contains information about the non-financial statement.**

2.3. GROUP STRUCTURE AND MANAGEMENT AND COORDINATION ACTIVITIES

Information in this section reflects (unless specified otherwise) the situation as at 31 December 2022.

Banco Desio is the Parent Company of the banking group by the same name, pursuant to Articles 60 and 61 of the CBL, which currently includes the following companies:

Banco Desio e della Brianza SpA	Parent bank
Fides SpA	Finance company entered in the Financial Intermediaries Registry, directly controlled (100%)
Desio OBG Srl	SPV operating as part of the structure for the issue of Covered Bonds

Banco Desio exercises management and coordination activities over these companies, both according to current banking system provisions and in accordance with Article 2497 et seq. of the Italian Civil Code. To this end, special "Group Regulations" that regulate the matter as a whole were adopted at that time.

Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., a financial company whose main purpose is the management of the controlling interest in Banco Desio, is the party that exercises control over said Bank according to applicable laws (Article 2359 of the Italian Civil Code and Article 23 CBL).

As the result of a specific Articles of Association provision, however, it does **not exercise**

¹⁸ The respective definitions are as follows: **"large company"** - a company whose capitalisation exceeded 1 billion Euros on the last trading day of each of the three preceding calendar years; **"concentrated ownership company"**: a company in which one or more shareholders participating in a Shareholders' Agreement hold, directly or indirectly (through subsidiaries, trustees or intermediaries), a majority of the votes exercisable at an Ordinary Shareholders' Meeting.

management and coordination activities over Banco Desio and its subsidiaries, based on neither banking legislation nor statutory provisions. Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. does not hold any other controlling interests¹⁹.

As mentioned in a previous paragraph, on 5 September 2022, Brianza Unione sent the Bank of Italy a request for exemption from taking on the role of banking parent company (without prejudice to that of CRR Parent Company) pursuant to the aforementioned 39th update of Circular 285, which ended with the assessment measures issued by the Bank of Italy on 3 March 2023.

3 - BOARD OF DIRECTORS

The information in this section has been provided in accordance with Article 123-bis, section 2, letter d of the CFA and articles 144-octies and 144-novies of the Issuers' Regulation and reflects (unless specified otherwise) the situation as at 31 December 2022. For its development, see Section 13 below. For information on sustainability issues and, in this context, on the diversity policies applied by the Banco Desio Group to the composition of the administration, management and control bodies with regard to aspects such as age, gender and education and professional experience, in accordance with Article 10 of Italian Legislative Decree No. 254/2016, please refer to Section 7 below.

It should be noted that the information provided in this paragraph is also relevant for the purposes of the NFS.

3.1. Composition and requirements

The current Board of Directors of Banco Desio is made up of 11 directors, appointed by the Shareholders' Meeting of 23 April 2020 (with the exception of one director, appointed by the Shareholders' Meeting of 4 October 2021 to replace a deceased director), with the list voting mechanism referred to in paragraph 2.1.I) above and expires at the time of the Shareholders' Meeting called on 27 April 2023 to approve the financial statements as at 31 December 2022. One Independent Director was elected from a list submitted by a minority shareholder (see also Section 3.2 below). For further information, please refer in full to the general meeting documentation published on the website www.bancodesio.it – section “La Banca/Governance/Corporate Governance/Assemblea” (The Bank/Governance/Corporate Governance/Shareholders' meeting). The composition of the BoD, together with other information on the structure of the Management Body and the Committees, is included in the attached Tables 1.1 and 1.2.

Guidelines on optimal composition

The Board of Directors expresses, in view of its renewal, Guidance on the optimal composition of the Body and this Guidance, which is approved at the end of the self-assessment process referred to in paragraph 3.6 below, is published well in advance, to allow anyone submitting lists of candidates to be able to take the Guidance into account when composing the list. This also corresponds to a specific recommendation of the Italian Corporate Governance Committee.

According to the special regulations for banks with listed shares, directors must meet specific requirements under penalty of disqualification from office. On 15 December 2020, Decree No. 169 of 23 November 2020 was published in the Official Gazette, containing the implementing regulation of Article 26 CBL ²⁰issued by the MEF (the “MEF Decree”), which, having consulted the Bank of Italy, was called upon, as is well known, to identify in accordance with CRD4: a) the homogeneous good standing requirements for all the representatives; b) the professional standing and independence requirements, graded according to proportionality principles; c) the

¹⁹ In accordance with Articles 11 and 99 of Regulation EU No. 575/2013 (CRR) Brianza Unione is also obligated, starting from the accounting date of 30 June 2018, to forward prudential supervisory reports (so-called COREP) and statistical reports (FINREP) on a consolidated basis, being qualified by the Bank of Italy as the “CRR Parent Company”. As consequence, Banco Desio, starting from the same accounting date, no longer sends the related reports on a consolidated basis because they are transmitted by Brianza Unione. Brianza Unione has appointed Banco Desio with a dedicated service agreement for the execution of some activities concerning the drafting and forwarding of the reports. For additional information, please refer to the Report on Operations.

²⁰ The relevant Supervisory Provisions were issued by the Bank of Italy on 4 May 2021.

criteria of competence, consistent with the office to be held and with the characteristics of the bank, and of adequate composition of the body; d) the criteria of correctness, concerning, among other things, the business relations of the representative, the behaviour with regard to the supervisory authorities and the sanctions or corrective measures imposed by them, restrictive measures concerning professional activities carried out, as well as any other element likely to affect the correctness of the representative; e) the limits to the number of offices held by bank representatives, graded according to proportionality principles and taking into account the size of the intermediary; f) the causes that involve the temporary suspension from the office and its duration. The relevant provisions shall apply to appointments after the date of its entry into force, i.e. 30 December 2020.

Following the introduction by the aforementioned Ministerial Decree No. 169/2020 of the so-called "Fit&Proper Assessment", Banco Desio has adopted, with a Board resolution of 3 August 2021, the "Fit&Proper" Policy, recently updated with board resolution of 23 June 2022, which defines the substantive and procedural obligations regarding the suitability of both the overall Administrative Body (Board of Directors) and the Control Body (Board of Statutory Auditors), as well as of the company Representatives, the time commitment for the position held, the principles of honesty, integrity and independence of mind, as well as the requirements of knowledge, expertise and experience. The Policy also concerns the Managers of the main corporate functions to the extent applicable to them²¹. The Policy has been implemented by the subsidiary Fides in the context of its management and coordination activities, which has adopted a similar document to the extent applicable to it.

Criteria for assessing the significance of the relationship that may influence the independence of the Representative

The update of the Policy consisted in the refinement of the quantitative parameters and the qualitative criteria, also defined in monetary terms and as a percentage of the remuneration awarded for the office and for participation in Board Committees ("corporate remuneration"), defined ex ante to assess the significance of any commercial, financial or professional relationships and any additional remuneration for the purposes of the independence of the Representatives of Banco Desio pursuant to the CFA and the MEF Decree (see also the following paragraph), parameters and criteria that are now indicated in the new Annex A to the Policy. This refinement was suggested by the Independent Directors, was made with the support of a leading law firm and concerned, in particular, the introduction of differentiated criteria for commercial, financial or professional relationships and for "additional remuneration".²² This also complies with a specific recommendation of the Italian Corporate Governance Committee.

The verification of the requirements of company Representatives²³ pursuant to the MEF Decree is the responsibility of the Board of Directors itself, within 30 days of appointment, in accordance with the procedure set forth in the Bank of Italy's Supervisory Provisions; in short, possession of the requirements is verified in a specific manner and resolved upon by the BoD²⁴ for each individual Representative, with the abstention of the party concerned, on the basis of appropriate documentation produced by the representatives themselves (e.g. certificates, attestations,

²¹ The persons in charge of the Bank's main corporate functions are identified, pursuant to the MEF Decree, as the Managers:

- of the anti-money laundering function (Anti-Money Laundering Office),
- of the regulatory compliance function (Compliance Office),
- of the risk control function (Risk Management Department),
- of the internal audit function (Internal Audit Department),

and as the Executive appointed to draw up the accounting documents pursuant to Article 154-bis of the CFA.

²² As regards the latter point - also taking into account the current amount of the remuneration assigned by Banco Desio and the subsidiary Fides - it was considered reasonable to indicate a threshold of 100% of corporate remuneration.

²³ See also section 9 below for the members of the Board of Statutory Auditors' requirements.

²⁴ Banco Desio used this "tool" to verify the requirements of the Executive Director Gerolamo Gavazzi, appointed by the Shareholders' Meeting of 4 October 2021 to replace the deceased Director Egidio Gavazzi (for further information on this replacement, see the following paragraphs) and the new Compliance Office Manager in office with effect from 19 May 2022. Likewise, the subsidiary Fides used a similar "tool" in the parts applicable to it as financial companies pursuant to article 106 of the Consolidated Law on Banking, for the verification of the requirements of the new corporate bodies following their renewal, which took place with the Shareholders' Meeting resolution of 31 March 2022.

curricula vitae, declarations in lieu of affidavits or certifications, declarations made by home companies/bodies, etc.) and of a specific questionnaire (the "tool") made available by the Bank of Italy and usable on a voluntary basis.

Information on the personal and professional characteristics of the Directors, as well as information on their satisfaction of the requirements described in this section, are published upon submission of the lists for the renewal of corporate offices, in compliance with governing Consob regulations. For more details, refer to Section 3.5 below. Their curricula are also made available on the www.bancodesio.it website, in the section "La Banca/Governance/Corporate Governance/Consiglio di Amministrazione" (The Bank/Governance/Corporate Governance/Board of Directors). The same website now also contains summary profiles of the individual Company representatives currently in office, the Appointed Executive and the Heads of Internal Control Departments.

3.2. Independent Directors

Of the 11 Banco Desio Directors in office, most of whom were appointed by the Shareholders' Meeting on 23 April 2020, 5 of them qualify as independent, according to the specific provisions of Articles 147-ter and 148 of the Consolidated Finance Act, as well as according to the criteria of the CG Code²⁵. The assessment of independence is subject to BoD resolution, specifically reviewing the individual positions of the Directors on the basis of suitable documentation available to the company or disclosure made by the party concerned, who abstains from voting and favouring, in any case, substance over form. The checks are envisaged after appointment, as well as when establishing Committees that require the participation of a certain number of Independent Directors, at the time of approval of the Self-Assessment Report of the BoD and of this Report (as well as each time the BoD considers it appropriate in relation to any situations that may change the qualification of independence relating to one or more Directors). The Directors, by virtue of said evaluations and checks performed in 2020 at the time the appointments were renewed and also confirmed during the approval of this Report, who currently meet the independence requisites (all in accordance with both the Consolidated Finance Act and the CG Code), are listed below:

- | | |
|----------------------------------|---|
| - Ms Valentina Casella | (first appointed 28 March 2019) |
| - Mr Ulrico Dragoni | (appointed 23 April 2020) |
| - Cristina Finocchi Mahne | (first appointed 30 May 2013) |
| - Giulia Pusterla | (appointed 23 April 2020)²⁶ |
| - Laura Tulli | (appointed 23 April 2020) |

Ulrico Dragoni was appointed from a list presented by a minority shareholder (Carit Foundation - Cassa di Risparmio di Terni e Narni).

When the Fit&Proper Policy was adopted, as mentioned, the quantitative and/or qualitative criteria to be used for assessing the relevance of the relationships under review for the purposes of verifying independence were defined (commercial, financial or professional relationships and additional remuneration) on an ex ante basis.

It should be noted that a director is not considered independent:

i) if, whether, directly or indirectly (e.g. through subsidiaries or companies of which it is an executive director, or as a partner in a professional firm or consulting company), he/she has, or has had in the previous three financial years, a significant commercial, financial or professional

²⁵In accordance with the aforementioned Circular No. 285, the Articles of Association provide that at least 1/4 of the members of the Board of Directors must meet the independence requirements required by the applicable provisions, including regulatory and/or supervisory provisions, in force at the time, as well as those adopted by the company in compliance with the recommendations of the CG Code. The actual number 5 is therefore currently higher than the minimum number 3. An independent director who no longer meets the requirements of independence after his/her appointment shall immediately notify the Board of Directors. Failure to meet the aforementioned requirements results in forfeiture of the position of independent director. If, following forfeiture, the remaining number of independent directors on the body is sufficient to ensure compliance with the provisions requiring a minimum number of independent directors, the director who does not meet the aforementioned requirements remains in office as a non-independent director.

²⁶ Giulia Pusterla has covered the office of Standing Auditor since 2014 and Chair of the Board of Statutory Auditors between 2017 and 2020.

relationship:

- with the bank or its subsidiaries, or its executive directors or top management;
 - with a party who, also jointly with others through a shareholders' agreement, controls the company; or, if the controlling company is a company or entity, with its executive directors or top management;
- ii) if he/she receives, or has received in the preceding three financial years, from the bank, one of its subsidiaries or its parent company, significant remuneration in addition to the fixed remuneration for the office held and to the remuneration provided for participation in the Committees as recommended in the CG Code or provided for by the regulations in force.

Failure to meet the requirements established by the applicable legal and regulatory provisions will result in the forfeiture of the office of independent member. This independent member may maintain the role of non-independent member.

These criteria extend to the Control Body to the extent applicable to it pursuant to the Consolidated Finance Act and the MEF Decree.

The Independent Directors, take part in the Board's work and the activities of the advisory/proposal-making Committees to which they belong (i.e., the Control, Risk and Sustainability Committee and the Remuneration Committee, of which they form the majority, as well as the Appointments Committee and the Committee for Transactions with Related Parties and Associated Parties, consisting solely of three Independent Directors)²⁷.

Meetings of the Independent Directors held in 2022

The Independent Directors met on 17 February 2022, to express a judgment on the aspects of the previous Report within their competence, taking into account the role assigned by the CG Code, among non-executive members, especially to these Directors. The Independent Directors have, moreover, already expressed a favourable opinion in the aforementioned meeting on the information contained in this Report pursuant to Article 123-bis of the CFA. A further meeting of the Independent Directors was held on 21 March 2022 for the purpose of approving Attachment A and Attachment B below.

The Independent Directors agreed to schedule additional meetings during the year in order to further enrich their contribution to the Board's activities and therefore met:

- on 19 May 2022, in order to continue to discuss the issue of independence requirements already addressed in previous meetings and to discuss the refinements to the Fit & Proper Policy referred to above with the intervention of the specifically appointed law firm
- on 17 October 2022, in order to discuss some key issues, including first and foremost the sharing of the fundamental elements of the company "mission" and "vision", as well as some aspects of the functioning of the Board and the Board Committees.

Meetings of the Independent Directors held during the process of approval of this Report

Said Directors met on 16 February 2023, to make an assessment on the aspects of this Report within their competence, taking into account the role assigned by the CG Code, among non-executive members, especially to these Directors. The **Independent Directors' assessment** (which also takes into account the results of the self-assessment process per Section 3.6 below) is attached to this Report (**Attachment A**).²⁸ The Independent Directors have also already

²⁷ In accordance with the Supervisory Provisions, the Independent Directors oversee the management of the company with autonomous judgement, contributing to ensure that such management is carried out in the interest of the company and consistently with sound and prudent management objectives, serving as a counterweight with respect to the bank's executive and management components and promoting dialogue within the body of which they are members. An extract from a Comment contained in the previous Corporate Governance Code is presented: "the non-executive directors enhance the board discussions with expertise formed outside the company, of a general strategic or specific technical nature. These skills make it possible to analyse the various subjects being discussed from different points of view and, therefore, contribute towards stimulating the dialogue that is the distinctive condition for a well thought-out and informed collective decision. The contribution of non-executive directors is particularly useful on matters where the interests of the executive directors and those of the shareholders may not coincide, such as the remuneration of said executive directors and the internal control and risk management system.

²⁸The provision that the Independent Directors meet at least once a year in the absence of the other Directors has been retained,

expressed a favourable opinion at their meeting of 16 February 2023 with regard to the information contained in this Report pursuant to article 123-bis of the Consolidated Finance Act. An additional meeting of the Independent Directors was held on 16 March 2023 for the purpose of approving Attachment A above and Attachment B below.

3.3. Functioning

As a rule, Banco Desio's Board of Directors meets monthly, which is more frequently than the at least bi-monthly schedule envisaged in the Articles of Association. In 2022, a total of 18 meetings²⁹ were held, the majority of which scheduled at the beginning of the year. For 2023, at least 16 meetings have been scheduled. The dates of the meetings to approve periodic accounting documents (draft financial statements and consolidated financial statements, interim financial reports and quarterly voluntary reports) were made public, in January, within the context of the Annual Calendar of Corporate Events, in compliance with stock exchange legislation. The publication of the Corporate Calendar falls within the sphere of a more extensive process of scheduling the Board's work for all Group companies, which sees the involvement of the same BoDs of the banking Parent Company and the subsidiaries, as well as the CRR Parent Company as regards the dates of approval of consolidated accounting and supervisory documents, for the purpose of optimising the activities of the corporate bodies consistent with the general principles of efficiency and effectiveness established by both the CG Code and the aforementioned Circular No. 285.

Pre-board disclosure

Internal regulations concerning the information flows between and within the Corporate Bodies are based on the same principles and were formalised in the "Information Flows Regulations for Corporate Bodies". These regulations are aimed at ensuring a circulation of information consistent with the needs of the Directors and Statutory Auditors to act in an informed manner and, at the same time, with the need to maintain organisational safeguards to avoid the risk of the improper use of confidential information.

However, generic exemptions to the timeliness of the disclosure are not considered for reasons of confidentiality of data and information.

In accordance with the provisions of the Articles of Association and the Corporate Information Regulations, the Chairman calls the BoD meetings by means of a notice that contains the list of issues to be discussed at least 5 days in advance. The documentation relating to the matters on the agenda is made available to Directors and Statutory Auditors, by means of a dedicated IT platform, through an e-mail generally sent at least 3 days in advance (7 days for the previous meeting's minutes). Documents that are typically "price sensitive", such as those containing the results for the period, are made available on the same platform, normally 48 hours in advance, subject to appropriate restrictions on the downloading and printing of documents, to maximise the protection of inside information, with a view to particular caution against any form of IT breach by third parties.

This advance is generally considered reasonable by the Board of Directors and is observed for most documents. Failure to comply with this advance was identified in some cases of disclosures and resolutions relating mostly to extraordinary transactions as described below.

Documents are sometimes made available even prior to the above-mentioned minimum terms and in conjunction with the transmission of the notice of call (which normally takes place six days before the Board meetings). The scheduling of most of the meetings of the internal board committees (in particular, of the Control, Risk and Sustainability Committee) 2 days before the Board meetings ensures that the circulation of documents, as they become available from the competent functions, is normally initiated in respect of the members of the Committees and the Board of Statutory Auditors between 6 and 8 days before the Board meeting, thus extending the investigative activity as a whole for most documents (activity that is promoted in particular by the

although no longer considered in the case of Banco Desio by the new CG Code, as the Bank itself deems it necessary to retain the meeting at least once a year when preparing this Report, as the main, albeit not sole method of discussion between Independent Directors, also pursuant to Circular No. 285. Since the current financial year, the Independent Directors also find it useful to meet at least on two different occasions during the year.

²⁹The average duration of the Board of Directors' meetings was 3 hours and 15 minutes (also by virtue of the rationalisation measures put in place). For additional details see Table 1.1.

Chairs of the Committees also through preliminary discussions with the competent functions). In any event, where it has not been possible, for justified reasons of urgency (e.g. the need to define with the counterparty, possibly also consulting the regulatory authorities, the terms of a transaction/project to be submitted to the Board bodies for review in the most comprehensive manner possible), to provide the documents in question with the above-mentioned reasonable advance notice, appropriate in-depth reviews are carried out during the meetings by the Chair, the Managing Director and the heads of the competent functions, as well as by any specifically invited consultants (financial advisors, legal representatives, etc.), depending on the case, leaving more room for discussion and making available, where required, more detailed documents/information during or after the meetings. During 2022, this circumstance occurred in some cases relating to extraordinary transactions. The frequency of these cases was, moreover, related to the number of transactions (some of which are highly complex and concurrent with each other) brought to the attention of the Board by the function that monitors all the transactions of the type and the projects in preparation for them).

The increasingly systematic use of "executive summary" to illustrate arguments ensures effective representation even in cases where documents are received at short notice.

Confidentiality restrictions regarding the documentation and information subject to Board resolutions are decreed – consistent with the mentioned market abuse regulations – also by the Corporate Information Regulations, for Directors, Statutory Auditors, external auditors and all employees who enter into possession of potentially price sensitive documentation and information. In this context, specific provisions regulate access to the minutes of Board of Directors' meetings, without prejudice to the fact that all interested parties are assured that the necessary information is made available to carry out their responsibilities in an informed manner (for further details on this Regulation, see Section 8 below).

The above information is also provided in relation to a specific recommendation of the Italian Corporate Governance Committee.

Participation of managers in board meetings

The information in question is also provided directly by the heads of the corporate functions (in particular the internal audit managers) who, to this end, are regularly called to take part in the meetings (also by the internal board Committees) to help illustrate the subjects within their competence on the agenda, also enlisting the help of their employees specialised in the items being discussed and, in certain cases, external consultants too. The same functions also participate, albeit in a more basic role, in the summary of topics under the responsibility of the Control, Risk and Sustainability Committee, that is carried out by the Committee Chair at the board meetings. Also in 2022, the functions were actually involved in a generalised manner (in fact, almost all the functions participated in all the meetings in which matters within their competence were discussed).

Participation in the meetings, by invitation, of the aforementioned managers is regulated in the Regulations adopted for the functioning of the Board of Directors and the Board Committees. As part of the review of the aforementioned Regulations envisaged at the time of the renewal of the offices expiring with the approval of the financial statements as at 31 December 2022, further methods will be identified with which these Bodies can access the competent company functions according to the subject matter being dealt with, under coordination of the Chair of the Board of Directors or of the Committee, respectively in agreement with or by informing the Managing Director, thus collecting a specific recommendation from the Italian Committee for Corporate Governance.

3.4. Powers

The BoD is vested with all the powers of ordinary and extraordinary administration, with the exception of those reserved to the Shareholders' Meeting by legal and/or supervisory provisions. In addition to the functions that cannot be delegated, decisions concerning the following matters are reserved by the Articles of Association to the exclusive competence of the BoD, also in accordance with the provisions of Circular No. 285:

- the setting of policies that affect the general management of the Bank's and Group's business

and - within this area - decisions concerning strategic guidelines and transactions as well as the business and financial plans, as well as those concerning, again at the level of strategic supervision, the internal control and risk management system, approval of the organisational and corporate governance structure, approval of the accounting and reporting systems and supervision of the public disclosure and bank communication process, in accordance with the supervisory provisions in force at the time;

- the issuance and amendment of the main internal regulations and, in particular, the "Internal Regulations of the Corporate Bodies" and the "Group Regulations", with the exception of amendments merely to comply with the provisions of current legislation or resolutions issued by the Shareholders' Meeting or the Board of Directors, already adopted and effective, subject to the favourable opinion of the Board of Statutory Auditors where regulatory provisions concerning the internal control system are concerned;
- the establishment, transfer and closing down of branches and representative offices;
- the purchase, construction and sale of real estate, other than properties leased by the company in the exercise of its institutional activities; without prejudice to the Board's power to delegate, setting limits, conditions and procedures, the performance of certain transactions involving owned portions of real estate (including on a non-exclusive basis), pertinences or real rights encumbering such real estate;
- the acquisition and sale of strategic equity investments or investments that involve changes in the Banking Group or, in any event, the undertaking or disposal of controlling or associated interests or which involve exceeding the authorisation thresholds according to the applicable provisions. The Board has the faculty to delegate, establishing the related limits, conditions and formalities, the purchase and sale of shares of subsidiaries listed on regulated markets, provided that these operations take place: a) in observance of current regulations concerning issuers, brokers and markets; b) under the aforementioned authorisation thresholds;
- the setting of criteria for the management and coordination of the companies of the Group and the other subsidiaries, as well as criteria for executing instructions from Bank of Italy;
- the appointment and removal of the General Manager, Vice General Managers and Executives and determining the powers and responsibilities assigned to them and to Middle Management;
- the appointment and dismissal of the heads of the internal audit, compliance and risk control functions and the definition of the essential elements of the overall architecture of the internal control system, subject to the favourable opinion of the Board of Statutory Auditors;
- the appointment and removal of members of the internal board committees required by applicable legal and regulatory provisions (in particular, the Appointments Committee, the Remuneration Committee, the Control and Risk Committee and the Committee for Transactions with Related Parties), as well as the establishment, appointment and regulation of additional committees with proposal-making, advisory, supervision and/or coordination roles, if any, with determination of their tasks;
- pursuant to the laws and regulations in force at the time and the procedure for related party transactions adopted by the Company in compliance with said laws and regulations, a) the related party transactions of greater or lesser significance falling under the Board's competence, including related party transactions of greater significance in the presence of a contrary opinion from the Committee for Transactions with Related Parties and b) the proposal for authorisation by the Shareholders' Meeting to carry out related party transactions of greater significance in the presence of a contrary opinion of the aforesaid Committee for Transactions with Related Parties for the purpose of adopting the resolutions issued by the Shareholders' Meeting.

Consistently, also incorporating the provisions of the aforementioned 35th update of Circular No. 285, which was already mentioned in relation to the Articles of Association, the Internal Regulations attribute to the BoD:

- the definition of policies affecting the general management of the Bank and the Group's business, the strategic guidelines and transactions, business and financial plans, as well as those concerning the internal control and risk management system; when defining corporate strategies, the Board takes into account, inter alia, the following aspects: i) the monitoring and management of impaired loans as well as the approval of policies for their management;

- ii) the possible adoption of new business models, applications, processes or products, including through partnership or outsourcing, related to the provision of technology-intensive financial services (Fintech); iii) the risks of money laundering and terrorist financing in consideration, inter alia, of the business carried out, the clientele and the geographical areas of reference; iv) the objectives of sustainable finance and, in particular, the integration of environmental, social and governance (ESG) factors in business decision-making processes; v) the risks, particularly legal and reputational, arising from any related or instrumental activities carried out; vi) the definition and proper implementation of funding policies, also with reference to the type of savers and/or investors involved, including planning and choices regarding compliance with regulations on Minimum Requirement for own funds and Eligible Liabilities (MREL);
- the adoption of rules of professional conduct for the Bank's staff, including through a Code of Ethic or similar instruments, (e.g. an Organisation and Management Model pursuant to Legislative Decree No. 231/2001 or "MOG") guaranteeing their implementation and monitoring their compliance by the staff; these instruments also specify the operating procedures and controls aimed at ensuring compliance with the aforesaid rules, including by indicating inadmissible conduct, including the use of misleading or inaccurate information and the commission of financial or tax offences;
 - the approval of the organisational and corporate governance structure;
 - the approval of the accounting and reporting systems and supervision of the public disclosure and Bank communication process, in accordance with the Supervisory Provisions in force from time to time;
 - the approval, with reference to the activities of the Executive appointed to draw up the company's accounting documents, with the input of the Control, Risk and Sustainability Committee and the favourable opinion of the Board of Statutory Auditors, of the internal regulations pertaining to its duties and/or of "Financial Reporting". The Board of Directors ensures that its own evaluations and decisions relating to the approval of the financial statements, of the other corporate accounting documents and to the relations with the Independent Auditor are supported by an adequate preparatory activity and assesses, with the input of the Board of Statutory Auditors, the results posted by the Independent Auditor in its own reports;
 - the issuance and amendment/update of the main internal regulations and in particular of these "Internal Regulations of the Corporate Bodies", of the "Group Regulations", of the Internal Regulations of Delegated Powers, with the exception of non-substantial amendments (so-called "wording");
 - the approval, after consulting the Appointments Committee, of a Policy for the promotion of diversity and inclusiveness within the Corporate Bodies (also within the Group); the composition of these Bodies must in fact reflect an adequate degree of diversification in terms of, inter alia, skills, experience, age, gender, international origin, and the aforementioned Policy identifies the measures for the achievement of this objective;
 - the approval of the corporate policy pertaining to the outsourcing of corporate functions (also within the Group), with the opinion of the Control, Risk and Sustainability Committee, constantly retaining full responsibility, knowledge and governability of the risk factors relating to the outsourced functions (see also the Outsourcer and Third Party Governance Process Regulations in a subsequent paragraph);
 - the purchase, development and sale of real estate property assets other than those granted under financial lease by the Bank as part of its institutional activities;
 - the acquisition or sale of strategic equity investments or investments involving changes in the Banking Group, or in any case the acquisition or sale of controlling or associated interests, or entailing the exceeding of authorisation thresholds in accordance with the applicable provisions;
 - the determination of criteria for the management and coordination of Group companies, in accordance with the Supervisory Instructions;
 - the appointment of Managers in charge of first line functions and of those regulated by specific legal and regulatory provisions;
 - the appointment of a Data Protection Officer (DPO) under EU Regulation 2016/679;
 - the appointment and dismissal of the members, as well as the indication of the Chair, of the

internal board committees established by applicable laws and regulations (in particular, the Appointments Committee, the Remuneration Committee, the Control, Risk and Sustainability Committee and the Committee for Transactions with Related Parties and Associated Parties), as well as the possible establishment, appointment and regulation of additional committees with proposal-making, advisory, supervisory and/or coordination functions, with determination of their duties; the Chair of the Risk and Sustainability Committee cannot coincide with the Chair of the Board of Directors or the Chair of other Committees;

- the approval, review and updating of the recovery plan, as well as its amendment and updating at the request of the supervisory authorities; the adoption, at the request of said authority, of changes to be made to the business, organisational structure or corporate form of the Bank or Banking Group, and other measures necessary to achieve the objectives of a reorganisation plan, as well as the elimination of the causes that form the basis for early intervention (without prejudice to the powers of the Shareholders' Meeting in this regard); the decision to adopt a measure provided for in the reorganisation plan or to refrain from adopting a measure even under given circumstances;
- the review/approval of the reports of the corporate functions and structures, such as, by way of non-comprehensive example, the annual report on complaints, the report containing aggregate data pertaining to whistleblowing, as well as all reports prescribed in the Flows Regulations;
- the review/approval at least once a year of the Outsourcer and Third Party Governance Process Regulations.

The review and approval of the “significant” transactions carried out also by the subsidiaries is also exclusively reserved to the Board of Directors. The term “significant” means, by way of example, but not limited to such, at least the following extraordinary transactions: capital increases, transfers in companies, acquisitions/sales of business units, transformations and liquidations, the merger via incorporation of companies included in the Group at least at 90%, the establishment and closure of secondary branches, share capital reductions, in case of withdrawal by the shareholder, the transfer of the registered office of the company inside the territory of Italy, the establishment, transfer and/or closing down of branches and representative offices. The powers listed above include those provided for in the Corporate Governance Code and, in particular, the inherent responsibility for approving strategic, business and financial plans. The assessment of the general organisational and accounting structure, envisaged by the Code, falls under the exclusive responsibilities of the BoD, established by the Internal Regulations, consistent with supervisory legislation regarding the internal control system and individual and Group risk management policies. The Internal Regulations also reserve for the Board the specific responsibility of operational management, whose division between the BoD and the Bodies delegated by the same is expressed in terms of both business area and/or amount (as detailed in Section 4 below).

The Board of Directors of Banco Desio is also entrusted, at Group level, with the approval of strategies, policies and reporting on sustainability issues (as detailed in Section 7 below), also in order to concretely guide the Bank in the pursuit of its sustainable success (an objective that is substantiated by the creation of long-term value to the benefit of shareholders, taking into account the interests of other relevant stakeholders).

3.5. Appointment

Without prejudice to the description in Sections 2.1.I) and 3.1 above, as part of the CG Code’s recommendations, Banco Desio’s BoD also established, in the Internal Regulations, the following general criteria relating to the accumulation of the appointments by directors: establishing the number of appointments as Director or Standing Auditor held in other listed companies and/or supervised companies as 5 (excluding from this group any subsidiary, associated and investee companies in which Banco Desio holds a significant direct or indirect stake); if situations are verified whereby limits are exceeded and/or in cases of incompatibility, the Board of Directors examines on a case by case basis any non-compliant situations and implements the consequent initiatives, subject to the general principle whereby Directors accept appointments solely when they expect to be able to devote the necessary time to carrying out their duties; if the

Shareholders' Meeting authorises, in a general and preventive manner, waivers of the non-compete restriction prescribed by the law (Article 2390 of the Italian Civil Code, Paragraph 1), without prejudice to compliance with the aforesaid current provisions pertaining to the "interlocking ban", the Board of Directors assesses the merit of each problem and reports any critical issues at the next Shareholders' Meeting.³⁰³¹³²

To this end, each Director informs the Board of Directors, upon accepting the candidacy/appointment or verifying law requirements, about any activities exercised in competition with the Bank and/or with the subsidiaries and, subsequently, of any significant change. Without prejudice to the specific related provisions (with particular reference to those envisaged by law regarding the "interlocking ban" between competing banking, financial and insurance groups) the aforementioned general principles pertaining to accumulation of duties should not be considered compulsory and should a situation of non-compliance occur, it would not, in itself, entail termination from office. In addition to performing a specific assessment at least every six months with regard to the "interlocking ban", in compliance with the application criteria issued by Supervisory Authorities³³, the BoD reserves the right to evaluate any non-compliant situations pertaining to accumulation of duties on case-by-case basis, without prejudice to the principle, defined in the CG Code, according to which the assessment regarding opportunities to accept offices is put to the discretion of the interested parties, including in internal committees, exclusively "when they feel they are able to dedicate the time necessary to perform their duties".³⁴ All this, without prejudice to the more stringent regulation introduced by the aforementioned MEF Decree for the Representatives appointed after its entry into force (in the case of Banco Desio, such regulation currently applies to the aforementioned Director Gerolamo Gavazzi and will be extended to all Representatives with the renewal of their positions planned for the Shareholders' Meeting of 27 April 2023).

The offices covered by Banco Desio's Directors and Statutory Auditors in the Parent Company (Brianza Unione), in subsidiary, associated and investee companies, and in other listed and/or supervised companies, are summarised in the attached Table 3.

3.6. Self-Assessment

The Board of Directors has approved the Internal Self-Assessment of Bodies Regulations in order to regulate the relevant process in conformity with the provisions of Circular No. 285. It particularly identified the methodologies to use (mainly based on each Director filling in a special questionnaire and on holding a special complementary interview, possibly also in writing, when filling in the questionnaire) and the profiles to be analysed – on the aggregate level – regarding the composition (professional competence, independence, etc.) and functioning (operating procedures, information flows, etc.) of the Board and Committees formed within it. Said Regulations were revised on 8 February 2018 and more recently on 3 August 2021, providing, inter alia, the prior involvement of the Appointments Committee in the procedure for selecting the consulting company appointed to support the self-assessment process.

The assessment methodology (whose application is appropriately differentiated during the three-year term in office of the Board) is based on updated models in light of the banking sector's best practices. The use of a consultant and the performance of a face-to-face interview by the consultant are envisaged at least every 3 years. For the self-assessment process relating to the

³⁰ Note that for auditors' offices, specific regulatory norms are in force with regard to the number of offices that can be held (Article 144-duodecies of the Consob Issuers' Regulations).

³¹ In this context, "supervised companies" are understood to be: banks, insurance companies, stock brokerage companies, asset management companies and finance companies enrolled in the special register pursuant to Article 106 CBL (Italian).

³² Article 36 so-called "Save Italy Decree" converted into Italian Law No. 201/2011 and supervisory application criteria of 20 April 2012.

³³ The Corporate Bodies carry out an annual audit of the relevant positions for the purposes of the regulations relating to the Interlocking Ban, to be carried out by 31 March of each year. In addition to the annual audit required by the aforementioned regulations, the Banco Desio Group envisages, by virtue of an update of the Interlocking Directorship Internal Regulation carried out in 2022, an independent half-yearly audit by the Corporate Affairs Department on the positions of the individual Representatives, to be carried out by 30 September of each year with methods similar to those of the annual audit, in order to verify whether any changes have occurred with respect to the results that emerged as part of the annual audit.

³⁴ Note the joint Consob, Bank of Italy and IVASS Communication of 21 December 2018, with which the criteria for the application of the "interlocking ban" were updated as well as, most recently, an amendment to the Antitrust Law as a result of Law no. 118 of 5.8.2022 in August 2022, so that a further revision of the Interlocking Regulation was appropriate in order to make the references to turnover thresholds and application criteria flexible, considering the succession of annual laws for the market and competition.

2022 financial year, the related task was entrusted, as for the 2021 financial year, to the consulting company Crisci & Partners, with the favourable opinion of the Appointments Committee (board resolution of 23 June 2022). It should be noted that this consulting firm, which the Bodies consider particularly authoritative and independent also by virtue of specific “expertise” recognised in the banking system, in addition to the added value deriving from direct experience during the 2021 self-assessment process, has not up until now received other assignments within the Banco Desio Group, without prejudice to some assignments that complement the self-assessment and are connected, in particular, to its follow-up carried out during the 2022 financial year.

The aforementioned Self-Assessment Regulations identify, among the parties appointed to carry out the preliminary activity to the Board of Directors’ passing of the self-assessment resolution, the Appointments Committee with an advisory role in compliance with Circular No. 285.

A summary of the **results of the self-assessment process**, approved by the Board at the meeting on 21 February 2022, based on the prior opinion of the Appointments Committee, is attached to this Report (Attachment B).

The self-assessment process was conducted by taking into account the Guidelines of the Bank of Italy on the composition and functioning of boards of directors of LSI (“Less Significant Institutions”) issued on 29 November 2022.

As part of the self-assessment process, consideration was given to the number of years in office (from the first appointment) of each member of the Board of Directors, as summarised below:

NAME	PRIMARY ACTIVITY	APPOINTMENT DATE OF SINGLE OFFICE	DATE OF TERMINATION OF SINGLE OFFICE	TOTAL SENIORITY IN THE OFFICES HELD AT THE COMPANY
Agostino GAVAZZI - Director - Vice Chair - Chair - Chair of the EC	Banking sector director	05/05/1983 10/04/1992 30/04/2002 06/04/2017	09/04/1992 29/04/2002 05/04/2017	40 years
Stefano LADO - Director - Vice Chair - Chair - Member of the AC	Banking sector director - Lawyer	23/04/1993 28/04/2008 06/04/2017 23/04/2020	27/04/2008 05/04/2017	30 years
Alessandro DECIO - Managing Director and General Manager - Member of the EC	Banking sector Director and Executive	23/04/2020		3 years
Gerolamo Giuseppe GAVAZZI³⁵ - Director - Executive Director (member of the EC)	Director of the banking sector, Chartered Accountant	04/10/2021		1 year
Tito GAVAZZI - Executive Director (member of the EC) - Director (Member of the CRSC)	Banking sector director	29/04/2014 19/01/2021	18/01/2021	9 years
Graziella BOLOGNA - Executive Director (member of the EC)	Banking sector director	29/04/2014		9 years

³⁵ Gerolamo Gavazzi was appointed by the Shareholders' Meeting on 4 October 2021 to replace Egidio Gavazzi (deceased on 19 June 2021). Please note that Mr Gerolamo Gavazzi has previously held positions within the Banco Desio Group.

Cristina FINOCCHI MAHNE - Independent Director ³⁶ - Chair of the AC - Member of the AC ³⁷ - Chair of the CRSC	Company Director, University lecturer	30/05/2013 06/04/2017 31/01/2022 23/04/2020	30/01/2022	10 years
Valentina CASELLA - Independent Director - Member of the RPTC - Chair of the RC	Company Director, Lawyer	28/03/2019 23/04/2020		4 years
Ulrico DRAGONI - Independent Director - Member of the RC and RPTC	Company Director	23/04/2020		3 years
Giulia PUSTERLA - Standing Auditor - Chair of the Board of Statutory Auditors - Independent Director - Chair of the RPTC - Member of the CRSC	Company Director and Statutory Auditor, Chartered Accountant	29/04/2014 27/04/2017 23/04/2020	26/04/2017 22/04/2020	9 years
Laura TULLI - Independent Director - Member of the AC - Chair of the AC ³⁸ - Member of the Risk Committee	Company Director	23/04/2020 31/01/2022	30/01/2022	3 years
AVERAGE SENIORITY				11 years

After the renewal of offices in 2014, the average seniority decreased from 13 to 9 years (approximately -30%) and it subsequently rose each year to 12.66 years in 2019 exclusively as a result of the passage of time, since in the meantime, in the 2017 renewal, there were no cessations/appointments of Directors which would have significantly affected this number. With the 2020 renewal, as well as the succession of Board members Mr Egidio Gavazzi and Mr Gerolamo Gavazzi in 2021 and the termination of the Vice Chair Mr Tommaso Cartone at the end of the 2021 financial year, the average seniority stood at 11 years.

3.7. Training programmes

As part of initiatives aimed at updating professional knowledge in the sector in which the Banco Desio Group operates, in business dynamics and their evolution, in the principles of proper risk management, as well as in the reference regulatory and self-regulatory framework, 66 training sessions were carried out as a whole as from 2012 (in addition to 7 meetings for in-depth analysis that will be discussed below), properly diversified by subject and speakers (which include not only the corporate functions and consulting firms present in the respective project activities, but also external parties such as highly qualified managers, advisors, legal experts, economists and journalists). On each occasion, a decision was taken to focus these sessions on:

- issues relating to the practical application to banks of the aforementioned Legislative Decree 231/2001 on the administrative liability of companies and entities, also with reference, most recently, to the tax offences included in the scope of said Legislative Decree, and to offences related to subsidised loans pursuant to the provisions issued in 2020 and 2021 in relation to the “Covid-19” emergency, also from the point of view of repercussions in the field of anti-money

³⁶ Ms Cristina Finocchi Mahne will no longer meet the independence requirement with the next office renewal (Shareholders' Meeting of 27 April 2023), according to the transitional regime provided for by the aforementioned MEF Decree, having reached 9 years in office. The application of this scheme to this case was also brought to the attention of the board committees.

³⁷ Pursuant to the CG Code, in line with the EBA Guidelines on corporate governance for banks, which include the provision that by January 2022 the Chair of the Risk Committee may not also be the Chair of the body with strategic supervision function or of other committees, as at 31 January 2022, Banco Desio has terminated the combination of office of the Chair of the Risk Committee and the Chair of the Appointments Committee as follows: Ms Cristina Finocchi Mahne has informed the Appointments Committee, on 14 December 2021, of her decision to relinquish her position as Chair of the Committee as from 24 January 2022. As a result of the above, with the favourable opinion of the Appointments Committee and the approval of the Board of Directors, the chairmanship of the Committee was retained by Ms Cristina Finocchi Mahne until 30 January 2022, after which - following formalisation of the appointment at the meeting of 24 January 2022 - the chairmanship was assumed by Ms Laura Tulli.

³⁸ See previous note.

laundering, an area that was the subject of a dedicated session, as well as the regulatory changes made in 2021 and 2022 concerning, in particular, the introduction to the 231 catalogue of crimes against cultural heritage; offences relating to means of payment other than cash and changes to the cases of receiving stolen goods, money laundering and self-laundering envisaged by the Criminal Code; a session dedicated to Banco Desio's Board of Statutory Auditors was also held in 2022 on these latest regulatory changes;

- the structure and functioning of the corporate governance system of banks, also with reference to the CG Code, with a focus in 2022 on the EBA guidelines on internal governance as well as on current corporate issues and on the renewal of the Corporate Bodies (with a specific emphasis on preparatory activities and the Fit & Proper assessment);

- rules regarding related and associated parties (see Section 5 below), market abuse rules (see Section 8 below) and antitrust regulations;

- profiles pertaining to the process of issuing European Community regulations of greater interest for the banking sector;

- key aspects of the internal capital adequacy assessment process ("ICAAP") and of the internal liquidity adequacy assessment process ("ILAAP"), of the Supervisory Review and Evaluation Process ("SREP") and of the internal model for the assessment of the rating-based credit risk ("AIRB"); in 2019 and 2020 the latter aspect was subject to more specific analysis in relation, chiefly, to the use by Banco Desio of the new AIRB risk parameters in the credit granting, renewal and monitoring and management reporting processes applied to the Corporate clientele, as well as the develop of project activities in their entirety; accordingly, in 2020 a session was also held regarding ICAAP/ILAAP dedicated to Banco Desio's Board of Statutory Auditors;

- an analysis of IT risk and of cyber risk and the measurement of reputational risk; in 2019 this analysis was enhanced with a focus on the role, in particular, of the Board of Directors and on Banco Desio's use of a new method for assessing the IT risk; in 2020, an in-depth review meeting was also held on remote access to information systems; the training session held in November 2021 also covered business continuity and disaster recovery, while the session held in November 2022 also focussed on Banco Desio's upcoming initiatives regarding personnel and customers; a session was also held in July 2022 dedicated to the issue of personal data protection in the digitalisation era;

- the regulatory changes with regard to anti-money laundering, pertaining to supervisory and criminal aspects as well as to GDPR;

- various macroeconomic and regulatory issues, including international ones, affecting the banking system and financial markets (e.g. "Basel 3"); in 2019 this aspect was subject to a transversal updating on the main dossiers open with the European Institutions and on the activities carried out on this occasion by the Italian Banking Association, as well as on the potential strategic, management and operational impacts for Banco Desio; in 2021 and in 2022, an update meeting was held on European dossiers;

- IFRS 9 and its impact, in particular on internal credit management models; to this end, a session dedicated to Banco Desio's Board of Statutory Auditors was also held in 2020;

- the Recovery Plan and the Resolution Plan, including the minimum requirements for own funds and the eligible liabilities ("MREL"), introduced by the prudential supervisory rules (see Section 7 below), as well as on the related application to Banco Desio;

- sustainability issues, also in relation to the rules on non-financial disclosures (see paragraph 7 below), most recently addressed in the training session of July 2022 also in correlation with Wealth Management issues, with a special focus on ESG adjustments in investment services;

- Product Governance in investment services; in 2019 this aspect was extended with a focus on banking services following the entry into force of Product Oversight Governance ("POG");

- Non-Performing Exposures ("NPE");

- Farming Credit;

- the General Data Protection Regulation ("GDPR");

- the implications of digital innovation on the banking system, with particular reference to credit to enterprises;

- the development of financial innovation ("fintech", "blockchain", etc.) and of governance innovation, with special attention to the risks and controls; for such purposes, in 2019 a session dedicated to the Boards of Statutory Auditors of the Banco Desio Group was also held;

- the disintermediation of payment services through digital payments (e.g. mobile payment

services, P2P payments, etc.);

- “data transformation” in the financial sector;
- the development of banking communication (styles, channels, etc.);
- Governance Outsourcing and Third Parties in relation to the application of the new EBA Guidelines on the subject;
- the new Crisis and Insolvency Code, with an overview and a focus on bank credit protection (a total of two meetings, the last of which was held in January 2023 to complete the 2022 programme);
- the use of data analytics in the bank to better manage customers and on the bank's information assets to support the business model (meeting held in June 2021);
- evolving HR management issues (motivation, training, attraction, retention, etc. - meeting held in July 2021), as well as on issues related to “empathic” relationships in the company (meeting held in January 2023 to complete the 2022 programme);
- cryptocurrencies and the digital euro (meeting held in June 2022). In 2022, as in 2021, a total of 7 training sessions were held, aimed at all Group Representatives, in addition to 2 sessions held in January 2023 to complete the 2022 programme. In detail, these sessions, which lasted a total of approximately 18 hours and 30 minutes, were widely attended by all Company Representatives and by the “corporate front lines”, to whom it was deemed useful to extend them, and ended with a lively debate. They were supported by a wealth of material that is now available to attendees in a dedicated electronic library.

In this context, also specific sessions on both governance and business topics held at ABI (Italian Bankers' Association) and SDA Bocconi venues for newly appointed representatives were attended as from 2014. The Directors and Statutory Auditors appointed in 2020 have benefited from a number of dedicated sessions, of an introductory nature, held by the corporate functions (in particular, the Administrative and General Affairs Department and the Risk Management Department), for a total duration of around 9 hours (of which 6 dedicated to the Statutory Auditors).

In 2022, with the participation of the members of the Bodies of the various Group Companies and some company functions, a focus meeting and discussion entitled “Banco Desio towards the future - Strategic Planning Meeting” was held, organised in Naples in the form of a “convention”. This initiative, which followed those implemented over the last six years, and which also saw the participation of authoritative external speakers from a range of different entities from the credit and finance sectors, is incorporated in the “good practice” that sees members of the Bodies meet once or twice a year outside of board meetings in order to analyse in depth and discuss strategic questions as required by Circular no. 285.

A specific Policy was also adopted in 2019.

For 2023, the plan is to conduct a substantially similar training course, improved in particular by initiatives targeted at onboarding newly appointed Representatives, taking into account, as always, the guidelines provided in the self-assessment process.

3.8. Succession plans

On 1 October 2020, the Board of Directors, after obtaining the favourable opinion of the Appointments Committee, approved the Policy for the Succession Plan and the Succession Plan, which apply to the senior management roles of the Bank's Executive Board (Managing Director/General Manager and Vice General Manager, if any) and which it was deemed appropriate to extend also to the Appointed Executive. On 27 January 2021, an update of the Plan extended to the Chair was also approved in accordance with the aforementioned 35th update of Circular no. 285, while, most recently, at the Board meeting of 20 October 2022, again subject to the favourable opinion of the Appointments Committee, the structure of the Policy was revised, streamlined and improved by specific Procedures in order to satisfy, at the same time, the general regulatory requirements and the actual management needs of the Bank, in addition to the appropriate extension to the key personnel of the Bank that the Committee itself had suggested at the time. The system is now based on a general Policy and on three underlying documents of

specific procedures/guidelines for the Chair, the Managing Director and key personnel. This review was carried out with the support of the aforementioned consulting company.

4 - **SYSTEM OF POWERS AND AUTHORITY**

Information in this section reflects (unless specified otherwise) the situation as at 31 December 2022.

It should be noted that the information provided in this paragraph is also relevant for the purposes of the NFS.

4.1. **General outlines**

This system, regulated at senior level, by the Articles of Association and, more specifically, by Internal Regulations³⁹, has been structured on the basis of criteria consistent with the principle that the main decisions³⁹ are reserved for the Board of Directors (in other words, those that Circular No. 285 summarises in the policy and supervision functions of corporate management) and the periodic reporting to said BoD by executive Bodies and Parties who are primarily delegated **the function of managing**, i.e. implementing the policies resolved by the BoD as it carries out its role of strategic supervision: **Executive Committee, Managing Director and General Manager**. The latter, who - as also specified in the Article of Association provisions - coincides with the role of Managing Director, represents the apex of the internal structure and, as such, participates in the management function, and in the BoD and Executive Committee meetings, and also has the task of executing the resolutions adopted by the above-mentioned Bodies. The delegated Bodies and Parties, in addition to the general powers for their role, have different operating powers in various areas related to current operations, in particular, with regard to credit, commercial, legal and organisational issues, in line with their respective roles, as specified below. The layout of the powers defined in the Internal Regulations can be summarised as follows.

4.2. **Chair - Executive Committee - Managing Director and General Manager.**

The Chair, who is assigned a coordination and guarantee role for the purpose of the regular functioning of the Board of Directors and the Shareholders' Meeting, and the Vice Chair who (where appointed) replaces the former in the event of his/her absence or impediment, are not assigned management authorisations or operating powers. This information is also provided in relation to a specific recommendation of the Italian Corporate Governance Committee.

They are assigned the representation of the Company in dealings with third parties and before the legal authorities on the basis of the Articles of Association, acting separately. Pursuant to the Articles of Association, the Chair can adopt, for reasons of particular urgency, decisions which are the responsibility of the BoD or the Executive Committee (provided that they are not reserved by law or the Articles of Association to the exclusive competence of these bodies), with the obligation to promptly disclose the same to the BoD at the first available meeting⁴⁰. This is a procedure of an exceptional nature that has almost never been applied, except in sporadic cases. The Chair is a high-profile representative (General Partner) of the Holding Company "Brianza Unione" (see Table 3, attached). As previously mentioned in Section 1.2, the Chair does not have operating powers and does not individually carry out operational functions, not even de facto. The same consideration applies to the Vice Chair (where appointed). Certain rights on cash settlements with charity purposes are reserved to the Chair, which can be exercised within a strictly limited amount and in compliance with particularly strict business policies and procedures, especially for that concerning the identification of beneficiaries and the carrying out of preliminary investigations. The Chair encourage dialogue and fosters a transparent relationship with the members of the Board, in order to ensure the effective functioning of corporate governance. The Chair, as part of his/her function to foster internal debate and ensure the balance of powers within the Board of Directors, oversees the organisation of the Board's activities and the dissemination

³⁹The system of powers and authority is currently also broken down into various special powers of attorney issued as and when to individual names for specific categories of deeds. More comprehensive Internal Regulations of Delegated Powers were also adopted/implemented in 2019/2020 (last updated in 2022).

⁴⁰ Urgent resolutions are passed by the Chair upon the binding proposal of the Managing Director and General Manager.

of related information, promoting the constant performance of the Board's role of strategic supervision and management. He/she maintains relations with the Chair of the Board of Statutory Auditors, acting as the latter's main interlocutor. In order to effectively perform its role of guaranteeing the proper functioning of the Body, he/she does not assume any executive role and does not perform, even de facto, any management functions. He/she is the Legal Representative, pursuant to Article 2384 of the Italian Civil Code, and in this capacity is also responsible for reporting suspicious transactions for the purposes of anti-money laundering legislation. In particular, the Chair is responsible for:

- i. convening and chairing the meetings of the Board of Directors and ensuring that the members are provided, well in advance of the date of the Board meeting (except in cases of necessity and urgency), with the required documentation and information to enable the Board to make informed judgements and decisions on the issues submitted for review and approval;
- ii. ensuring the distinction between supervisory and management issues in the conduct of the board meeting, through clear explanations and breakdown of the issues to be discussed, giving priority to issues related to strategic supervisory decisions and critical topics;
- iii. coordinating information flows related to the activities of the Board of Directors and guiding the conduct of the relevant meetings;
- iv. playing a leading and coordinating role in the Board of Directors' self-assessment process, as per the Group Corporate Bodies Self-Assessment Regulations;
- v. governing the management of corporate minutes according to the rules defined by the Board of Directors;
- vi. ensuring that Directors and Statutory Auditors can participate, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Banco Desio Group operates, of corporate dynamics and their evolution, of the principles of proper identification and management of risks, as well as the regulatory framework of reference;
- vii. ensuring that measures are put in place to protect the free participation of Shareholders at the Shareholders' Meeting; he/she shall invite, through the Shareholders' Meeting documentation published pursuant to law, Shareholders who control Banco Desio or who exercise significant influence over it pursuant to law, to inform the public well in advance of the proposals that said Shareholders intend to submit to the Shareholders' Meeting on any matters on which the Board of Directors has not formulated a specific proposal; in this sense, the Chair ensures the presence at the Shareholders' Meeting, in particular, of those Directors who, due to the roles they hold, can provide a more useful contribution to the Shareholders' Meeting discussion; with regard to the flow of information to Shareholders, specific attention is also paid to ensure that information concerning the exercise of corporate rights and, in particular, the procedures and any other element necessary to exercise voting rights at the Shareholders' Meeting, is made available to the Shareholders in a clear and easily accessible manner and well in advance; it is also assured that information concerning the outcome of the Shareholders' Meeting shall be made available to the Shareholders on the same basis; a Shareholders Engagement Policy is adopted for managing the dialogue with the Shareholders (including institutional investors and asset managers); see also below, Section 10.
- viii. maintaining relations with the press and the Shareholders (possibly with the help of the Managing Director, the General Manager or other personnel designated by the Chair himself), on the understanding that the Board is called upon to oversee the information disclosed to the public and the communication process;
- ix. performing the other tasks indicated in the Shareholders Engagement Policy approved by the Board;
- x. receiving prior notice of professional and consulting assignments for management needs (without prejudice to the provisions of the Sourcing Process and Suppliers Management Regulation as regards professionals included in special lists) assigned by the Managing Director or the General Manager (depending on the areas);
- xi. taking, for reasons of particular urgency, pursuant to Article 25, paragraph 4 of the Articles of Association, decisions within the competence of the Board of Directors in the interest of the Company, adhering, in substance, to non-binding proposals formulated by the Managing Director and General Manager. The Chair may always abstain from passing a resolution - referring it to the Board - if he/she does not see the prerequisites of particular urgency and/or interest of the

Company.

The Executive Committee (appointed with the same term of office as that of the Board of Directors and currently consisting of 4 Directors) is granted operations management powers, with set limits on amounts, for matters not reserved exclusively for the BoD, by virtue of legal, regulatory, statutory provisions and/or of resolutions of the Board itself, those pertaining to controls and risk remaining in any case reserved to the Board. Pursuant to the Articles of Association, for particularly urgent reasons, the Executive Committee may also adopt decisions that are the responsibility of the Board of Directors, provided that they are not reserved by law exclusively for the latter. In the event of a tie, the vote of the Chair of the meeting prevails. The Board itself must be informed of these decisions at the first subsequent meeting. Meetings of the Executive Committee may be attended by the Chair and Vice Chair (if appointed) of the Board of Directors, 'ad audiendum' and therefore without voting rights, as well as by the Managing Director (if not a member of the Committee) or the General Manager, as the case may be. In 2022, the Executive Committee met 13 times in total⁴¹.

The Managing Director and General Manager submit projects and objectives for the growth of the Bank and the Group to the Boards and Committees; within the sphere of the powers granted to the same, in compliance with the general, programmatic and strategic guidelines determined by said Bodies, (s)he co-ordinates the entire management of the Bank and Group; executes the resolutions adopted by the BoD and by the Executive Committee and is the member of the top management of the operating structure, for which (s)he has management responsibility; (s)he is thus in charge, of personnel management, of the organisation and functioning of company structures and carrying out current business affairs, according to the general policies established by the BoD and by the Executive Committee.

As a Body with management functions, the Managing Director and General Manager has autonomous powers within amount limits lower than those of the Executive Committee.

The executive Bodies and parties inform the BoD and the Board of Statutory Auditors, according to the provisions of the Regulations of Information Flows of Corporate Bodies, with regard to activities carried out within the sphere of the assigned powers and the performance of Banco Desio and subsidiaries. Reports that provide a comparison between the results achieved and those scheduled are also envisaged. Detailed indications on the amounts representative of the limits of the powers assigned are not provided, because the authorisation standards differ according to the matters dealt with.

Given the system of powers described above, in addition to the Managing Director and General Manager Alessandro Decio, Directors Graziella Bologna, Agostino Gavazzi and Gerolamo Gavazzi are also considered executive directors, as they are members of the Executive Committee, as well as in consideration of the frequency of meetings and the expansion of its responsibilities⁴². For the sake of thoroughness, note that: no Director other than the Managing Director covers executive positions within Banco Desio, nor has the appointment of overseeing specific areas of the corporate operations ensuring a steadfast presence in said company and/or acquiring information from the operating structures and/or participating in the meetings of the Committees pursuant to the subsequent Section 4.3 (except for the possible participation 'ad audiendum' of the Chair at the meeting of the aforesaid Committees); no Director holds management roles in subsidiaries or the Holding Company; other Directors hold administrative offices in the Holding Company and/or subsidiaries; the Managing Director and General Manager of Banco Desio currently also serve as board members of the subsidiary Fides and the associate Anthilia SGR.

4.3. Technical-operating committees

⁴¹The average duration of the Executive Committee meetings was approximately 1 hour. For additional details see Table 1.2.

⁴²It should be noted that Mr. Gerolamo Gavazzi was appointed as Director and Member of the Executive Committee on 4 October 2021, to replace Egidio Gavazzi (who died on 19 June 2021 and remained on the BoD and EC until that date). Effective 19 January 2021, Director Mr Tito Gavazzi was appointed as a member of the Control, Risk and Sustainability Committee to replace Mr Tommaso Cartone, who resigned from that Committee effective 15 December 2020. As a result, the number of members of the Executive Committee is currently 4.

Besides the Executive Committee and the advisory/proposal-making internal board Committees discussed above, at technical-operating level the BoD established several “Management” Committees, governed by a specific document attached to the Internal Regulations of the Corporate Bodies.

As part of the strategic measures to reorganise corporate governance and operations, on 29 April 2020, the Board of Directors approved the review of the Management Committees, which envisage the involvement of the top management of the banking Parent Company and the subsidiaries, in the wake of a new technical-operating structure based on criteria of operational streamlining and maximum management efficiency, able to maximise the execution capacity of managerial actions in line with the development strategies and risk policies established by the Board of Directors. The current general structure and the specific nature of each of these committees is shown below (BoD 29 September 2022).

Management Committee	Credit Lines and NPL Committee	ALM Committee	Products Committee	Complex Transaction Committee	Risk Management Committee
<i>Advisory Committee</i>	<i>Decision-making Committee</i>	<i>Decision-making Committee</i>	<i>Decision-making Committee</i>	<i>Decision-making Committee</i>	<i>Decision-making Committee</i>

The newly established Control Function Coordination Committee has already been mentioned in a previous paragraph.

The Chair of the Board of Directors of the banking Parent Company may take part in all Committees, without voting rights, and may also have access, on request, to the minutes of the meetings.

The Management Committee also serves as the “Sustainability Steering Committee” with the involvement of the corporate functions deemed necessary (see in detail Section 7 below).

4.4. Organisational Structure and outsourced Important Operating Functions (F.O.I.)

Organisational Structure

The Bank's organisational structure, described in the specific document “Corporate organisational chart and description of the functions (so-called Function chart)” most recently updated in its entirety by means of board resolution dated 27 May 2020 (subject to subsequent updates of limited scope) within the sphere of the afore-mentioned strategic measure for streamlining and making the technical-operating structure efficient, is divided up into coordinated Organisational Units.

The term “Organisational Unit” means a set of mutually coordinated human and material resources for the accomplishment of specific corporate goals.

Organisational Units are ordered hierarchically and are positioned at different levels of the corporate structure according to:

- the scope and the nature of their responsibilities, attributions and activities;
- the organisational complexity and the internal articulation that characterises them.

Senior Management

Managing Director/General Manager

Central Functions

These comprise:

Board of Directors staff units,

Units on the staff or reporting in line hierarchy to the Managing Director/General Manager,

Additional information is contained in Section 7 below.

Each Organisational Unit (Department/Area/Office) has specific strategic responsibility and result responsibilities, in relation to the economic and operational goals defined for the functions and the activities under their competence.

Territorial Network

Territorial Areas

The term "Territorial Area" means a group of distribution networks, operating in a determined territory, coordinated at decentralised level in order to enhance territorial proximity, optimise the effectiveness of commercial action and maximise the financial and capital results.

Branch Networks

Branches are decentralised Organisational Units tasked with carrying out operating and commercial activities with clients, according to efficiency and service quality and effectiveness criteria.

As part of the reorganisation measures mentioned above, on 29 October 2020 the Board of Directors approved a reorganisation of the Commercial Network that includes, among other things, a reduction in the number of Areas, in order to shorten the chain of governance of the Operating Units and, at the same time, achieve cost savings in the "intermediate" structures, while still ensuring a rational and effective supervision and development of customers. On a consistent basis with the service model underlying the 2021-2023 Business Plan, the organisation of the Areas envisages specific business support roles, with the aim of maximising value creation in higher-margin market segments.

The Area Manager is therefore supported by the following personnel:

- Business Manager, a professional figure with a strategically important role, entrusted with the task of developing the SME Segment and creating the necessary synergies with the Small Business Segment, and who in this context reports functionally to the Business Area, as well as hierarchically to the Area Manager
- Retail Specialist, reporting to the Area Manager
- Business Specialist, reporting to the Area Manager (this staff member is present in the Area where necessary mainly for reasons linked to the dimensions and growth opportunities in the area). The "Business Managers" and "Personal Managers" (in line with customer segmentation and portfolios) as well as the Branches also report to the Area Manager. The "Private Bankers" continue to operate within the Wealth Management Department. The latter was significantly strengthened in 2021 and reports directly to the Managing Director, in line with the strategic importance attributed to this division in the aforementioned Business Plan, and said Department was subject to an organisational restructuring in 2022.

Important Operating Functions (F.O.I.) outsourced entirely or in part

- Full Outsourcing of Information System
- Valuables counting and custody services
- Valuables transport services
- Application centre services in e-money area
- Provision of services (Application Centre, processing of electronic flows containing operating data for payment operations)
- Provision of services related to bonds (management of corporate/administrative events and external transfer of bonds)
- Custody and Settlement Services in Italy and abroad
- Electronic banking (remote banking)
- Credit recovery
- "Pooled AIRB" rating system
- Digital Lending platform for loans to small and medium-sized enterprises

5 - CONFLICTS OF INTEREST TRANSACTIONS WITH RELATED PARTIES, CONNECTED PARTIES (COLLECTIVELY REFERRED TO AS "ASSOCIATED PARTIES") AND "OTHER RELATED PARTIES"

It should be noted that the information provided in this paragraph is also relevant for the purposes of the NFS.

The subject of conflicts of interest with reference to the various spheres of corporate operations (disbursement of credit, investment services, etc.) is subject to a prudent approach adopted by

the Bank. At present, the relevant main internal regulations for this matter are as follows:

- the Internal Regulations for Transactions with Associated Parties and Other Related Parties; the associated risk policy is integrated in the “Risk Appetite Policy”;
- the “Policy” containing the general rules for governing conflicts of Interest regarding investment services.

Internal Regulations for Transactions with Associated Parties and other Related Parties

These Internal Regulations, adopted pursuant to Article 2391-bis of the Italian Civil Code and Article 53 CBL, are primarily characterised by the existence of a Committee for Transactions with Related Parties and Associated Parties, with regard to decision-making processes. This advisory body, which was renewed by the Shareholders' Meeting held on 23 April 2020 with a different composition, whose term in office expires in conjunction with the Shareholders' Meeting of 27 April, is composed of 3 Independent Directors (Giulia Pusterla – Chair, Valentina Casella and Ulrico Dragoni; see also Table 1.2 attached to this Report) and is entitled to receive information and/or issue opinions, which are binding in certain cases, on transactions with related parties and associated parties as set forth, based on the quantitative and qualitative criteria established by the Consob Regulation and relevant Bank of Italy Provisions, in the Internal Regulations in question, that – in addition to the Committee’s methods of operating – governs the various types of total or partial exemptions in relation to small amounts or ordinary transactions, as well as the membership of the Group of the counterpart in the transaction (in the absence of significant interests of other related parties and associated parties). The expected assessment, to be performed at least every three years, on the need to make revisions to the relevant Internal Regulations, carried out in 2021, produced a negative result, except for the revisions that were made, again in 2021, following the issuance by Consob of the amendments to its Regulations on the subject acknowledging the aforementioned Italian Legislative Decree concerning the rights of the Shareholders. In 2022, said Regulations were updated in compliance with the aforementioned 35th update of Bank of Italy Circular no. 285 and the associated deed of issuance and with the insertion of limits on Transactions with Associated Parties.⁴³

An independent annual budget for expenses of 25,000.00 Euros was assigned to the Committee for 2022, with reference to transactions of lesser significance (and reconfirmed for 2023).⁴⁴ In 2022, no need to use this budget was noted.

The Committee meetings are duly recorded in full in the specific register, in electronic format, and the Chair of the Committee informs the first subsequent Board Meeting about its content.

In 2022, the Committee for Transactions with Related Parties and Associated Parties met 8 times⁴⁵.

During the year, the Committee - given the absence of transactions to be brought to its attention - focused on the examination of the information where, in particular, the following aspects were highlighted:

- Credit Department: quarterly report on Associated Parties
- Risk Management Department: Risk Report on Associated Parties
- Register of Associated Parties - Quarterly processing
- Updates of Internal Regulations for Transactions with Associated Parties;⁴⁶

⁴³ These are not new limits but limits already present in the internal regulations of the Risk Management Department which are to be transferred to these Regulations as part of an adjustment of the regulations themselves.

⁴⁴ Expenses for transactions of greater significance are not subject to the budget. The materiality threshold currently stands at 37.5 million Euros.

⁴⁵ The average duration of the meetings of this Committee was approximately 50 minutes. For additional details see Table 1.2.

⁴⁶ The Bank of Italy has reiterated the obligation for banks to comply with the provisions of Article 88.1 of CRD4 on related party transactions. The enacting act, published in 2021, specified that: (i) all loans made to representatives of a bank by any bank or financial company that is a member of the banking group should be considered; (ii) "members of the management body" means individuals performing administrative, managerial and control functions in the bank. Appropriate reconciliations with the Bank of Italy's provisions on transactions with related parties ("Risk activities and conflicts of interest vis-à-vis associated parties", Bank of Italy Circular No.

- Benchmark on the implementation of the 35th update of Bank of Italy Circular no. 285 - “CRD 5”

For more information on the adopted safeguards, refer to the entire Internal Regulations published, in compliance with the Consob Regulation in question, on the website www.bancodesio.it – in the section “La Banca/Governance/Documenti societari/Parti correlate” (The Bank/Governance/Corporate Documents/Related parties). For a summary of the Transactions with Related Parties relating to 2022, reference should be made to the financial statement disclosure and especially Part H of the Notes to the Financial Statements.

The above also fulfils the obligation of shareholders’ meeting disclosure required by the aforementioned supervisory regulations.

The Policy containing the General Rules for identifying and managing Conflicts of Interest

has the aim of illustrating the guidelines that the Group has adopted for handling conflicts of interest when providing **investment services and activities**, related services or a combination of these services, following the endorsement in the Italian legal system of the “MiFID” Directives.

The banking Parent Company has established and regularly updates a register that includes - noting the types of investment and related services concerned - the situations in which a conflict of interest has arisen, or, in the case of a service or activity in progress, where a conflict of interest may emerge, which risks seriously damaging the interests of one or more customers. This register is maintained and updated by the Compliance Department and other banking Parent Company departments according to the Consolidated Law on Conflicts of Interest.

6 - REMUNERATION AND INCENTIVE MECHANISMS - REMUNERATION COMMITTEE

The criteria adopted to remunerate and incentivise Group management are in line with the general principles that correlate the same to the economic results achieved, as well as consistency with strategies and risk parameterisation, so as to avoid implementing incentives that conflict with the interests of the Company over the long-term, as also indicated in the aforementioned Circular No. 285⁴⁷.

The remuneration of Banco Desio’s Managing Director and General Manager, and of Managers with strategic responsibilities consists of a fixed portion and a variable portion, appropriately deferred in compliance with the aforementioned Circular No. 285, as better detailed in the Remuneration Report. With regard to Banco Desio’s BoD, the Articles of Association require the Ordinary Shareholders’ Meeting to determine the overall fee for the Directors other than the Chair, Vice Chairs and any Directors with operating powers or special duties; the BoD, having consulted the Board of Statutory Auditors, contributes to the determination of the latter’s fees, as well as the division between the other Directors of the overall fee established by the Shareholders’ Meeting. The division criteria also take into account appointments within the BoD and membership of the various Committees (including the offices as Secretary, if envisaged).

The Remuneration Committee is governed by the provisions set forth in its own Regulations. The Regulations of the Remuneration Committee are attached to the Internal Regulations.

The Remuneration Committee, which was renewed by the shareholders’ meeting held on 23 April 2020 with a different composition, whose office expires in conjunction with the Shareholders’ Meeting of 27 April 2023, is made up of 3 non-executive Directors, all of whom are independent (Valentina Casella – Chair, Ulrico Dragoni and Laura Tulli; see also Table 1.2 attached to this Report). The Chair of the Board of Statutory Auditors participates in the Committee’s meetings,

285, Part Three, Chapter 11) will be assessed when a subsequent and separate systematic update of these provisions is launched.

⁴⁷ Among other aspects, reference is made to the 25th update of Circular 285 promulgated on 13 October 2018, which has achieved, in particular, compliance with the Guidelines concerning sound remuneration policies promulgated by the EBA to implement CRD4 and with other recent legislative, regulatory and policy measures, defined internationally and nationally, on the same matter. Recently issued provisions include Directive 2013/36/EU, Delegated Regulation (EU) No. 923 of 25 March 2021, and the 37th update of 25 November 2021 of said Circular 285. For further information please refer to the Report on the remuneration policy and on remuneration paid in accordance with Article 123-ter of the CFA (the “Remuneration Report”).

and other Standing Auditors may also participate (as usually occurs). The Managing Director and General Manager, the Vice General Manager, if appointed, and others who are in charge of the relevant corporate functions may be invited to participate in relation to the issues described above, as well as other employees/associates/consultants of the Bank and/or of its subsidiaries, depending upon the specific issues to be discussed.

The Remuneration Committee is an advisory/proposal-making body with the main task of: i) formulating opinions and/or proposals on the remuneration of Directors for the BoD in cases in which the decision is the responsibility of a Board Committee of the banking Parent Company and/or Shareholders' Meeting/Board Committee of the subsidiaries, specifically, decisions concerning Directors who have been appointed to certain offices and/or granted operating powers, as well as the General Manager and Vice General Manager, if appointed, as well as: ii) formulating opinions and/or proposals for the BoD regarding general policies and specific criteria for management remuneration, including at the Group level and any stock-based incentive plans. As part of the above responsibilities, the Remuneration Committee is involved in defining, assessing and monitoring retribution and incentive systems, in compliance with Circular No. 285. In order to express its opinion on the aspects it is responsible for, in 2022, the Remuneration Committee met at total of 10 times (including some joint meetings with the Control, Risk and Sustainability Committee and with the Appointments Committee)⁴⁸.

Among the topics dealt with in detail by the Committee, the following are particularly noteworthy:

- Audits regarding the activation of the incentive system for the purposes of the draft financial statements for 2021, as well as the proposal, submitted to the Shareholders' Meeting of 14 April 2022, of the compensation plan in financial instruments relating to the "2022 Incentive System based on the assignment of Phantom Shares"
- Remuneration policies (Remuneration Report and associated resolutions)
- Staff (proposals relating in particular to some positions of the banking Parent Company - including the new Head of the Compliance Office - and of the subsidiary Fides)
- Final balance of the bonus pool of the 2021 incentive system
- "Gender Pay Gap"
- Definition and implementation of the Long-Term Incentive System

The Committee formally acknowledged that the safeguards regarding remuneration policies remain adequate in compliance with all the current legislation.

The Committee was assigned an independent budget for expenses for 2022 of 30,000.00 Euros. In 2022, this budget covered the expense relating to the contract signed with a leading consultancy company (Willis Tower Watson), which carried out activities relating to the "Gender Pay Gap", for a total negotiated amount of approximately 12,200 Euros (VAT included), although noting that the attribution of costs of this type to its budget should presuppose the choice of the consultant and the award of the assignment by the Committee itself (differently from that which happened in the case in question). Therefore, the Committee clarified said rule for future occurrences of this type.

For the year 2023, the Board is requested to increase this budget to 35,000.00 Euros in consideration of the needs related to the renewal of the offices.

The Committee meetings are duly recorded in full in the specific register, in electronic format, and the Chair of the Committee informs the first subsequent Board Meeting about its content.

The Articles of Association also envisage that the Ordinary Shareholders' Meeting, in addition to establishing the above fees, approves the remuneration policies, including plans based on financial instruments and the criteria/limits for any "golden parachutes"⁴⁹ as set out in Circular No. 285. The Shareholders' Meeting is ensured adequate disclosure on the implementation of the

⁴⁸The average duration of solely the Remuneration Committee meetings was approximately 35 minutes. For additional details see Table 1.2.

⁴⁹ "Golden parachute" is any compensation to be paid in the event of early termination of employment or early termination of office.

remuneration policies.

For information on remuneration and incentive policies, please refer to the Remuneration Report and, more generally speaking, the remuneration policy in force at the time. This information is also provided in relation to specific recommendations of the Italian Committee for Corporate Governance with reference to: i) the presence of an executive summary, which shows the composition of the remuneration package, with an indication of the characteristics of the fixed and variable short-term components and variable long-term variables with respect to total remuneration, at least with reference to the achievement of the target objective of the variable components; ii) the provision of a variable component with a multi-year horizon, in line with the strategic objectives of the company and in pursuit of sustainable success; iii) the provision of incentive mechanisms for the Managing Director linked to sustainability objectives in relation to which a clear indication of the specific performance objectives to be achieved is provided.

6.bis – APPOINTMENTS COMMITTEE

The Appointments Committee, which was renewed by the Shareholders' Meeting held on 23 April 2020 with a different composition and whose office expires in conjunction with the Shareholders' Meeting of 27 April, is made up of 3 non-executive Directors, 2 of whom are independent, including the Chair (Laura Tulli⁵⁰ – Chair, Stefano Lado and Cristina Finocchi Mahne⁵¹; also see [Table 1.2](#) attached to this Report). The Chair of the Board of Statutory Auditors participates in the Committee's meetings, and other Standing Auditors may also participate (as usually occurs). The Managing Director and General Manager, the Vice General Manager, if appointed, and others who are in charge of relevant corporate functions may be invited to participate in relation to the issues described above, as well as other employees/collaborators/consultants of the Bank and/or of its subsidiaries, depending upon the specific issues to be discussed.

The Appointments Committee is an advisory/proposal-making body whose main task is:

- to advise the Board of Directors in relation to the size and composition of the same and to express recommendations on the professional figures whose presence within the Board is deemed necessary, also in coherence with Supervisory Provisions relating to corporate governance and on the following issues:
 - indication of the maximum number of assignments as director or auditor that may be considered compatible with the effective performance of the role of Director of the company, taking account of the participation of the directors on Committees and, to that end, identification of the general criteria differentiated on the basis of the commitment related to each role (of executive, non-executive or independent director), also in relation to the nature and dimensions of the companies in which the roles are held as well as their possible membership of the Group;
 - assessment, on their merits, of any problematic circumstances for the purposes of prohibitions on competition laid down by the legal or regulatory provisions;
- to support the Board of Directors in any co-opting resolutions of Directors and in the nomination/revocation of other Bank Representatives, as well as the designation of Representatives of subsidiaries and associated companies;
- to support the Board of Directors in self-assessment activities so they are performed in compliance with the Supervisory Provisions on corporate governance as well as verification of the legal requirements in accordance with Article 26 CBL;
- to support the Board of Directors in assessments relating to the definition of succession plans of the senior positions of the executive body provided by the cited Supervisory Provisions;
- to support the Board of Directors in resolutions relating to the nomination and revocation of the heads of the internal control departments and of the Appointed Executive, for which the Board of Directors has sole competence, liaising, to that end, with the Control, Risk and Sustainability Committee, with the Managing Director and General Manager and with the Board of Statutory Auditors.

In order to express its opinion on the aspects it is responsible for, in 2022, the Appointments

⁵⁰ See footnote 37 above.

⁵¹ See footnote 37 above.

Committee met at total of 10 times⁵², sometimes in joint meetings with the Remuneration Committee and the Control, Risk and Sustainability Committee.

Among the topics dealt with in detail by the Committee, the following are particularly noteworthy:

- “Fit & Proper” - new verification procedures and focus on the application to certain corporate functions of the Bank
- “Ex ante” verification of the profile of the application as Head of the Compliance Office. Appointment of the new Head of the Compliance Office
- Review of the Policy and the Succession Plan
- Annual Self-Assessment Process
- Fides - Renewal of offices
- Interlocking ban - update of the Regulation. Annual and interim audit

In light of the documents reviewed and the clarifications received during the meeting, appointment procedures in compliance with all applicable regulations are deemed to be appropriate.

The Appointments Committee was assigned an independent budget for expenses for 2022 of 30,000.00 Euros. In 2022, this budget covered the expenditure relating to the contact with the consulting firm Crisci & Partners for activities related to the self-assessment of the Board Bodies (including the preparation of the “Guidelines to Shareholders on the Optimal Qualitative-Quantitative Composition of the Board of Directors”), which required an increase of the same up to a total of 50,000.00 Euros.

For 2023, a budget of 45,000.00 Euros is currently estimated to be adequate.

The Committee meetings are duly recorded in full in the specific register, in electronic format, and the Chair of the Committee informs the first subsequent Board Meeting about its content.

7 - INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL, RISK AND SUSTAINABILITY COMMITTEE - MOG 231 - WHISTLEBLOWING - RECOVERY PLAN - EXECUTIVE APPOINTED TO DRAW UP THE ACCOUNTING DOCUMENTS AND FINANCIAL DISCLOSURE PROCESS - SUSTAINABILITY ISSUES - NON-FINANCIAL STATEMENT - DIVERSITY POLICIES - CODE OF ETHICS

7.1. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL, RISK AND SUSTAINABILITY COMMITTEE - MOG 231 - WHISTLEBLOWING - RECOVERY PLAN - EXECUTIVE APPOINTED TO DRAW UP THE ACCOUNTING DOCUMENTS AND FINANCIAL DISCLOSURE PROCESS

The information in this section was provided also in accordance with Article 123-bis, section 2, letter b, CFA

Banks are subject to regulations on the **internal control and risk management system** established, in particular, by supervisory regulations on banking activities and the provision of investment services, issued by the Bank of Italy and Consob implementing the CBL and the CFA. As “public interest entities”, banks are also subject to the regulations of Italian Legislative Decree No. 39/2010⁵³ governing the external auditing of accounts. In this area, the Board of Directors defines the nature and the level of the risk compatible with the strategic objectives of the issuer, including in its assessments all the risks that may become important with a view to mid/long-term sustainability of the activities of the Banco Desio Group. The Board plays a key role in the assessment of the actual operation of the internal control and risk management system that may be relevant in the aforesaid view. In the presence of relevant circumstances, the Board acquires the required information and takes all appropriate measures to protect the Group and market

⁵² The average duration of the meetings of the Appointments Committee was around 1 hour (in addition to the joint meetings with the Remuneration Committee and the Control, Risk and Sustainability Committee). For additional details see Table 1.2.

⁵³ The aforementioned Italian Legislative Decree No. 39 was amended by Italian Legislative Decree No. 135 of 17 July 2016 (Implementation of directive 2014/56/EU that amends directive 2006/43/EC concerning the external auditing of the annual accounts and consolidated accounts) with no significant impact for the purposes of this section.

disclosure.

This system features a complex structure that involves all the corporate levels, with specific duties reserved for the Board of Directors, the Board of Statutory Auditors, the Managing Director and General Manager and the individual in charge of internal auditing, represented by the Head of the Internal Audit Department. This Department reports directly to the Board of Directors. The Risk Management Department,⁵⁴ the Compliance Office and the Anti-Money Laundering Office report to the Managing Director. The audit and reporting activities carried out by this Department are consistent with the specific recommendations of the CG Code. The banking Parent Company outsources the Functions of internal audit, risk management, compliance and anti-money laundering for Fides SpA.

* * *

In this context, the Board of Directors set up a Control, Risk and Sustainability Committee, whose office expires in conjunction with the Shareholders' Meeting of 27 April 2023, that is currently composed of 3 non-executive Directors, 2 of whom are independent, including the Chair (Cristina Finocchi Mahne - Chair, Tito Gavazzi and Giulia Pusterla; see also Table 1.2 attached to this Report). The meetings of the Committee are attended by the Chair of the Board of Statutory Auditors or by a Standing Auditor designated by him/her, and the other Standing Auditors may also attend (as is usually the case); the Managing Director and the General Manager⁵⁵, and any Vice General Manager, the heads of the Internal Audit, Risk Management, Compliance and Anti-Money Laundering Functions, as well as other employees/associates/consultants may be invited to attend depending on the specific issues to be discussed. The Control, Risk and Sustainability Committee, as an internal board committee, performs advisory/proposal-making functions and assists the BoD in its activities of supervising the proper functioning of the internal control and risk management system, as well as assessment of the proper use of accounting standards. The Committee reports to the BoD on activities performed and the adequacy of the internal control and risk management system through specific reports prepared every six months.

The Committee is also tasked, at the Group level, with supervising sustainability matters within the scope of its own advisory/proposal-making role for the purposes of the approval by the BoD of strategies and policies on the matter (as described in detail in the second part of this Section 7).

In assisting the Board of Directors, the Committee also supports, with adequate investigation activities, the assessments and the decisions of the Board on the management of risks deriving from adverse events of which the Board has become aware⁵⁶.

Decisions taken regarding issues that fall under the BoD's responsibilities are communicated, verbally or otherwise, at the first available meeting, by the Chair of the Committee, who normally provides a summary of the assessments of the Committee based on what is illustrated by those in charge of the above-mentioned functions (who are in any case invited to attend the discussion of their respective topics at the Board meetings to illustrate, albeit for a more essential representation, their reports and provide any details requested by the Board members).

Also in relation to the introduction of the Non-Financial Statement (see below), the Control, Risk and Sustainability Committee has been assigned a supervisory role for issues falling within the framework of the so-called "Sustainability Report" within the scope of its own advisory/proposal-making role for the purposes of the approval by the Board of Directors of the strategies and the policies in question, and of the review of the related reporting.

⁵⁴It should be noted that the Risk Management Department includes the Internal Validation Office set up in accordance with the supervisory provisions on AIRB models.

⁵⁵It should be noted that the role of AISCI has absorbed as already mentioned, by that of the Managing Director from 23 April 2020, in compliance with the CG Code.

⁵⁶ According to a principle still considered valid today, the previous Corporate Governance Code also specified that "a particularly important role within the internal control and risk management system is normally carried out by the legal and compliance divisions, with special reference to the supervision of the legal and non-compliance risks, including also the risk of committing criminal offences to the detriment or in the interest of the company". With regard to the legal risk, this role is carried out by the Legal Affairs Department.

During 2022, the Committee met 17 times⁵⁷, in its role as advisory/proposal-making body for issues regarding the internal control and risk management system, as well as body with supervision duties regarding sustainability matters. The participants in the meeting, other than the Committee members, included the Chair of the Board of Statutory Auditors and the Head of the Internal Audit Department, as well as the heads of the risk management, compliance and anti-money laundering departments. Depending on the issues to be discussed, the other Auditors, the Managing Director and General Manager, the Appointed Executive, as well as other Executives and/or employees and external consultants took part in individual meetings.

In addition to the usual topics, such as the evaluation of the periodic reporting produced by the control functions, the examination of the draft financial statements and interim financial reports/disclosures, the examination of the reports on complaints and appeals to the Banking Financial Arbitrator and on lawsuits, as well as the adjustments made to the Policies/Process Rules relevant to the internal control and risk management system - the main issues addressed by the Committee concerned, among others:

- Periodic update on the post-inspection initiatives of the Bank of Italy on AML;
- Audit on tax receivables purchased on the secondary market with particular reference to the receivable subject to criminal seizure;
- Resignation of the Head of the Compliance Office, as well as finalisation of the process of appointing the new Head;
- Corporate governance issues illustrated in the letter of the Italian Corporate Governance Committee;
- Draft Financial Statements as at 31 December 2021;
- Sustainability issues and ESG strategic guidelines (Master Plan and Non-Financial Statement) (see also the second part of this paragraph 7);
- Assessment on the Internal Control System (carried out with the support of the consulting company Ernst & Young) and related follow-ups;
- Periodic financial and non-financial reporting by the Financial Reporting Manager and/or Financial Statements and Sustainability Area;
- RAF and Sustainability RAF by the risk management function;
- Integrated Tableau de Bord (dashboard) of company control departments;
- Credit Disclosure;
- Updates on AIRB projects;
- Budget and Funding Plan for 2023.

As part of its advisory/proposal-making role on sustainability issues, the Committee has, among other things, critically analysed the updates to the "materiality matrix" for the 2022 Non-Financial Statement (NFS), with the related impacts on company strategies in various sectors, as well as on the corporate Policies and Regulations.

Every quarter, the Committee discussed the periodic state of play concerning "Corporate Social Responsibility" as envisaged by a specific information flow.

The Committee, like the Board of Statutory Auditors, received, among other things, the series of minutes of the Risk Management Committee, as well as the minutes of the Coordination Committee of the newly established Control functions.

The Committee's considerations, assessments and opinions on the issues dealt with (which indicate an overall positive opinion on the internal control and risk management system, although obviously in need of improvement) were brought to the attention of the Board of Directors on a timely basis, also with the support of a suitable summary by the Committee's Chair, when it examined the information and/or adopted resolutions on each of the above issues.

The Committee has also linked its activities with those of the Board of Statutory Auditors - in line with the "Regulations for Coordinating the Controls and the Information Flows of the Group" - also by virtue of the constant and active participation in the above-mentioned meetings of the Board

⁵⁷The average duration of the RCSC meetings was about 2 hours and 45 minutes. For additional details see Table 1.2.

of Statutory Auditors, as well as with the Independent Auditing Firm by virtue of the Committee's participation in joint meetings between the Board of Statutory Auditors and the Independent Auditing Firm at Group level, also for the purposes of assessing the correct use of the accounting standards, as well as the criteria applicable to the Sustainability Report.

The Committee has currently been assigned an independent budget for expenses of 50,000.00 Euros for 2022 (also reconfirmed for 2023). In 2022, no need to use this budget was noted, since the amounts allocated by corporate top management in support of the different initiatives put in place with reference to issues also under the Committee's competence, were deemed more than sufficient.

The Committee meetings are duly recorded in full in the specific register, in electronic format, and the Chair of the Committee informs the first subsequent Board Meeting about its content.

* * *

The **Organisational Model pursuant to Italian Legislative Decree No. 231/2001 ("MOG")**, subject to periodic maintenance measures, is published on the website www.bancodesio.it in the section "La Banca/Governance/Documenti Societari" (The Bank/Governance/Corporate Documents).

The powers and the operation of the Board of Statutory Auditors in terms of **SB 231** are set out in detail in the specific Regulations and consist inter alia of:

- constantly monitoring the effectiveness of the MOG, with particular reference to its actual ability to prevent the relevant offences from being committed;
- analysing the reports from personnel or from other parties, relating to the commission, or to the attempted commission, of predicate offences, and proposing to the competent corporate functions the adoption of penalties in accordance with the law and with the employment agreement, informing the Board of Directors of this;
- analysing the reports received by the Chair of the SB 231 originating from the Whistleblowing System (see below) relating to the commission of violations as described in the Whistleblowing Regulations adopted by the Bank and proposing that disciplinary measures or penalties be adopted in accordance with the law and informing the Board of Directors of this;
- coordinating with the competent corporate functions for the definition of personnel training programmes in relation to the 231 regulations, also with regard to training on the Whistleblowing System;
- coordinating with the competent corporate Functions (Internal Audit, Compliance, General and Corporate Secretarial Office) to assess the adequacy of the Model and the need for its revision.

The SB 231 has independent powers of initiative and control, it also relies on the support, in particular, of the Internal Audit Department as regards supervisory activities and reports to the Board of Directors every six months on the activities it carries out.

The SB 231 has received the required reports from all of the Functions involved, which indicated the compliance and the adequacy of the Model, and no reports of violations of the Model have emerged. In 2022, the Chair of the Supervisory Body did not receive any reports from the Whistleblowing System (see below).

The SB 231 is currently assigned an independent budget for expenses, amounting to 50,000.00 Euros for 2022 and is for mixed use with the Board of Statutory Auditors for common needs. In 2022, no need to use this budget was noted, since the amounts allocated by the corporate top management in support of the different initiatives put in place with reference to issues also within the competence of the SB 231 were deemed more than sufficient.

For additional information, please refer in full to the Report of the Board of Statutory Auditors to the Shareholders' Meeting.

* * *

The Group has an internal system for reporting violations, pursuant to Article 52-bis of the CBL, which acknowledges the provisions of Directive "CRD IV" on "Whistleblowing" into the Italian legal system.

The internal system for reporting infringements envisaged by the Group uses specific, autonomous and independent communication channels, separate from the normal reporting lines.

As stated, in 2018 it became necessary to revise the Regulations of the Internal System for Reporting Violations so-called "Whistleblowing".

In this regard, mention is made of the promulgation of Law No. 179 dated 30 November 2017 pertaining to provisions for the protection of the authors of reports of offences or irregularities of which they became aware in the course of a public or private employment relationship. Said Law introduced, in particular, the obligation - prescribed by Article 6, paragraph 2-bis, letters a and b, of Italian Legislative Decree No. 231/01 - to provide adequate information channels that allow whistleblowers to "submit, to protect the entities' integrity, detailed reports of unlawful conduct, relevant in accordance with the present Decree 231 and based on precise and consistent facts". In addition to the aforesaid general regulatory provision, the lawmakers had already implemented the whistleblowing regulations in some specific contexts, mostly by promulgating laws transposing European regulations. Insofar as it is relevant in the banking field, the following laws are referred to:

- Italian Legislative Decree No. 90 of 25 May 2017 transposing the Fourth Anti-money laundering Directive (Directive 2015/849/EU), whose provisions, for the first time in anti-money laundering laws, include whistleblowing systems;
- Italian Legislative Decree No. 129 of 3 August 2017 transposing Directive 2016/1034 (EU) (MiFID II) on markets in financial instruments, which requires, inter alia, financial intermediaries to adopt specific procedures for the reporting of violations occurred in the course of the activities carried out, and of "market abuses".

All this entailed a reorganisation and a further segmentation of the internal reporting channels. In addition to an existing generic channel, known as general whistleblowing regarding banking activities⁵⁸, a specific anti-money laundering channel was introduced, i.e. the anti-money laundering whistleblowing channel, and one for "231" reports, so-called whistleblowing "SB" channel; these latter reports refer exclusively to violations of the MOG and do not replace existing procedures and channels for the transmission of the usual mandatory reports and disclosures to the SB. The Chief Auditing Officer, as the Head of the internal violation reporting System, receives and assesses all general whistleblowing reports, except those referring to him/herself and to the Corporate Bodies (Board of Directors and Board of Statutory Auditors, as well as SB). The Chief Auditing Officer also receives and assesses anti-money laundering reports, involving the Anti-money laundering officer, equally excepting those referred to him/herself and to the Corporate Bodies listed above. At the end of the assessment phase, the Head of the System immediately transmits in any case an information flow relating to the report and to the outcome of its assessment to the Chair of the Board of Directors. The Chair of the SB of the banking Parent Company receives SB whistleblowing reports and assesses them collectively with the members of the Body.

This is without prejudice, in the case of reports relating to the Subsidiaries, of the activities pertaining to the banking Parent Company's Bodies, which involve the Bodies of the Subsidiaries for matters under their competence or for any collaboration.

The process for managing reports comprises reporting procedures and specific channels that ensure that the persons tasked with receiving, reviewing and assessing the reports are not hierarchically or functionally subordinated to the reported person, are not themselves the alleged

⁵⁸Banking activities also include the "intermediaries" and "issuers" fields, regulated by the Consob regulations (MiFID, MAR).

perpetrators of the violations and do not have a potential interest related to the report which would compromise their impartiality and independence of judgment. The channels have been defined in such a way as to allow to avoid reports to persons who could be in conflict of interest situations with respect to the whistleblower, to the subject of the report or to any persons involved in the report. The internal system for reporting violations guarantees in any case the confidentiality and the protection of personal data of the person who submits the report and of any reported person.

At the same time, the Bank of Italy and Consob activated specific channels dedicated to receiving Whistleblowing reports. The specific information about the reporting procedures are described on the respective websites.

In 2021, the Regulations were updated to incorporate the revised Code of Ethics with the understanding that reports concerning potential violations of the Code must also be channelled through the internal "General Whistleblowing" system overseen by the Chief Auditing Officer.

After the aforesaid updates, specific training initiatives were carried out for all Group Personnel.

During 2022, 2 reports were received; as a result of the investigations conducted, no violations were identified, so the Bank did not see fit to take any action in this regard.

* * *

It should be recalled that in compliance with Directive 2014/59/EU - Bank Recovery and Resolution Directive and with the two Italian Legislative Decrees (Legislative Decree No. 180 and Legislative Decree No. 181) that transpose the aforesaid Directive in Italy, in 2017 the Bank prepared a **"Recovery Plan"** (hereafter also "Plan") - recently updated on 29 April 2022 - to address crisis situations, organically incorporated in the corporate risk governance approaches, consistent with the Risk Appetite Framework (RAF) and based on the monitoring of indicators contained in the relevant EBA Guidelines and on the selection of recovery options and procedures. The Plan is consistent with the indicated regulatory context and, in particular, it is prepared in compliance with Bank of Italy provisions, notified by the same via specific notes. The Plan was prepared considering the prudential scope of consolidation.

Decisions pertaining to the approval and management of the Recovery Plan are made by the BoD as the Body with strategic supervision function.

The logical/operational process followed in the preparation of the Plan, on the basis of the regulatory guidelines indicated, is structured into the following main steps:

- identifying the organisational parties involved in the preparation, approval, updating and management of the Plan in a crisis situation;
- analysing the strategic profiles, assuming as quantitative reference parameters the indicators contained in the RAF, selecting the relevant legal entities and business lines and the essential functions;
- selecting - in accordance with the RAF and in compliance with the regulatory guidelines - the recovery indicators;
- identifying the stress scenarios and measuring the related effects on the indicators, also for the purposes of verifying their calibration;
- identifying the recovery options and assessing the effects of their activation;
- regulating the communication forms prescribed by the regulations.

It should be noted that the Risk Management Committee has been identified as the body that has the function, where required, of "Recovery Committee".

* * *

In relation to existing risk management and internal control systems in the **financial disclosure**

process, consolidated or otherwise, a series of disclosure, audit and intervention powers have been assigned to the Appointed Executive, which essentially involve:

- the possibility of receiving data/information from specific corporate departments; the right to carry out audits autonomously and through the Internal Audit Department, as well as the right to request organisational changes in administrative-accounting activities;
- the possibility of participating in Board meetings that deal with administrative-accounting aspects and proposing policy and coordination actions vis-à-vis Group Companies (such as the appointment of their own Contact Persons in these Companies);
- the recognition of the financial autonomy of said Appointed Executive through the management of a specific annual expenditure budget.

The Articles of Association state that the BoD appoints the Appointed Executive, subject to the favourable opinion of the Board of Statutory Auditors and mandate the integrity and professional standing requirements, consistent with the current legislation for bank representatives. In particular, this party must possess specific expertise with regard to administrative-accounting matters gained, in a period of no less than three years, in positions of operating responsibility in the Company, the Group or other comparable companies or entities in terms of activities and organisational structure.

The Appointed Executive is currently reporting directly to the Managing Director and General Manager, he/she reports directly to the Budget and Sustainability Area, maintaining constant oversight of the financial reporting process, to ensure the reliability and integrity of the accounting and operating information, consolidated or otherwise, with particular reference to the so-called “key accounts”.

With regard to the risk management and internal control system in relation to the financial disclosure process, the BoD defined a specific risk control model relating to financial disclosure (“Financial Disclosure Control Model”), which is an integral part of the internal control system at Group level. As indicated below, the main responsibilities of this model are assigned to the Appointed Executive.

The Control Model allows for the fulfilment of regulatory obligations relating to the adoption of a risk management and internal control system for the financial disclosure process.

In this regard, the set of tasks aimed at identifying and assessing risks and controls on financial disclosure are part of the more general management process of the Control Model, which is broken down into the following phases:

- implementation;
- assessment;
- reporting.

Based on the Model’s scope, which applies to the entire Group, the tasks listed above are carried out for both the banking Parent Company and, as far as compatible, for the Group Companies included in the scope of consolidation.

Phases in the Risk Management and Internal Control System for the financial disclosure process

Within operations, Banco Desio has identified and defined the following types of financial disclosure risk, in line with its risk mapping:

- “risk of unintentional errors”: the risk of material errors in the financial statements from actions unintentionally committed or omitted, resulting from the inadequacy or malfunctioning of procedures, human resources and internal systems, or from external events;
- “risk of fraud”: the risk of material errors in the financial statements resulting from an intentional act, committed in order to gain unjust or illegal advantages through false financial disclosure.

In addition, criteria have been established for identifying the specific significant company components, items and accounting schedules on which to focus the activities of planning, development and maintenance of administrative-accounting processes (including processes for

reporting to the banking Parent Company by the subsidiaries for the purpose of drawing up the consolidated financial statements) as well as the phase of risk and control assessment. In particular, with regard to this phase, the assessment of risks and the effectiveness of controls are conducted in accordance with the methods defined by the Appointed Executive, shared with the Internal Audit Department, and with support as necessary from the banking Parent Company's Risk Management Department and Compliance Office. In order to identify the approaches to assessing financial disclosure risks, the Appointed Executive may enlist the help of the banking Parent Company's operating risks management department. For the other Group Companies, the Internal Contacts of the Appointed Executive avail themselves of each Company's operating risk management department, where established. For the specific purpose of assessing risks and controls in the disclosure system, the Appointed Executive is supported by the Operations and Systems Department as well as, where needed, the banking Parent Company's Internal Audit Department. For the other Group Companies, the Internal Contacts of the Appointed Executive avail themselves of the support of the Operating Department as well as, where needed, the Controller.

In terms of the methods used to inform top management on the Financial Disclosure Control Model, the Appointed Executive reports to the Corporate Bodies on the adequacy and effective application of this Model. In this regard, taking into account the provisions of Italian Legislative Decree No. 39/2010 on the external auditing of accounts, the Appointed Executive:

- supports the Board of Statutory Auditors and the Independent Auditing Firm in assessing the correct use and homogeneity of accounting standards for the purpose of preparing the individual and consolidated financial statements;
- provides the Supervisory Body pursuant to Italian Legislative Decree 231/01 with the related certification pursuant to Article 154-bis, paragraph 5 CFA as well as indications when specific critical situations are detected relating to the adequacy or operation of the financial disclosure control model;
- draws up an annual report to submit to the Managing Director and General Manager (according to their respective powers established by the Internal Regulations), subsequently transmitted to the Board of Statutory Auditors, as well as the Control, Risk and Sustainability Committee and the Board of Directors. This report contains:
 - an explanation of activities carried out as well as any key critical situations found in the operation of the financial disclosure control model;
 - an assessment of the significance of the risk, by proposing Group Companies considered "significant" and financial statement accounts classified as "critical", to be analysed the following year;
 - planning of activities to be carried out for the following year, also in consideration of the above points.

Roles and functions

The responsibilities relating to the implementation and operational phases of the "Financial Disclosure Control Model", taking into account the applicable regulatory context, which assigns specific responsibilities to the Appointed Executive, are assigned to Corporate Bodies and mainly to the Appointed Executive. For the purpose of carrying out his/her duties relating to preparing company accounting documents (mainly annual Financial Statements and Interim Financial Reports), the Executive is aided by the competent company officers of Banco Desio and the other Group Companies.

Operationally, the Appointed Executive avails him/herself of the afore-mentioned structures directly reporting to the same and in particular with the aid of the Budget and Sustainability Area coordinates with other departments of Banco Desio and the Group Companies in order to receive information on the performance of activities which influence the economic, equity or financial position of Banco Desio and the other Group Companies. Specifically, the Appointed Executive:

- liaises with the Operations and Systems Department in order to verify that the administrative-accounting processes are formalised in specific organisational procedures, requesting specific supporting documentation from the Department;

- has the right to request specific certifications from the Operations and Systems Department regarding:
 - o the correct operation of company infrastructures and applications used to acquire, process and represent administrative-accounting information;
 - o the existence of adequate procedures to guarantee the protection of company information assets, also with regard to outsourced IT processes.
- promptly acquires information on planned activities and the subsequent results of activities carried out by the Internal Audit Department, and may avail himself/herself of the support of this Department in carrying out his/her controls;
- has the right to request the Risk Management Department to carry out additional analysis and assessment of risks in administrative-accounting processes he identifies periodically when selecting “key accounts”;
- may request the Compliance Department to provide consulting for the assessment and management of non-compliance risk as well as for any corrective actions to be implemented;
- for the purpose of transmitting the certifications/declarations to the market (with specific regard to the annual, half-yearly and quarterly financial statements), requests that the “Parent Company’s Process Managers” issue specific internal certifications, or may assign said internal structures to carry out specific audit activities for the purpose of verifying the correct performance of administrative-accounting processes. As proof to support the certification and audit activities, the Appointed Executive may acquire specific internal documentation and/or reports from the business structures involved.

With regard to the Group companies, the Appointed Executive liaises with his/her own Contacts, identified separately for each company (the so-called Internal Contacts of the Appointed Executive) on the reporting flows to acquire in order to ensure the regular preparation of the (annual, half-yearly and quarterly) Consolidated Financial Report, as well as of the non-financial statement (see below). Operationally, he receives specific certifications from his Contacts containing, at a minimum, the following information:

- assessment of the adequacy and effective application of administrative-accounting procedures, with specific reference to controls implemented to mitigate the main risks;
- assessment of the adequacy of controls and, more generally, of the organisational safeguards on financial disclosure established at company level;
- correspondence of the equity, economic and financial data and additional information provided for preparing the annual and half-yearly financial report with the accounting books and records;
- compliance of the accounting documents with the applicable international accounting standards;
- any critical situations, risks and uncertainties arising from the audits performed, as well as the related action plan.

7.2. SUSTAINABILITY ISSUES - NON-FINANCIAL STATEMENT - DIVERSITY POLICIES - CODE OF ETHICS

It should be noted that the information provided in this paragraph is also relevant for the purposes of the NFS.

The findings from the 2022 materiality analysis of sustainability issues show:

- a clear convergence on the part of stakeholders engaged, that can be summarised in the case of corporate sustainability, as “doing banking right”, according to a business model geared more towards medium/long-term objectives and therefore better able to create lasting value
- an increasingly widespread and mature awareness of the strategic role of sustainability, which again this year is confirmed in first place with the theme of “Sustainability governance and integrity in corporate conduct”
- that although Banco Desio is again recommended to make a priority commitment to the direct impacts produced by “Protection of employee well-being”, “Attraction, development and retention of talents” and “Security and data protection”,

- the Bank's drive to focus its approach to sustainability on “Sustainable investment and financing practices”, “Products and services with social and environmental purposes” and “Supply chain”, i.e. on indirect impacts, is also highlighted.

Dialogue with other relevant stakeholders

The criteria and methods used by the management body to promote dialogue with other relevant stakeholders are summarised in the NFS as follows.

In accordance with the provisions of the GRI standards and of Italian Legislative Decree 254/2016, for the purposes of this document, a materiality analysis was carried out to define the sustainability issues relevant to the Banco Desio Group and its stakeholders to the extent necessary to ensure an understanding of the business, its performance, its results and the impact it produces.

In fact, the NFS covers environmental, social and personnel-related issues, respect for human rights and the fight against active and passive bribery, which are relevant when taking into account the activities and characteristics of the company and stakeholders' expectations.

The Banco Desio Group has always paid attention to its stakeholders through:

- constant dialogue with customers (families, professionals, craftsmen, SMEs) through customer satisfaction surveys, institutional websites, home banking, apps, social media, focus meetings;
- the promotion of meetings, seminars and events (also in virtual mode) on financial and current issues involving students, SMEs, as well as trade associations using both the Banco Desio Conference Centre and external venues;
- discussion and dialogue with investors at the Shareholders' Meetings of the Parent Company and other Group companies, through institutional websites and through the 1INFO dissemination system and storage mechanism;
- periodic training activities, company intranet and other tools of internal communication with associates and periodic meetings with company and Group trade union representatives.

The Board of Directors and, internally, in particular, the Control, Risk and Sustainability Committee performs not only the role of examining and approving the NFS itself, the Materiality Analysis and the Sustainability Plan, but also - as part of the discussion of proposed resolutions - the role of encouraging dialogue with stakeholders.

Non-Financial Statement (Sustainability Report)

We reference the provisions of Italian Legislative Decree No. 254 of 30 December 2016 (the “Decree”) implementing Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. From the financial years starting from 1 January 2017, the Decree introduced new transparency obligations in line with the aforementioned EU provisions, specifying both the scope of these obligations (scope of the new obligations, content and procedures for publishing the non-financial statement (NFS), responsibilities of corporate bodies and of the independent auditor in the process of drafting and checking the statement) and implementing the specific regulatory options left to the member States.

Scope

The transparency regime introduced by the Decree entails the obligation for companies or groups to prepare and publish, for each year, a NFS that covers, “to the extent necessary to ensure understanding of the enterprise activity, of its performance, of its results and of the impact caused thereby, ... the environmental and social matters and issues related to personnel, respect for human rights, combating active and passive bribery, which are significant taking into account the activities and characteristics of the company...” (Article 3, Paragraph 1). Parties obligated to publish the NFS are public interest entities: “relevant public interest entities” (or “RPIE”).

In this regard, it should be remembered that, in accordance with Article 16 of Italian Legislative

Decree No. 39/2010, the banks are included in the definition of “public interest entity”.

Content of the NFS

To fulfil the general obligation set out above, Article 3, Paragraph 1, of the Decree (as amended by Italian Law No. 145/2018) provides some additional indications that allow the necessary content of the NFS to be identified. In the first place, the information elements are indicated through which it is possible to ensure that the enterprise activity is understood, which consist “at least” of the description: i) of the main risks, including the procedures for their management generated or incurred, in connection with socio-environmental issues and deriving from the enterprise activity or from products and services provided by it; ii) of the organisational and management model of the company, including the corporate models for preventing offences adopted in accordance with Italian Legislative Decree No. 231/2001, which are relevant in the management of the socio-environmental issues indicated by the decree; iii) of the policies applied by the enterprise for the management of the impacts of the entrepreneurial activity within the non-financial areas referenced above and the results achieved by the implementation of these policies (Article 3, Paragraph 1, Letters from a) to c). In the second place, a significant - or “materiality” - criterion is expressly provided, for the selection of the information to be provided in the NFS with regard to all the profiles referenced above.

Consolidated NFS

RPIEs that are “parent companies” of a large group must publish a consolidated NFS (Article 4). Mirroring the obligation for parent companies to publish the consolidated NFS is the provision that exonerates a RPIE from the obligation to prepare the individual or consolidated NFS when such entity is included in the consolidated NFS prepared by another parent company that prepares the statement in any case (Article 6).

Method of publication of the NFS

With regard to the publication procedure, Article 5 of the decree provides that the NFS may:

- i) be included in a specific section of the report on operations; this section shall be expressly “marked” in this sense;
- ii) be contained in a separate report, subject to the obligation to mark it in any case as a non-financial statement.

Banco Desio has taken the option of producing a separate Group document, consistently with the prevailing indication pertaining to the publication of sustainability reports by listed companies, and more particularly, by the main Italian banking groups.

Tasks of the party appointed to audit the financial statements

Article 3, Paragraph 10, of the Decree establishes that the party appointed to audit the financial statements shall verify the preparation by the management body of the non-financial statement, disclosing it in a separate section of the audit report (issued under Article 14 of Legislative Decree No. 39/2010).

The same party is appointed to express with a dedicated report, distinct from that of the auditor, a certification of the compliance of the information provided with respect to the requirements of Legislative Decree No. 254/2016 and with respect to the principles, methodologies and procedures prescribed in Paragraph 3 of Article 3 of the same Legislative Decree.

Sustainability governance structure

Banco Desio has adopted the sustainability governance structure which, taking into account the affinity/synergy with the current powers of the Control, Risk and Sustainability Committee related to the supervision of the internal control and risk management system as well as on the correct utilisation of the accounting standards, entails, inter alia, assigning to the same Committee the supervision of sustainability issues:

Level	Body/Function	Duties/Activities
Strategic Governance	Board of Directors	<p>Approves, after consulting the Group Control, Risk and Sustainability Committee, policies on sustainability issues (including the Sustainability Governance Policy and its subsequent amendments).</p> <p>Approves the Group Sustainability Plan (and its subsequent amendments), which outlines the strategic guidelines, medium- to long-term objectives and quantitative targets for all sustainability areas considered priorities.</p> <p>Monitors and supervises the achievement of the objectives and quantitative sustainability targets stated within the Plan and approves their publication within the Non-Financial Statement.</p> <p>Approves reporting on sustainability issues (including the Non-Financial Statement).</p>
	Control, Risk and Sustainability Committee ⁵⁹	<p>Oversees sustainability issues (environmental, social, etc.) as part of its advisory/proposal-making role for the approval and updating/revision by the Board of Directors of the strategic guidelines, medium-long term objectives and quantitative targets of the Sustainability Plan.</p> <p>Oversees the achievement of the Group's declared sustainability commitments, taking an advisory/proposal-making role in identifying actions, interventions and activities aimed at achieving them.</p>
		<p>It informs the Board of Directors of any critical points in the achievement of the strategic guidelines, the medium to long-term objectives and the declared quantitative targets emerging from the periodic monitoring supervision of the quantitative targets.</p> <p>Supervises in its advisory/proposal-making role (for approval by the Board of Directors) the preparation of reports on sustainability issues.</p>
Management Level	"Sustainability Steering Committee" identified as the Management Committee with the involvement, depending on the reported matters, of the specific Departments/Functions involved	<p>Proposes strategic guidelines, medium-term objectives and quantitative targets of the Group Sustainability Plan.</p> <p>Proposes when and how to update the strategic guidelines, medium- to long-term objectives and quantitative targets of the Group Sustainability Plan.</p> <p>Defines sustainability activities to be implemented in relation also to sustainability objectives and targets.</p> <p>Reviews in advance periodic reporting on sustainability issues.</p>
Operational tactical level	/ All Parent Company and Subsidiaries Functions	<p>They are directly responsible for the achievement of strategic guidelines, medium to long-term objectives and quantitative targets for their area of sustainability.</p> <p>They adopt and implement actions and initiatives in order to apply the principles contained in the Sustainability Policies, as well as to achieve strategic guidelines, medium-long term objectives and targets defined in the Group's Sustainability Plan, again according to their areas of competence.</p> <p>They periodically report with formal internal communication/reporting on the progress of the strategic guidelines, medium-long term objectives and quantitative targets and the results achieved with respect to the performance indicators within their areas of competence in order to update the Budget and Sustainability Area to provide information within the scope of reporting on sustainability issues.</p>
Coordination	Budget and Sustainability Area ⁶⁰	<p>Coordinates the corporate functions of the Parent Company and subsidiaries in the implementation of the strategic guidelines and for the achievement of the medium/long-term objectives and quantitative sustainability targets stated in the Sustainability Plan</p> <p>Periodically monitors and verifies the level of achievement of the medium/long-term objectives and quantitative targets and communicates the results to the heads of the corporate functions of the Parent Company and subsidiaries.</p> <p>Reports on the level of achievement of strategic guidelines, medium- to long-term objectives and quantitative targets.</p>

⁵⁹ The Control and Risk Committee took on this new name as from 26 March 2020

⁶⁰ The Budget and Control Office Law 262 has taken on this new name as from 19 November 2020.

Diversity policies

Article 10 of the Decree introduced the obligation to add in the present Report “a description of the diversity policies applied in relation to the membership of the administration, management and control bodies with regard to aspects such as age, gender and education and professional experience, as well as a description of the objectives, of the implementation procedures and of the results of such policies.”

In this regard, the practices adopted by the Banco Desio Group are consistent both with the aforementioned law provisions with regard to gender quotas, and with the Supervisory Provisions on the composition of the Corporate Bodies which require “an adequate degree of diversification in terms, inter alia, of competencies, experience, age, gender, international projection”. This aspect, pertaining specifically to the areas of competence of the Appointments Committee, is analysed in the self-assessment process per Section 3.6 above, taking into account the operational and dimensional complexity of the company. The aforesaid practices were formalised in a dedicated policy which, also consistently with the indications of the Italian Corporate Governance Committee, was adopted with the board resolution of 28 February 2019, taking into account the aforementioned EBA/ESMA Guidelines in force since 30 June 2018 and updated in 2021.⁶¹ The subject is dealt with in connection with the broader project activities initiated in the area of Corporate Social Responsibility ('CSR') in connection with the DNF mentioned above. In this sphere, a “People, Diversity and Inclusion” Policy was also adopted on 16 January 2020, which applies to all the companies of the Banco Desio Group and addresses all the employees of the same with the aim of:

- creating a working environment free from any form of discrimination, be it direct or indirect, associative or individual, as well as any form of violence or harassment;
- ensuring and promoting an inclusive culture, based on mutual respect, which makes it possible to develop the talent of each individual, allowing the expression of the potential of all, free from stereotypes and prejudices, so as to fully appreciate the diversity and uniqueness of each one;
- pursuing a policy of personnel selection aimed at recognition of merit, with respect for equal opportunities;
- ensuring access to a professional and career development path based on respect for equal opportunities and non-discrimination;
- ensuring that all employees adopt conduct that reflects inclusion and supports the Group's values.

During 2019, Banco Desio complied with the ABI Charter on equal opportunities entitled “Donne in Banca” (Women in Banking).

Code of Ethics

As provided in the project pertaining to sustainability issues, developed in the context of the introduction of the NFS, the path towards systematising the Code of Ethics continued during 2018 with the inclusion of the provisions of the Guidelines for Corporate Social Responsibility (CSR) approved with the Board resolution of 27 February 2018 concerning in particular:

- relations with local communities;
- human rights and personnel-related issues, as well as diversity and equal opportunities;
- the culture of legality;

61 The Policy, the latest update of which was approved by the Board of Directors on 3 August 2021, defines the situation in which the characteristics of candidates for the Board of Directors and the Board of Statutory Auditors, such as age, gender, geographical origin and educational and professional background, differ in such a way as to allow for a variety of views within the Board of Directors and the Board of Statutory Auditors.

The Policy applies to all Corporate Bodies of the Banco Desio Group (Board of Directors and Board of Statutory Auditors) in accordance with the principle of proportionality indicated by the relevant EBA Guidelines. The application to financial intermediaries belonging to the Group, listed in the register, pursuant to Article 106 of the Consolidated Banking Law ("CBL"), is made on a voluntary basis.

For the Group's unlisted companies (excluding "special purpose vehicle companies" and instrumental companies as defined by the Supervisory Provisions), i.e., currently for Fides, it is now stipulated that at least one of the members of the Board of Directors must belong to the less represented gender. Likewise, it is stipulated that at least one effective member of the Board of Statutory Auditors belongs to the less represented gender. In the event of the termination of the full member of that gender and in the absence of an alternate member of the same gender who can take over, the presence of the lesser represented gender shall be restored at the first subsequent Shareholders' Meeting in accordance with the law.

- environmental responsibility;
- sustainable investments;
- relations with public institutions.

Since these issues are developed at Group level, and the NFS is prepared at Group level as well, it was deemed consistent for the Code of Ethics to be, for all intents and purposes, a Group document, based on values expressed by Banco Desio in its leading role as banking Parent Company and shared by the other legal entities through the approval/acknowledgement of the document by the respective Boards of Directors.

With respect to the formulation followed so far the ethical-social and environmental aspects achieved a weight equal at least to the juridical-economic aspects in the structure of the document.

It was deemed useful to dedicate a specific section to the issue of “sexual harassment”.

The last review of the Code of Ethics was approved with a board resolution dated 17 December 2020 (again subject to the involvement of the Control, Risk and Sustainability Committee and the Board of Statutory Auditors) and in particular:

- the topics concerning relations with shareholders have been developed by inserting a new section dedicated to them
- references to so-called "parties involved in unlawful activities" have been rationalised
- the Code of Business Conduct (which was a separate document approved as part of ESG projects) has been incorporated
- with regard to the reporting of violations, it was considered appropriate to channel reports of violations of the Code into the Whistleblowing system (see above), albeit keeping them separate from reports of violations of banking regulations or violations of the MOG.

8 - CORPORATE INFORMATION

Governance of corporate information is formalised in the Corporate Information Regulation, containing, inter alia, the procedures for calling the Board of Directors and the Committees, for the provision of documentation on items on the agenda and the related confidentiality restrictions (also see previous Section 1), and discipline of the register of parties who, within the Group, have access to the inside information before its circulation.

The Regulation was updated on 23 June 2016 as part of the measures to adapt it to the new European rules on market abuse which came into force on 3 July 2016 (in particular, to EU Regulation No. 596/2014 or "MAR"), on 21 December 2017 in order to implement the Guidelines issued by Consob on the matter and on 27 February 2020 to make further procedural improvements supported also by the acquisition, during the year, of a special IT platform for the integrated management of inside information in all stages of the process (mapping of information and parties, registration of parties with access to relevant information, registration of parties with access to inside information, possible delay of disclosure of information).

The minor changes introduced by EU Regulation 2019/2115 have also been implemented with the provision that, as of 1 January 2021, issuers shall disclose to the market transactions in financial instruments, carried out by persons exercising administrative, control or management functions and those closely associated with them, within two business days commencing from the date of notification thereof (instead of the previous provision of three working days from the date of execution of the transaction). This is without prejudice to the obligation of the obliged parties to promptly notify the issuer, and no later than three working days after the date of execution, about the transactions carried out (Art. 19(1) MAR).

Lastly, the Regulation was brought into line, by means of Board resolution of 29 September 2022, with some interpretative guidelines formulated by the National and European Supervisory Authorities competent for Market Abuse issues and to recently introduced European regulatory

provisions of a more purely applicative nature.⁶²⁶³

The aforementioned provisions govern the obligations of issuers as regards, inter alia:

- the disclosure to the public of the inside information and the possible delay of the communication itself, in the presence of well-defined conditions, resulting in the activation of a process that also includes a notification to Consob;
- the keeping of the so-called "Insider Register" with more stringent timing/methods;
- the disclosure to the public of transactions on financial instruments issued by company representatives and by persons closely related to them (known as "internal dealing"), likewise with more stringent timing/methods;
- the prohibition for such entities to carry out transactions within 30 days prior to the publication of annual and half-yearly accounting data (known as "closed period");
- the identification of the Inside Information Management Function ("FGIP");
- the establishment of the "Relevant Information List" ("RIL").

The FGIP has been identified as the Head of the Administration and General Affairs Department, who has the operational support of the Corporate Affairs Department.

It should be noted that, in 2022, a number of "internal dealing" transactions (purchases and sales) on shares were reported and published for an absolute value of approximately 1.7 million Euros with reference to ordinary shares. In 2022, there were no reported "internal dealing" transactions in equities and bonds.

Banco Desio makes available all the corporate documentation which must be made public by law/regulations on its own website in full.

For the sake of completeness, note that on 29 January 2013, pursuant to Article 3 of Consob Resolution No. 18079 of 20 January 2012, the Board of Directors resolved to adhere to the "opt-out" regime envisaged by Article 70, paragraph 8, and Article 71 paragraph 1-bis of Consob Regulation No. 11971/99, taking advantage of the right to deviate from publishing obligations for disclosure documents described in Attachment 3B of the above-mentioned Consob Regulation, in the event of significant transactions involving mergers, spin-offs, share capital increases through in-kind contribution of assets, acquisitions and disposals.

9 - BOARD OF STATUTORY AUDITORS

The information in this section has been provided in accordance with Article 123-bis, section 2, letter d of the CFA and articles 144-octies and 144-novies of the Issuers' Regulation and reflects (unless specified otherwise) the situation as at 31 December 2022.

Banco Desio's Board of Statutory Auditors was also appointed with the list voting mechanism illustrated in the previous Section 2.1.I), with the term of office expiring as of the approval date for the financial statements as at 31 December 2022. Its composition is as follows: Emiliano Barcaroli - Chair, Rodolfo Anghileri and Stefania Chiaruttini, as also shown in the attached Table 2. The Chair of the Board of Statutory Auditors and one Alternate Auditor were elected from a list presented by a minority shareholder (Carit Foundation - Cassa di Risparmio di Terni e Narni).

In addition to the integrity and independence requirements and the causes of ineligibility envisaged by special legislation and by the CG Code for listed banks, the Statutory Auditors must meet – on penalty of forfeiture – the following professional standing requirements: at least one Standing Auditor and one Alternate Auditor (and, in any event, the Chair) must be enrolled in the

⁶² 1) "ESMA - Guidelines on Market Abuse Regulation (MAR). Delays in public disclosure of inside information and interactions with prudential supervision" of 13 April 2022, which Consob complied with by integrating them into its supervisory practices (Consob Notice 10.06.2022) and applicable from 13 June 2022

2) "Consob - Q&A of 18 March 2021 on selective disclosure to shareholders and, in particular, the controlling shareholder as well as on the publication of inside information relating to business plans".

⁶³ Commission Implementing Regulation (EU) 2022/1210 laying down implementing technical standards for the application of Regulation (EU) No 596/2014 as regards the format of the lists of persons with access to inside information and the related update, effective from 3 August 2022.

register of auditors; those who do not meet this requisite must have gained specific experience in the activities and the sectors indicated in the Articles of Association.

The aforementioned MEF Decree also applies to auditors with the same transitional regime applied to directors (although the requirements and criteria are partially differentiated between one and the other).

The satisfaction of requirements is verified by means of the "supervisory" procedure described by the BoD and, in implementation of a specific principle of the CG Code, the Board carries out a specific check on the observance of the aforementioned requirements.

All the Statutory Auditors have been chosen from among those enrolled in the register of auditors and are independent on the basis of both the Consolidated Finance Act and the CG Code (with the exception of the criteria of tenure of "nine years" on the Board of Statutory Auditors which, due to the reasons already mentioned for the Directors in compliance with the resolution adopting the Code passed on 22 February 2007, is not, however considered in itself an indication of non-compliance with the independence requirement, save that the cases exceeding the 9 years are subject to specific analysis according to the recommendations formulated by the Italian Committee for Corporate Governance). The case of a member of the Board of Statutory Auditors in office since 2002 was analysed at the same time as approval of this Report of 2020 and the comments made in this regard are confirmed also in this Report, in the absence of any changes in the Representative's position.

The lists of the other offices held by the Statutory Auditors, pursuant to Article 2400 of the Italian Civil Code and Article 148-bis CFA, are published in the prescribed methods and time-frames, together with the information on the personal and professional characteristics of the Statutory Auditors as well as the information on possession of the above-mentioned requirements (published upon submission of the lists for the renewal of Corporate offices, in compliance with governing Consob provisions). Their "curricula" are also available on the website www.bancodesio.it in the section "La Banca/Governance/Corporate Governance/Collegio Sindacale" (The Bank/Governance/Corporate Governance/Board of Statutory Auditors). The Internal Regulations of the Italian Subsidiary Banks include a general limit on the accumulation of the offices of statutory auditor, by virtue of which these Statutory Auditors cannot undertake this office when they already cover the office of member of the control body in five listed or supervised companies, in cases where the "interlocking ban" does not apply pursuant to Article 36 of Italian Law No. 214/2011; it is also established that the Statutory Auditors cannot undertake offices in bodies other than the Board of Statutory Auditors within other Group Companies, as well as within companies in which Banco Desio directly or indirectly holds a strategic investment⁶⁴.

The Board of Statutory Auditors acts as an "internal control and audit committee" and, pursuant to Article 19 of the aforementioned Italian Legislative Decree No. 39/2010, is responsible for:

- a) informing the management body of the audited entity of the outcome of the official audit and transmitting to this body the additional report of the official auditor pursuant to Article 11 of Regulation EU No. 537/2014, together with any comments;
- b) monitoring the financial reporting process and making recommendations or proposals to ensure its integrity;
- c) checking the effectiveness of the internal quality control and business risk management systems and, where applicable, the internal audit system, in relation to the audited entity's financial reporting, without breaching its independence;
- d) monitoring the official audit of the annual financial statements and the consolidated financial statements, also taking into account the results and conclusions of the quality controls carried out by Consob, where available;
- e) checking and monitoring the independence of official auditors or audit firms, in particular with regard to the appropriateness of the provision of non-audit services to the audited entity;
- f) being responsible for the procedure of selecting official auditors or audit firms and recommending the official auditors or audit firms to be appointed.

In 2022, the Board of Statutory Auditors of Banco Desio, as well as that of Fides SpA, continued

⁶⁴ As indicated by the aforementioned Circular No. 285, "strategic" for such purposes is understood to mean the equity investment that is equal to at least 10% of the share capital or the voting rights during ordinary Shareholders' Meetings of the investee company and 5% of the consolidated regulatory capital of the Banking Group.

to carry out these duties paying particular attention to the profile of independence of the Independent Auditing Firm as per section 12 below. In this context, the Board examined the non-audit engagements granted to these Companies and monitored them with the support of the Budget and Sustainability Area in accordance with the "Internal Rules for the selection of the official auditor and for the conferral of non-audit engagements to the same and its network" adopted in 2019. The same Regulation was applied to the selection procedure, by said Board, for the Independent Auditing Firm as per section 12 below.

As previously stated, the Board of Statutory Auditors of Banco Desio, like that of Fides SpA, performs the functions of SB 231. During 2022, Banco Desio's Statutory Auditors held a total of 56 collective meetings (of which 16 as SB 231), in some cases jointly with other Bodies of the Group, and inspections at the head offices or the branches. The activities of the Statutory Auditors with reference to participation in the meetings of the Corporate Bodies are likewise summarised in Table 2 containing, among other things, information on the average duration of the meetings; the other appointments covered by the statutory auditors in subsidiary, associated and investee companies or in listed and/or supervised companies are shown in Table 3.

The remuneration of the Statutory Auditors 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 Board of Statutory Auditors performed its self-assessment process using the same method already adopted by the Board of Directors (see Section 3.6 above), from which a positive judgment emerged.

For the diversity policies of the members of the Control Body, please refer to Section 7 where such policies are understood to refer to all Corporate Bodies.

10 - RELATIONS WITH SHAREHOLDERS – FUNCTIONING OF THE SHAREHOLDERS' MEETING

The information in this section has been provided in accordance with Article 123-bis, section 2, letter c, CFA

It should be noted that the information provided in this paragraph is also relevant for the purposes of the NFS.

As indicated in Section 8, Banco Desio publishes the documentation of interest to its shareholders on its website, with particular reference to that pertaining to the exercise of their rights (attendance and voting, dividends, etc.), via the Corporate Affairs Department, which reports to the Administration and General Affairs Department, which in turn reports to the Managing Director and General Manager. Specifically, the notice of call for Banco Desio's Shareholders' Meeting is published, within the legal deadlines differentiated according to the issues on the agenda, on the website www.bancodesio.it – in the section "La Banca/Governance/Corporate Governance/Assemblea" (The Bank/Governance/Corporate Governance/Shareholders' meeting), and concurrently in the national press.

The notice of call contains indications on methods for exercising the right to attend and vote, as summarised below.

Pursuant to Article 83-sexies of Italian Legislative Decree 58/98 (Consolidated Finance Act) and Article 9 of the Articles of Association, parties holding the right to vote who have sent the Company a notification issued by an authorised intermediary based on the evidence in its accounting records at the end of the seventh trading day prior to the date set for the Shareholders' Meeting on first call may participate in the Shareholders' Meeting, or be represented according to the methods set forth by law. Those who are shown to hold shares only following this date shall not have the right to participate or vote in the Shareholders' Meeting.

Each party entitled to participate in the Shareholders' Meeting may be represented according to the methods set forth by law, without Articles of Association exceptions or limitations, by way of written proxy, as explained in detail in the notice of call for the Shareholders' Meeting.

The Board of Directors is entitled to establish, as and when, whether the proxy may be granted to a Designated Representative of the Company as defined by Article 135-undecies of Italian Legislative Decree No. 58/98, without cost to the shareholder, with voting instructions for all or some of the proposed agenda items. This method was adopted as the exclusive method of participation and voting for the purposes of the Shareholders' Meetings held as from 23 April 2020, by virtue of the specific provisions for the conduct of corporate meetings during the "Covid-19" emergency, until the end of the state of emergency in 2022, for which the Shareholders' Meeting called on 27 April 2023 is expected to be held again according to ordinary participation and voting methods.

Pursuant to Article 127-ter of Italian Legislative Decree No. 58/98, shareholders may ask questions about the agenda items, including prior to the Shareholders' Meeting, as explained in detail in the notice of call for the Shareholders' Meeting.

Pursuant to Article 126-bis of Italian Legislative Decree No. 58/98, shareholders who, including jointly, represent at least one-fortieth of the share capital with voting rights may request items be added to the agenda, indicating the additional issues proposed in their request, as explained in detail in the notice of call for the Shareholders' Meeting.

The General Shareholders' Meeting Regulations, which discipline the business of the meetings, aim to ensure the orderly participation of those entitled to attend, in line with the indications that emerged from the work carried out originally care of the pertinent Trade Associations. The underlying criteria that inspired the drafting of the Regulations was to guarantee a certain discretion in the powers of the Chair, albeit in observance of legal and Articles of Association provisions, aimed at permitting appropriate flexibility in handling the general meeting business and ensuring the exercise of the rights of the shareholders, in particular the right to take part in the discussion, also with the faculty to reply. The provisions strictly pertaining to the undertaking of the Chair of the Meeting, the right to attend, personally or via proxy, the right to vote and the resolutions adopted by the meeting, remain disciplined by the Articles of Association, which furthermore do not envisage departures from legal regulations.

The minutes of the Banco Desio Shareholders' Meetings are taken by a Notary, including for Ordinary Shareholders' Meetings. In 2022, a single Shareholders' Meeting (ordinary and extraordinary sessions) of holders of Banco Desio ordinary shares was held to approve the financial statements as at 31 December 2021 (14 April 2022).

Dialogue with shareholders

A specific section of the Code of Ethics referred to in Section 7 above is devoted to relations with shareholders. In particular, the following is envisaged:

- The Group develops dialogue with the market through the adoption of engagement policies that are complementary to those of institutional investors and asset managers⁶⁵. A fundamental role of liaison is assigned to the Chair, who submits a policy for the management of dialogue with shareholders in general ("Shareholders' Engagement Policy") to the Board of Directors for approval, in agreement with the Managing Director and General Manager. The Chair ensures that the Board of Directors is adequately informed on the development and significant contents of the dialogue with all shareholders. To this end, the Chair ensures that the Chair him/herself, the Managing Director/General Manager, as well as the Administration

⁶⁵ Banco Desio has adopted *voting and engagement policies* towards its investee companies as part of its asset management in the banking business, as well as methodologies for evaluating non-financial results over the long term. On 25 February 2021, the Executive Committee has approved the "GPM Engagement Policy 2021" of the GPM Office.

and General Affairs Department (the function in charge of overseeing relations with Shareholders with the collaboration of other functions including, in particular, the Planning, Finance and Control Department and the Communication Area), provide appropriate information flows, including to the Control Body, on an eventual or periodic basis (at least annually on the occasion of the approval of the Annual Corporate Governance Report and the Non-Financial Statement).

- The Group pursues fair treatment of shareholders by facilitating the exercise of voting rights and the right to participate in shareholders' meetings.
- The Group furthers completeness, transparency and equality of information in order to protect the interests of its shareholders, bondholders and other creditors, including potential ones, in such a way as to ensure that the decisions made by them are informed and disseminated.
- To this end, the Group adequately discloses relevant financial and sustainability information to the market, in an appropriate manner that favours accessibility.
- Whomever is involved in preparing documents that represent, also for tax purposes, the economic, equity or financial situation of the Group or that, in any case, concern facts relevant to the above-mentioned decisions, must comply with the regulatory principles and internal procedural rules concerning the communication and use of the information in question (as well as the very preparation of documents according to criteria of truthfulness and correctness). The Group acts in accordance with the provisions laid down by legal and regulatory provisions for the protection of savings with reference also to the activities of the Appointed Executive.
- The Group requires Significant Shareholders (natural and legal persons whose shareholding in a Group Company exceeds 5% of voting rights) to make the following commitments, providing adequate disclosure in the Banco web site:

- to behave in compliance with the principles set out in the Code of Ethics, as well as to comply with the rules and recommendations set out:

- in the MOG;
- in the Corporate Social Responsibility Guidelines approved by the Company's Board of Directors,

and, in the event that the Shareholder submits nominations for members of the Board of Directors and the Board of Statutory Auditors to be submitted to the Shareholders' Meeting of the Company,

- to confirm that the aforementioned principles, rules and recommendations are taken into account, in particular, in the selection of candidates, where the Shareholder directs the choice towards individuals who in their personal and professional career have adopted behaviour consistent with the same principles, rules and recommendations.

The latter commitment is also required of Shareholders whose shareholding is less than 5% but who are nevertheless entitled to submit candidates.

The Shareholders exercise, in accordance with the law, an influence on the Company related to the voting rights to which they are entitled, providing adequate disclosure of any shareholders' agreement or other agreement that determines a different influence, as well as of any conflict of interest.

Shareholders who are aware of significant information or, a fortiori, of inside information relating to the Group Companies must maintain the utmost confidentiality in handling such information. In the case of legal persons, this obligation extends to all members of their Bodies.

Therefore, on 27 May 2021, the Board of Directors approved the Shareholders' Engagement Policy, which governs the principles underlying a structured Shareholder Engagement process, with the aim of improving shareholder involvement in corporate governance.

This Policy defines graded methods and procedures for dialogue with Shareholders, based on the principle of proportionality, according to the characteristics of Banco Desio in terms of size and ownership structure.

Shareholder Engagement practices are aimed at encouraging the involvement of the Shareholders, to ensure the sustainable success of the Bank, which is embodied in the creation of long-term value for the benefit of Shareholders, taking into account the interests of all other stakeholders and the environmental and social as well as economic impacts of the Bank's operations, and in stimulating innovation.

In implementation of the aforementioned principles of the Code of Ethics, this Policy mainly provides for the following:

- The Chair ensures that the Board of Directors is adequately informed on the development and significant contents of the dialogue with all Shareholders. To this end, the Chair ensures that the Chair him/herself, the Managing Director/General Manager, as well as the Administration and General Affairs Department (the function in charge of overseeing relations with Shareholders with the collaboration of other functions including, in particular, the Planning, Finance and Control Department and the Communication Area), provide appropriate information flows, including to the Control Body, on an eventual or periodic basis (at least annually on the occasion of the approval of the Annual Corporate Governance Report and the Non-Financial Statement).
- The Chair requires, through a specific letter, the Significant Shareholders (natural and legal persons whose shareholding in a Group Company exceeds 5% of voting rights):
 - to comply with the Code of Ethics adopted by the Bank;
 - to read the Organisation and Management Model adopted by the Bank pursuant to Legislative Decree No. 231/2001, accepting it in full;
 - to comply with the Bank's Corporate Social Responsibility guidelines, adopting consistent behaviour.
- He/she declares:
 - that, where required, periodic information is sent to the Shareholders, in compliance with the rules of transparency and equal treatment, as well as with the provisions applied to inside information;
 - that, where requested, there is a concrete willingness on the part of the Bank towards the Shareholders to discuss economic, social and governance issues; in fact, the Policy also allows dialogue to be commenced on the initiative of Shareholders;
 - that, appropriate safeguards are maintained by the competent functions to ensure that legitimate Shareholders can easily exercise their rights, with particular reference to convening the Shareholders' Meeting, supplementing the agenda, as well as submitting proposed resolutions and questions on the items on the agenda;
 - that the equal treatment of all shareholders in the same position with regard to the exercise of participation and voting rights at the Shareholders' Meeting is ensured;
 - that there are no obstacles to participation and that the expression of votes (where applicable also by remote participation) by Italian and cross-border shareholders, simplifying proxy voting procedures;
 - that greater availability and timeliness in the dissemination of pre-meeting information is ensured.
- Banco Desio complies with the SRD I and SRD II Directives, which define certain principles aimed at encouraging "Shareholder Engagement" particularly in the medium to long term, in order to improve corporate governance and discourage excessive risk-taking in the short-term. To this end, Banco Desio provides for: the identification of Shareholders in the event of the exercise of their rights, with particular reference to Shareholders' Meetings and in other cases in which it is required pursuant to applicable regulations; the mandatory, standardised and timely transmission between the company and Shareholders of information functional to

the exercise of the same rights; the dialogue with institutional investors, asset managers and proxy advisors who request it or with whom senior management deems it appropriate to initiate a dialogue.

- Banco Desio requires the Relevant Shareholders (natural and legal persons whose shareholding exceeds 5% of the voting rights) to undertake the commitments listed above, giving adequate disclosure on the Banco's website.
- The Shareholders exercise, in accordance with the law, an influence on the Company related to the voting rights to which they are entitled, providing adequate disclosure of any shareholders' agreement or other agreement that determines a different influence, as well as of any conflict of interest. Shareholders who are aware of significant information or, a fortiori, of inside information relating to the Group Companies must maintain the utmost confidentiality in handling such information. In the case of legal persons, this obligation extends to all members of their Bodies.
- The Policy is published on the Bank's website at the following address: <https://www.bancodesio.it/it/content/policy-di-shareholder-engagement>.

In implementation of the Policy, in 2022, among other things, an annual meeting was introduced with the Significant Shareholders, which is organised on the initiative of the Chair after the approval of the half-yearly results, in order to promote a discussion on the economic, social and governance issues, also in comparison with company strategies. The Managing Director, the Appointed Executive and the heads of the main functions involved in the preparation of financial and non-financial information flows for the market took part. During the discussion coordinated by the Chair, some in-depth analyses were conducted also in response to questions asked by the guests, who showed interest in and expressed appreciation for the initiative, following which there was no need to put in place further initiatives. An extract of the presentation used during the meeting is available, as requested, on the Bank's website at the following address: <https://www.bancodesio.it/it/content/policy-di-shareholder-engagement>

Dialogue with other significant stakeholders

For the criteria and methods used by the management body to promote dialogue with other significant stakeholders, please refer to paragraph 7 above.

The above information is also provided in relation to specific recommendations of the Italian Corporate Governance Committee.

11 - SAVINGS SHARES – SPECIAL SHAREHOLDERS' MEETINGS – COMMON REPRESENTATIVE

The information in this section has been provided in accordance with Article 123-bis, section 2, letter d, CFA

As mentioned in section 2 above, at the Extraordinary and Special Shareholders' Meetings of 4 October 2021, within their respective areas of competence, the mandatory conversion of savings shares into ordinary shares was resolved, which became effective on 29 November 2021. As a result of these resolutions, the Special Meeting of the Savings Shareholders was dissolved and the mandate of the Common Representative of the Savings Shareholders also came to an end.

12 - INDEPENDENT AUDITING FIRM

The company has appointed KPMG S.p.A. with registered office in Milan, to audit the accounts, in accordance with the law, for the next nine years. Upon the proposal of the Board of Statutory Auditors, the assignment was granted by the Shareholders' Meeting of 23 April 2020, with the total duration from 1 January 2021 until the approval of the financial statements as at 31 December 2029. The agreed remuneration is indicated in the shareholders' meeting documentation published in accordance with the law (see also Section 10 above) as well as any

other information required by the applicable provisions. In this context, the proposal of the Board of Statutory Auditors contains all the relevant information also on the selection procedure implemented. The individual responsible for the audit assignment is Mr Alessandro Nespoli.

The same company is appointed to audit, in accordance with the law, all Italian subsidiaries and the parent company, as well as to express with a dedicated report, distinct from that of the auditor, a certification of the compliance of the information provided in the Group's sustainability statement with respect to the requirements of Italian Legislative Decree No. 254/2016 and with respect to the principles, methodologies and procedures prescribed in Paragraph 3 of Article 3 of the same Legislative Decree.

13 - CHANGES AFTER THE END OF THE ACCOUNTING PERIOD

Between the date of the end of the last accounting period (31 December 2022) and the date of approval of this Report indicated below, no significant changes took place with respect to those illustrated in the previous sections.

14 - CONSIDERATIONS ON THE LETTER FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE ADDRESSED TO THE ISSUERS

By letter dated 25 January 2023 addressed to the Issuers, brought to the attention of the Chair of the Board of Directors as well as the Managing Director and the Chair of the Board of Statutory Auditors and analysed by the Control, Risk and Sustainability Committee at its meeting on 28 February 2023, with a focus on the aspects within its competence, and by the Independent Directors at the time of review of this Report, the Corporate Governance Committee, in light of the results for the 2022 Report and of the analysis of the Issuers' conduct on the issues set forth in the 2021 letter, this year identified ten main areas (compared to six in the previous year) on which to press not only the administrative body, but also, for matters within its competence, the control body, for a better and more substantial application of the best practice recommended by the Code. The highlighted topics, in continuity with last year, are as follows:

- dialogue with shareholders
- dialogue with other significant stakeholders
- allocation of management powers to the Chair
- preliminary board disclosure
- managers' participation in board meetings
- guidelines on optimal composition
- criteria for assessing the significance of the relationship that may influence the independence of the director
- transparency of remuneration policies on the weight of variable components
- long-term horizons in remuneration policies
- ESG parameters for directors' remuneration

For an examination of the position of Banco Desio, please refer to the relevant paragraphs of this Report and the Remuneration Report, as well as, for a summary overview, the attached table (ANNEX C) approved at the Board meeting of 23 March 2023.

Desio, 2-23 March 2023

On behalf of the Board of Directors
The Chairman
(Mr. Stefano Lado)

INDEPENDENT DIRECTORS' ASSESSMENT

On 16 February 2023, the majority of Independent Directors of Banco di Desio e della Brianza SpA met, namely:

- Valentina CASELLA
- Cristina FINOCCHI MAHNE
- Laura TULLI

Ulrico DRAGONI and Giulia PUSTERLA justified absent.

The meeting was called by the Independent Directors to express their assessment of aspects of the Annual Report on Corporate Governance that are within their competence (hereinafter "the Report"), taking into account the role assigned by the Corporate Governance Code of Listed Companies, among non-executive members, especially to said Directors.

When examining the Report, the Independent Directors analysed, in particular, the recommendations most recently formulated to the Issuers by the Italian Committee for Corporate Governance in the following areas:

1. dialogue with shareholders
2. dialogue with other significant stakeholders
3. allocation of management powers to the Chair
4. preliminary board disclosure
5. managers' participation in board meetings
6. guidelines on optimal composition
7. criteria for assessing the significance of the relationship that may influence the independence of the director
8. transparency of remuneration policies on the weight of variable components
9. long-term horizons in remuneration policies
10. ESG parameters for directors' remuneration

These areas and the related comments are shown in Annex C in connection with the text of the Report of the previous year and of the one under review.

Having examined the Report in detail, the Independent Directors expressed a positive assessment of its interim text, with particular reference to the information pursuant to article 123-bis of the Consolidated Finance Act submitted to the approval of the Board of Directors at the meeting of 2 March 2023.

After that, on 16 March 2023, the Independent Directors met again, namely Cristina Finocchi Mahne, Giulia Pusterla and Laura Tulli (Valentina Casella and Ulrico Dragoni were justified absent), in order to also consider the outcome of the self-assessment process of the Board bodies concluded in the meantime, and to express the final judgment on the complete Report submitted to the approval of the Board of Directors at the meeting of 23 March 2023.

The outcome of the self-assessment process is shown in Annex B.

After further examining the Report, the Independent Directors also expressed a positive assessment of its final text

The main considerations shared by the Independent Directors are summarised below as points of attention to be reported to the Board, some of which also emerged from the interviews held as part of

the self-assessment process:

- The Independent Directors, having agreed in 2022 to schedule additional meetings during the year in order to further enrich their contribution to the Board's activities, acknowledge that they met:
 - on 19 May 2022 in order to continue discussions on the issue of independence requirements already addressed in previous meetings and to discuss the refinements to the "Fit & Proper" Policy referred to in paragraph 3.1 of the Report with the contribution of the specifically appointed law firm
 - on 17 October 2022 in order to discuss some key issues, including first and foremost the sharing of the fundamental elements of the company "mission" and "vision", as well as some aspects of the operation of the Board and the Board Committees.
- With regard to the significance criteria adopted for the purposes of the independence requirements, the Independent Directors asked in 2022 for the "Fit & Proper" Policy to be fine-tuned with a different "additional remuneration" significance index from the significance indexes of "economic, financial and professional" relations already included and linked to how small or ordinary the transactions with related parties are. More specifically, the update of the Policy consisted in the refinement of the quantitative parameters and qualitative criteria, also defined ex ante in monetary terms and as a percentage of the remuneration attributed for the office and for participation in internal Board Committees ("corporate remuneration"). As regards the latter point - also taking into account the current amount of the remuneration assigned by Banco Desio and the subsidiary Fides - it was considered reasonable to indicate a threshold of 100% of the corporate remuneration. The Independent Directors also recommend returning to this assessment in a more restrictive sense (in order to review the Policy itself, if required, for the periodic verification of the independence requirements that will be carried out in 2024).
- With regard to pre-board information, the Independent Directors appreciated the fact that from 2022 onwards, as requested, documents were also made available on the specific platform which, being subject to a special confidentiality regime, could only be consulted at the Registered office in the days prior to the Board meetings, especially for accounting documents. Also appreciating the efforts generally made by the Bank to improve access to documentation, it is also hoped that the documentation relating to extraordinary transactions will be made available earlier, given they are the subject of extensive and in-depth examination during board meetings and given the release at times just before the meetings essentially depends on the negotiations in progress with the counterparties.
- With regard to the structure and functioning of the Board Committees, the Independent Directors, given the increasing importance of the issue of sustainability, endorse the suggestion stemming from the self-assessment process to establish an ad hoc Sustainability Committee at the time of the renewal of offices.
- The Independent Directors believe it is necessary, as part of the information flows to the Board Bodies, for greater visibility to be given to the activities of the Communication Function with regard, in particular, to how the Bank's approach to "social" communication is practically planned and implemented, based on both the development of commercial and relational activities in general, and on the monitoring of reputational risks associated with access to social networks.
- The Independent Directors have, on the whole, picked up on the issues related to the development of "diversity", in particular gender and age diversity, as well as the empowerment of talented people within the organisation, sharing the expectation that the Bank will accelerate the process in due course geared towards a system of specific objectives as well-defined and measurable as possible (including in particular guidelines for recruitment, career paths and a "pipeline" for the replacement of key figures), also pursuing continuous monitoring and further narrowing of the

"gender pay gap".

Valentina CASELLA
Ulrico DRAGONI
Cristina FINOCCHI MAHNE
Giulia PUSTERLA
Laura TULLI

OUTCOME OF THE SELF-ASSESSMENT PROCESS OF THE BOARD OF DIRECTORS

The subject of the self-assessment is the Board of Directors and, inter alia, the operation of the following Committees within the Board is reviewed:

- Executive Committee
- Control, Risk and Sustainability Committee
- Appointments Committee
- Remuneration Committee
- Committee for Transactions with Related Parties and Associated Parties

In conclusion, the Board of Directors deems that, for all analysed aspects with reference to the Administrative Body and to the Committees established within it, the self-assessment - conducted with the involvement of Crisci & Partners, an independent consulting firm specialised in governance practices - concluded with an assessment of adequacy.

The main aspects assessed concerned the adequacy of the following profiles:

- professionalism, in terms of knowledge, experience and skills, recognised to the Board as a whole;
- composition and balancing of roles within the BoD, with attention to diversity in terms of age, gender and seniority of office;
- frequency and quality of induction meetings;
- functioning of the management body as a whole;
- conduct of BoD meetings in terms of frequency, matters dealt with, duration, degree and methods of participation in the Boards, with particular reference to existing relationships of trust, collaboration and interaction between the Directors;
- the role of the Chair of the Board of Directors and the Managing Director;
- composition, functioning and quality of the discussion characterising the individual Board Committees.

As part of the self-assessment process, the document “Guidelines of the Bank of Italy on the composition and functioning of the Boards of Directors of the LSI” published on 29 November 2022, was carefully considered.

The self-assessment exercise concluded with the drafting of the document “Guidelines to Shareholders” on the Optimal Qualitative-Quantitative Composition of the Board of Directors” (which is made public pursuant to the applicable provisions).

The aforementioned document was approved by the Board at the meeting of 21 February 2023, as was the report on the "Results of the Self-Assessment" (which was sent to the Bank of Italy as requested).

The above, without prejudice to the fact that all the aspects considered in the self-assessment (in particular, those subject to some recommended improvements agreed at the time of approval of the outcomes of the self-assessment) will continue to be monitored in relation to the development of the regulatory context of the financial sector and/or operating perimeter of the Banco Desio Group.

ANALYSIS OF RECOMMENDATIONS OF THE CORPORATE GOVERNANCE COMMITTEE FOR FY 2023 - ATTACHMENT "C" CORPORATE GOVERNANCE REPORT

RECOMMENDATION	Comments	Corporate Governance Report for 2021	Corporate Governance Report for 2022
<p>RECOMMENDATION 1 2023 DIALOGUE WITH SHAREHOLDERS. (REF. RECOMMENDATION 1 2022)</p> <p>The Committee invites companies to adopt a policy of dialogue with shareholders that also envisages the possibility for dialogue to be commenced on the initiative of investors, by defining graded methods and procedures, based on the principle of proportionality, according to the characteristics of the company in terms of size and ownership structure. The responsibility that the Code assigns to the Board of Directors to promote dialogue with shareholders cannot be limited to the adoption of a policy but requires effective monitoring of its implementation and an adequate assessment of its results. In 2022, only about 10% of the companies that adopted a policy for dialogue with shareholders provided information on the activities carried out by the Board of Directors in this regard. The Committee invites companies to evaluate the opportunity to provide information, in its report on corporate governance, on the most significant issues addressed as part of dialogue with the shareholders and on any initiatives implemented to take into account the recommendations made.</p>	<p>2022 REPORT OF THE CORPORATE GOVERNANCE COMMITTEE - SECTION II PARA. 3.2 - PAGE 60</p> <p>3.2 Dialogue with shareholders and other significant stakeholders The Code pays special attention to interactions with shareholders and other significant stakeholders for the company: principle IV recommends the management body to promote the most appropriate forms of dialogue with these parties. Recommendation 3 assigns to the Board of Directors, on the proposal of the Chair formulated in agreement with the CEO, the task of adopting and describing in the report on corporate governance “a policy for the management of dialogue with shareholders in general, also taking into account the engagement policies adopted by institutional investors and asset managers”. It is also recommended for the Chair to ensure that the Board of Directors is adequately informed, before the first meeting, about the development and the significant contents of the dialogue engaged in with the shareholders (recommendation 3).</p> <p>3.2.1 The dialogue policies adopted by the issuers A large number of issuers have adopted a policy for managing dialogue with shareholders and made it available on their website. Many of these incorporate provisions intended to also regulate the dialogue launched on the initiative of shareholders, while there are a few cases in which the policy is limited to formulating generic considerations or describing normal investor relations. As recommended by the Code, the policy is frequently described in the report on corporate governance, which however rarely provides information on the dialogue engaged in. Roughly half of the policies adopted make provision not only for two-way dialogue initiatives (involving an effective exchange of information between companies and investors), but also one-way dialogue initiatives (in which only investors present their vision on specific issues to the participants on the company side), in compliance with the different methods of dialogue envisaged by investors¹⁶⁷ - which the Code recommends to take into account when adopting the policy. Following the recommendation of the Code to ensure timely disclosure to the Board of Directors on the development and contents of the dialogue, Moving on to the more descriptive elements of the content of the policies, it should be noted that the issuers almost always (98%) identify one or more parties responsible for managing the dialogue.</p>	<p>10 – RELATIONS WITH SHAREHOLDERS – FUNCTIONING OF THE SHAREHOLDERS’ MEETING</p> <p>A specific section of the Code of Ethics referred to in Section 7 above is devoted to relations with shareholders. In particular, the following is envisaged:</p> <p>The Group develops dialogue with the market through the adoption of engagement policies that are complementary to those of institutional investors and asset managers. A fundamental role of liaison is assigned to the Chair, who submits a policy for the management of dialogue with shareholders in general ("Shareholders’ Engagement Policy") to the Board of Directors for approval, in agreement with the Managing Director and General Manager. The Chair ensures that the Board of Directors is adequately informed on the development and significant contents of the dialogue with all shareholders.</p> <p>Therefore, on 27 May 2021, the Board of Directors has approved the Shareholders’ Engagement Policy, which governs the principles underlying a structured Shareholder Engagement process, with the aim of improving shareholder involvement in corporate governance.</p> <p>OMISSIS (see Recommendation 2)</p>	<p><u>10 – RELATIONS WITH SHAREHOLDERS – FUNCTIONING OF THE SHAREHOLDERS’ MEETING</u> <u>Dialogue with shareholders</u></p> <p><i>A specific section of the Code of Ethics referred to in Section 7 above is devoted to relations with shareholders. In particular, the following is envisaged:</i></p> <ul style="list-style-type: none"> <i>The Group develops dialogue with the market through the adoption of engagement policies that are complementary to those of institutional investors and asset managers¹. A fundamental role of liaison is assigned to the Chair, who submits a policy for the management of dialogue with shareholders in general ("Shareholders’ Engagement Policy") to the Board of Directors for approval, in agreement with the Managing Director and General Manager. The Chair ensures that the Board of Directors is adequately informed of the development and significant contents of the dialogue with all Shareholders.</i> <p>...</p> <p><i>Therefore, on 27 May 2021, the Board of Directors approved the Shareholders’ Engagement Policy, which governs the principles underlying a structured Shareholder Engagement process, with the aim of improving shareholder involvement in corporate governance.</i></p> <p><i>This Policy defines graded methods and procedures for dialogue with Shareholders, based on the principle of proportionality, based on the characteristics of Banco Desio in terms of size and ownership structure.</i></p> <p><i>Shareholder Engagement practices are aimed at encouraging the involvement of the Shareholders, to ensure the sustainable success of the Bank, which is embodied in the creation of long-term value for the benefit of Shareholders, taking into account the interests of all other stakeholders and the environmental and social as well as economic impacts of the Bank's operations, and in stimulating innovation.</i></p> <p><i>In implementation of the aforementioned principles of the Code of Ethics, this Policy mainly provides for the following:</i></p>
	<p>...</p> <p>The decision to indicate the Chair of the Board of Directors often appears to differ according to the topic, and, in particular, according to whether the</p>		<p>...</p> <p>- <i>The Chair sets forth that:</i></p>

¹ Banco Desio has adopted voting and engagement policies towards its investee companies as part of its asset management in the banking business, as well as methodologies for evaluating non-financial results over the long term. On 25 February 2021, the Executive Committee approved the “GPM Engagement Policy 2021” of the GPM Office.

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	<p>dialogue concerns governance issues rather than business ones, where the appointment of the Chair is more frequent in cases in which the dialogue focuses on the governance of the issuer.</p> <p>Policies almost always identify the first point of contact (98%): this role is almost always covered by the investor relations function which is supported, in about one third of cases, by the company secretariat function or by the board secretary.</p> <p>In 52% of cases, the policy sets out that the responsible director may also decide to involve other directors in dialogue activities: in this regard, it is noted that their involvement does not appear to be habitual but is usually subject to a case-by-case assessment. This assessment is frequently left to the Managing Director alone (in about half of the cases) or in agreement with the Chair (in about 1/3 of the cases).</p> <p>The FIN-GOV analysis shows that in 23% of the 100 dialogue policies considered more structured, the Board of Directors may also delegate the dialogue, for individual points, to directors other than those responsible.</p> <p>On the other hand, no policy makes provision for the possibility, for individual directors, to participate in meetings with investors without an invitation from the responsible directors or the Board of Directors, just as there is no possibility for investors to directly engage individual directors without having previously come through the predetermined point of contact.</p> <p>...</p> <p>65% of policies require the engagement request to contain some minimum information, including the subject of the possible dialogue (98% of cases), the reasons for the request (77%), the dialogue methods (e.g. one-way or two-way, individual or collective - 78%) and the representatives of the investors who are to participate in the dialogue (77%). By contrast, the need to indicate the directors with whom investors would like to dialogue applies in 35% of policies (minority share).</p> <p>Most of the policies adopted by the issuers are addressed to the shareholders of the company, and only in limited cases also to all stakeholders in general or to selected clusters of stakeholders.</p> <p>...</p>		<ul style="list-style-type: none"> - ... - where requested, there is a concrete willingness on the part of the Bank towards the Shareholders to discuss economic, social and governance issues; in fact, the Policy also allows dialogue to be commenced on the initiative of Shareholders; - ... - The Policy is published on the Bank's website at the following address: https://www.bancodesio.it/it/content/policy-di-shareholder-engagement. <p><i>In implementation of the Policy, in 2022, an annual ERG meeting of the Significant Shareholders was introduced, which is organised on the initiative of the Chair following the approval of the half-yearly results, in order to foster discussion on economic, social and governance issues, also in comparison with the corporate strategies. The Managing Director, the Appointed Executive and the heads of the main functions involved in the preparation of financial and non-financial information flows for the market took part. During the discussion coordinated by the Chair, some in-depth analyses were conducted also in response to questions asked by the guests, who showed interest in and expressed appreciation for the initiative, following which there was no need to put in place further initiatives.</i></p>
<p>RECOMMENDATION 2 2023 DIALOGUE WITH OTHER SIGNIFICANT STAKEHOLDERS. (REF. RECOMMENDATION 1 2022)</p>	<p>Same reference as in Recommendation 1.</p>	<p>10 – RELATIONS WITH SHAREHOLDERS – FUNCTIONING OF THE SHAREHOLDERS’ MEETING</p> <p>OMISSIS (see Recommendation 1)</p>	<p><u>7.2 - SUSTAINABILITY ISSUES - NON-FINANCIAL STATEMENT - DIVERSITY POLICIES - CODE OF ETHICS</u></p> <p><i>Dialogue with other significant stakeholders</i></p>
<p>The Committee invites companies to provide, in their Corporate Governance Report, adequate information on the criteria and methods used by the management body to promote dialogue with other significant stakeholders.</p>		<p>Shareholder Engagement practices are aimed at encouraging the involvement of the Shareholders, to ensure the sustainable success of the Bank, which is embodied in the creation of long-term value for the benefit of Shareholders, taking into account the interests of all other stakeholders and the environmental and social as well as economic impacts of the Bank's operations, and in stimulating innovation.</p>	<p><i>The criteria and methods used by the management body to promote dialogue with other significant stakeholders are summarised in the NFS as follows.</i></p> <p><i>In accordance with the provisions of the GRI standards and of Italian Legislative Decree 254/2016, for the purposes of this document, a materiality analysis was carried out to define the sustainability issues relevant to the Banco Desio Group and its stakeholders to the extent necessary to ensure an understanding of the business, its performance, its results and the impact it produces.</i></p>

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			<p><i>The non-financial statement actually covers environmental and crucial issues, those relating to personnel, respect for human rights, the fight against active and passive bribery, which are relevant, considering the activities and characteristics of the company and stakeholders' expectations.</i></p> <p><i>The Banco Desio Group has always paid attention to its stakeholders through:</i></p> <ul style="list-style-type: none"> • <i>constant dialogue with customers (families, professionals, artisans, SMEs) through customer satisfaction surveys, institutional websites, home banking, apps, social media, focus meetings;</i> • <i>promotion of meetings, seminars and events (also in virtual mode) on financial and current issues involving students, SMEs, as well as trade associations using both the Banco Desio Conference Centre and external venues;</i> • <i>discussion and dialogue with investors at the Shareholders' Meetings of the Parent Company and other Group companies, through institutional websites and through the IINFO dissemination system and storage mechanism;</i> • <i>periodic training activities, company intranet and other tools of internal communication with associates and periodic meetings with company and Group trade union representatives.</i> <p><i>The Board of Directors and, internally, in particular, the Control, Risk and Sustainability Committee performs not only the role of examining and approving the NFS itself, the Materiality Analysis and the Sustainability Plan, but also - as part of the discussion of the resolution proposals - the role of encouraging dialogue with stakeholders.</i></p>
<p>RECOMMENDATION 3 2023 THE ALLOCATION OF MANAGEMENT POWERS TO THE CHAIR.</p> <p>The Committee invites companies in which the Chair is assigned significant management powers to provide, in the Corporate Governance Report, adequate reasons for this choice, even if the Chair is not qualified as CEO.</p>	<p>2022 REPORT OF THE CORPORATE GOVERNANCE COMMITTEE - SECTION II PARA. 2.12.1 ASSIGNMENT OF THE OFFICE OF CEO OR OF RELEVANT MANAGEMENT POWERS TO THE CHAIR AND RELATED INFORMATION - PAGE 13</p> <p><i>2.1.2.1. Assignment of the position of CEO or relevant management powers to the Chair and related information</i></p> <p>In describing the composition of the Board of Directors, the Code pays particular attention to the identification of the main manager (CEO) and requires the Board of Directors to explain the reasons for any decision to assign this role or</p>	<p>Not reported as this recommendation was not present last year.</p>	<p><u>4.2. Chair - Executive Committee - Managing Director and General Manager.</u></p> <p><i>The Chair, who is assigned a coordination and guarantee role for the purpose of the regular functioning of the Board of Directors and the Shareholders' Meeting, and the Vice Chair who (where appointed) replaces the former in the event of his/her absence or unavailability, are <u>not</u> assigned management authorisations or operating powers. This information is also provided in relation to a specific recommendation of the Italian Corporate Governance Committee.</i></p>
	<p>in any event, significant management powers to the Chair (recommendation 4).</p> <p>...</p> <p>In order to analyse the application of this recommendation, an in-depth analysis was carried out on the information provided by the report on corporate governance only in cases where the chair of the board of directors is the CEO, considering that in these cases the powers attributed are always relevant.</p> <p>...</p>		

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	<p>The decision to assign management functions to the chair is justified by the need to exploit his/her managerial expertise, illustrating how the concentration of institutional functions (typical of the office of chair) and management functions (typical of the office of CEO) is appropriate to ensure effective and streamlined organisational and operational management of the Board of Directors; the need to ensure the organisational streamlining of the board is frequently recommended in smaller and operationally complex companies. In cases where the CEO is assisted by other executive directors and/or by a general manager, the reports on corporate governance also provide a detailed description of the distribution of powers.</p>		
<p>RECOMMENDATION 4 2023 PRE-BOARD DISCLOSURE. (REF. RECOMMENDATION 4 2022)</p> <p>The Committee invites the management bodies to provide procedures for the management of pre-board information that do not entail generic exemptions to the timeliness of the disclosure for reasons of confidentiality of data and information and to provide, in the report on corporate governance, detailed information on any failure to comply with the notice period indicated in the procedures for sending the Board documentation, explaining the reasons and illustrating how adequate in-depth analysis was ensured in the Board.</p>	<p>2022 REPORT OF THE CORPORATE GOVERNANCE COMMITTEE - SECTION II PARA. 2.2.1 - PAGE 24</p> <p>2.2.1. Pre-Board information</p> <p>Article 3 of the Code outlines the principles and recommendations for effective functioning of the board. To this end, <i>principle IX</i> recommends that the body define the rules and procedures for its own functioning, with particular regard to the management of board information, and <i>principle X</i> refers to the chair's role of reconciling information flows between executive and non-executive, as well as overseeing the effective functioning of the board. The principles are detailed extensively in <i>recommendation 11</i>, dedicated to best practices in the management of pre-board information, and in <i>recommendation 12</i>, dedicated to the duties of the chair of the board of directors, also with reference to the handling of information.</p> <p>In its most recent Reports, while noting the high frequency of information provided <i>ex ante</i> on the circulation of pre-Board information, the Committee highlighted significant margins for improvement with reference to the <i>ex post</i> information on the actual adequacy of the notice and, in particular, on compliance with the deadline previously indicated as appropriate, urging issuers to improve the application of the recommendation in question and to adequately disclose it in the corporate governance report. The corporate governance reports published in 2022 almost always (97%) contained recommendations on the circulation of pre-board information⁵². 87% of companies have precisely determined the notice normally considered adequate: the application of the Code appears to be gradually improving when compared to previous years (82% in 2021 and 75% in 2020).</p> <p>The level of participation varies with the size of the company: the <i>ex ante</i> definition of notice is always present among the larger companies (100%) while it is lower in medium-sized (91%) and small companies (82%). Compared to previous years, however, there has been a significant improvement in medium-sized and small companies: in 2021, the identification of a notice term was envisaged by 84% of Mid Caps and 75% of Small Caps⁵⁴.</p> <p>With regard to the disclosure that the Boards are asked to provide <i>ex post</i> on the actual adequacy of the notice, 67% of companies provided information on the actual compliance with the deadlines: the figure appears substantially stable compared to the previous year (68% in 2021), with a slight</p>	<p>3.3 Functioning</p> <p>In accordance with the provisions of the Articles of Association and the Corporate Information Regulations, the Chairman calls the BoD meetings by means of a notice that contains the list of issues to be discussed at least 5 days in advance. The documentation relating to the matters on the agenda is made available to Directors and Statutory Auditors, by means of a dedicated IT platform, through an e-mail generally sent at least 3 days in advance (7 days for the previous meeting's minutes). The documents not transmitted within 48 hours prior to the meeting (typically those that are "price sensitive" in order to maximise the protection of inside information as a precaution against any possible form of IT violation by third parties) are made available for consultation at the Corporate Affairs Department starting from the morning of the day prior to the same meeting. This advance is generally considered reasonable by the Board of Directors and is observed for most documents. Especially for particularly complex documents, the provision is made prior to the above-mentioned minimum terms and sometimes prior to sending the notice of call (which normally takes place six days before the Board meetings). The scheduling of most of the meetings of the internal board committees (in particular, of the Control, Risk and Sustainability Committee) 2 days before the Board meetings ensures that the circulation of documents, as they become available from the competent functions, is normally initiated in respect of the members of the Committees and the Board of Statutory Auditors between 6 and 8 days before the Board meeting, thus extending the investigative activity as a whole for most documents (activity that is promoted in particular by the Chairs of the Committees also through preliminary discussions with the competent functions).</p> <p>In any event, without prejudice to any "price sensitivity" case, where it has not been possible – due to the need to ensure confidentiality or for other justified reasons, including those of opportunity/urgency (e.g. the need to define with the counterparty, possibly also consulting the regulatory authorities, the terms of a transaction/project to be submitted to the Bodies within the Board for review) – to provide the documents in question with the above-mentioned reasonable advance notice, appropriate in-depth reviews are carried out during the meetings by the Chair, the Managing Director and the heads of the competent functions, as well as by any specifically invited consultants, depending on the case, leaving more room for discussion and</p>	<p><u>Pre-board disclosure</u></p> <p><i>Internal regulations concerning the information flows between and within the Corporate Bodies are based on the same principles and were formalised in the "Information Flows Regulations for Corporate Bodies". These regulations are aimed at ensuring a circulation of information consistent with the needs of the Directors and Statutory Auditors to act in an informed manner and, at the same time, with the need to maintain organisational safeguards to avoid the risk of the improper use of confidential information. However, generic exemptions to the timeliness of the disclosure are not considered for reasons of confidentiality of data and information.</i></p> <p><i>In accordance with the provisions of the Articles of Association and the Corporate Information Regulations, the Chairman calls the BoD meetings by means of a notice that contains the list of issues to be discussed at least 5 days in advance. The documentation relating to the matters on the agenda is made available to Directors and Statutory Auditors, by means of a dedicated IT platform, through an e-mail generally sent at least 3 days in advance (7 days for the previous meeting's minutes). Documents that are typically "price sensitive", such as those containing the results for the period, are made available on the same platform, normally 48 hours in advance subject to appropriate restrictions on the downloading and printing of documents., with a view to maximising the protection of inside information, with a view to particular caution against any form of IT breach by third parties. This advance is generally considered reasonable by the Board of Directors and is observed for most documents. Failure to comply with this advance was identified in some cases of disclosures and resolutions relating mostly to extraordinary transactions as described below.</i></p> <p><i>Documents are sometimes made available even prior to the above-mentioned minimum terms and in conjunction with the transmission of the notice of call (which normally takes place six days before the Board meetings). The scheduling of most of the meetings of the internal board committees (in particular, of the Control, Risk and Sustainability Committee) 2 days before the Board meetings ensures that the circulation of documents, as they become available from the competent functions, is normally initiated in respect of the members of the Committees and the Board of Statutory Auditors between 6 and 8 days before the Board meeting, thus extending the investigative activity as a whole for most documents (activity that is promoted in particular by the Chairs of the Committees also through</i></p>

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	<p>improvement compared to previous years (about 60% in 2020 and 55% in 2019).</p> <p>This type of disclosure, essential to verify the actual adequacy of the pre-board flows with respect to the organisational parameters that the company has set, still appears to be heavily influenced by the size of the company: from 85% in the FTSE Mibs, to 73% in the Mid Cap and 59% in Small Caps⁵⁶. Compliance levels appear to be substantially in line with those of the previous year.</p> <p>The examination of the organisation of the information flows to the board was also extended to the verification of any provisions of generic exemption from the notice period for reasons of confidentiality: in this sense, cases in which the reasons for confidentiality are put forward in advance as possible justification for failure to comply with the notice period or, in general, for a less timely disclosure to directors; these are cases in which the company does not make provision, as recommended by the Committee and clarified in more detail in the Code, for adequate alternative controls in the presence of such cases.</p> <p>This case continues to be identified in 37% of the companies that adhere to the Code (a figure that is substantially stable over time) and that provide for generic reasons of confidentiality such as exemptions to compliance with the notice term previously identified as appropriate.</p> <p>As already noted by the Committee in previous Reports, the reference to confidentiality reasons appears to be inconsistent with the relevant best practices and with the confidentiality obligations that already must be met by members of the corporate bodies; It should also be noted that about half of the companies that provide for generic exemptions to the notice term for reasons of confidentiality declare that pre-board information is managed through portals that should ensure timeliness and confidentiality of the information, thus making the need for said exemptions even less clear.</p>	<p>making available, where required, more detailed documents/information during or after the meetings.</p> <p>The increasingly systematic use of "executive summary" to illustrate arguments favours effective representation even in cases where documents are received at short notice.</p> <p>Confidentiality restrictions regarding the documentation and information subject to Board resolutions are decreed – consistent with the mentioned market abuse regulations – also by the Corporate Information Regulations, for Directors, Statutory Auditors, external auditors and all employees who enter into possession of potentially price sensitive documentation and information. In this context, specific provisions discipline access to the minutes of Board of Directors' meetings, without prejudice to the fact that all interested parties are assured that the necessary information is made available to carry out their responsibilities in an informed manner (For further details on this Regulation, see Section 8 below). The information in question is also provided directly by the heads of the corporate functions (in particular the internal audit managers) who, to this end, are regularly called to take part in the meetings (also of the internal board Committees) to help illustrate the subjects within their competence on the agenda. The same functions also participate, albeit for a more essential representation, in the summary of topics under the responsibility of the Control, Risk and Sustainability Committee, that is carried out by the Committee Chair at the board meetings.</p>	<p><i>preliminary discussions with the competent functions). In any event, where it has not been possible, for justified reasons of urgency (e.g. the need to define with the counterparty, possibly also consulting the regulatory authorities, the terms of a transaction/project to be submitted to the Board bodies for review in the most comprehensive manner possible) – to provide the documents in question with the above-mentioned reasonable advance notice, appropriate in-depth reviews are carried out during the meetings by the Chair, the Managing Director and the heads of the competent functions, as well as by any specifically invited consultants (financial advisors, legal representatives, etc.), depending on the case, leaving more room for discussion and making available, where required, more detailed documents/information during or after the meetings. During 2022, this circumstance occurred in some cases relating to extraordinary transactions. The frequency of these cases was, moreover, related to the number of transactions (some of which are highly complex and concurrent with each other) brought to the attention of the Board by the function that monitors all the transactions of the type and the projects in preparation for them).</i></p> <p><i>The increasingly systematic use of "executive summary" to illustrate arguments favours effective representation even in cases where documents are received at short notice.</i></p> <p><i>Confidentiality restrictions regarding the documentation and information subject to Board resolutions are decreed – consistent with the mentioned market abuse regulations – also by the Corporate Information Regulations, for Directors, Statutory Auditors, external auditors and all employees who come into possession of potentially price sensitive documentation and information. In this context, specific provisions discipline access to the minutes of Board of Directors' meetings, without prejudice to the fact that all interested parties are assured that the information needed to fulfil their responsibilities in an informed manner is made available (for further details on this Regulation, see Section 8 below).</i></p> <p><i>The above information is also provided in relation to a specific recommendation of the Italian Corporate Governance Committee.</i></p>
<p>RECOMMENDATION 5 2023 MANAGERS' PARTICIPATION IN BOARD MEETINGS.</p> <p>The Code envisages the option for the board to access company functions with expertise on the items discussed, by assigning the chair of the board, in agreement with the CEO, the task of ensuring that the relevant managers attend the meetings, also at the request of individual directors. A similar option is envisaged for the work of the Committees, where the chair of the committee that intends to invite the company representatives to the meetings of the committee informs the CEO of this choice.</p> <p>...</p> <p>The Committee invites the companies to define, in the regulations adopted for the functioning of the management body and its committees, the methods used by said bodies to access the competent company functions according to</p>	<p>2022 REPORT OF THE CORPORATE GOVERNANCE COMMITTEE - SECTION III PARA. 1.4 - PAGE 80</p> <p>Same content as the Letter</p>	<p>Not reported as this recommendation was not present last year.</p>	<p>3.3 Functioning</p> <p>...</p> <p><u>Managers' participation in board meetings</u></p> <p><i>The information in question is also provided directly by the heads of the corporate functions (in particular the internal audit managers) who, to this end, are regularly called to take part in the meetings (also of the internal board Committees) to help illustrate the subjects within their competence on the agenda, also enlisting the help of their employees specialised in the items being discussed and, in certain cases, external consultants too. The same functions also participate, albeit for a more essential representation, in the summary of topics under the responsibility of the Control, Risk and Sustainability Committee, that is carried out by the Committee Chair at the board meetings. Also in 2022, the functions were actually involved in a</i></p>

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<p>the subject matter dealt with, under the coordination of the Chair of the Board of Directors or the Committee, respectively in agreement with or by informing the CEO. The Committee also invites companies to provide, in the report on corporate governance, information on the actual participation of managers in the meetings of the Board and the Committees, indicating the functions involved and the frequency of involvement.</p>			<p><i>generalised manner (in fact, almost all the functions participated in all the meetings in which matters within their competence were discussed). Participation in the meetings, by invitation, of the aforementioned managers is governed in the Regulations adopted for the functioning of the Board of Directors and the Board Committees. As part of the review of the aforementioned Regulations envisaged at the time of the renewal of the offices expiring with the approval of the financial statements as at 31 December 2022, further methods will be identified with which these Bodies can access the competent company functions according to the subject matter being dealt with, under coordination of the Chair of the Board of Directors or of the Committee, respectively in agreement with or by informing the Managing Director, thus collecting a specific recommendation from the Italian Committee for Corporate Governance.</i></p>
<p>RECOMMENDATION 6 2023 GUIDELINES ON OPTIMAL COMPOSITION.</p> <p>(REF. RECOMMENDATION 5 2022)</p> <p>The Committee reiterates the importance for the management body, at least in companies other than those with concentrated ownership, to provide, in view of its renewal, guidelines on the optimal composition of the body and invites the companies to publish said guidelines well in advance, to allow those submitting lists of candidates to be able to take them into account for the purposes of composing the list.</p>		<p>3.8 Succession plans</p> <p>On 1 October 2020, the Board of Directors, after obtaining the favourable opinion of the Appointments Committee, approved the Policy for the Succession Plan and the Succession Plan, which apply to the senior management roles of the Bank's Executive Board (Managing Director/General Manager and Vice General Manager, if any) and which it was deemed appropriate to extend also to the Appointed Executive. On 27 January 2021, an update of the Plan extended to the figure of the Chair was also approved in accordance with the aforementioned 35th update of Circular No. 285.</p> <p>3.6. Self-Assessment</p>	<p>3.1 Composition and requirements 3.1 Composition and requirements Guidelines on optimal composition</p> <p><i>The Board of Directors provides, in view of its renewal, Guidelines on the optimal composition of the Body and these Guidelines, which are approved at the end of the self-assessment process referred to in paragraph 3.6 below, are published well in advance, to allow anyone submitting lists of candidates to be able to take the Guidelines into account when composing the list. This also complies with a specific recommendation of the Italian Corporate Governance Committee.</i></p>
		<p>The Board of Directors has already approved the Internal Self-Assessment of Bodies Regulations in order to regulate the relevant process in conformity with the provisions of Circular No. 285. It particularly identified the methodologies to use (mainly based on each Director filling in a special questionnaire and on holding a special complementary interview, possibly also in writing, when filling in the questionnaire) and the profiles to be analysed – on the aggregate level – regarding the composition (professional competence, independence, etc.) and functioning (operating procedures, information flows, etc.) of the Board and Committees formed within it. Said Regulations were revised on 8 February 2018 and more recently on 3 August 2021, providing, inter alia, the prior involvement of the Appointments Committee in the procedure for selecting the consulting company appointed to support the self-assessment process.</p> <p>The assessment methodology (whose application is appropriately differentiated during the three-year office of the Board) is based on updated models in light of the banking sector's best practices. The use of a consultant and the performance of the interview in oral form by the consultant are planned at least every 3 years. For the self-assessment process relating to the 2020 financial year, the related assignment was entrusted to the consulting firm Crisci&Partners, following a selection procedure conducted with the</p>	

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		<p>involvement of the Appointments Committee (board resolution of 16 December 2021). It should be noted that this consulting firm, which the Bodies consider to be particularly authoritative and independent by virtue of the specific "expertise" recognised to it in the banking system, has not so far received any other assignments within the Banco Desio Group.</p> <p>The aforementioned Self-Assessment Regulations identify, among the parties appointed to carry out the preliminary activity to the Board of Directors' passing of the self-assessment resolution, the Appointments Committee with an advisory role in compliance with Circular No. 285.</p> <p><i>NB: The topic of optimal composition ("theoretical profile") is dealt with only in the year of renewal.</i></p>	
<p>RECOMMENDATION 7 2023 CRITERIA FOR ASSESSING THE SIGNIFICANCE OF THE REPORT THAT MAY AFFECT THE INDEPENDENCE OF THE DIRECTOR. (REF. RECOMMENDATION 3 2022)</p> <p>The Committee reiterates the importance of defining ex-ante and disclosing in the report on corporate governance the quantitative parameters and qualitative criteria to assess the significance of any commercial, financial or professional relationships and any additional remuneration for the purposes of the independence of a director. The Committee invites companies to evaluate the opportunity to envisage quantitative parameters, also defined in monetary terms or as a percentage of the remuneration attributed for the office and for participation in committees recommended by the Code.</p>	<p>2022 REPORT OF THE CORPORATE GOVERNANCE COMMITTEE - SECTION II - PARA. 2.3 PAGE 36</p> <p>2.3. Independent Directors Independent directors play a central role in adhering to the governance model outlined in the Corporate Governance Code. To this end, the analysis of the application of the main best practice recommendations pays special attention to the degree of compliance of listed companies with the recommendations of the Code relating to the parameters for assessing independence. The Code identifies the circumstances that compromise, or appear to compromise, the independence of a director, providing a list of non-exhaustive parameters which must be considered in the independence assessment (recommendation 7). The assessment of independence must be carried out immediately after the appointment of the directors and during the course of the mandate when circumstances relevant to independence are verified, and in any case at least once a year (recommendation 6); the assessment considers both the conditions listed in recommendation 7 and any other circumstance that affects or may appear to affect the independence of the director (recommendation 6). The criterion of the prevalence of substance over form was maintained in the new Code and clarified in more detail in the same wording of recommendation 7 which refers to situations that compromise or even only appear to compromise the independence of a director, thus highlighting the need for an adequate formal and substantive assessment of their existence in the specific case.</p> <p>The individual conditions of non-independence have been substantially confirmed in the new Code, with some important improvements: independence has been expressly excluded (more correctly the non-executive nature) for the independent directors who sit on the executive committee, and the relevance of "significant" relationships has been extended to the previous three years. It was also clarified that the calculation of the nine years out of the last twelve also includes non-consecutive years.</p>	<p>3.1 Composition and requirements</p> <p>On 15 December 2020, Decree No. 169 of 23 November 2020 was published in the Official Gazette, containing the implementing regulation of Article 26 CBL² issued by the MEF (the "MEF Decree"), which, having consulted the Bank of Italy, was called upon, as is well known, to identify in accordance with CRD4: a) the homogeneous good standing requirements for all the representatives; b) the professional standing and independence requirements, graded according to proportionality principles; c) the criteria of competence, consistent with the office to be held and with the characteristics of the bank, and of adequate composition of the body; d) the criteria of correctness, concerning, among other things, the business relations of the representative, the behaviour with regard to the supervisory authorities and the sanctions or corrective measures imposed by them, restrictive measures concerning professional activities carried out, as well as any other element likely to affect the correctness of the representative; e) the limits to the number of offices held by bank representatives, graded according to proportionality principles and taking into account the size of the intermediary; f) the causes that involve the temporary suspension from the office and its duration. The relevant provisions shall apply to appointments after the date of its entry into force, i.e. 30 December 2020.</p> <p>Following the introduction by the aforementioned Ministerial Decree No. 169/2020 of the so-called "Fit&Proper Assessment", Banco Desio has adopted, with a Board resolution of 3 August 2021, the "Fit&Proper" Policy, which defines the substantive and procedural obligations regarding the suitability and efficacy of both the overall Administrative Body (Board of Directors) and the Control Body (Board of Statutory Auditors), as well as of the company Representatives, the commitment in terms of sufficient time for the position held, the principles of honesty, integrity and independence of judgement, as well as the requirements of knowledge, expertise and</p>	<p><u>3.1 Composition and requirements</u></p> <p><u>Criteria for assessing the significance of the relationship that may influence the independence of the Representative</u></p> <p><i>The update of the Policy consisted in the improvement of the quantitative parameters and the qualitative criteria, also defined in monetary terms and as a percentage of the remuneration awarded for the office and for participation in Board Committees ("corporate remuneration"), defined ex ante to assess the significance of any commercial, financial or professional relationships and any additional remuneration for the purposes of the independence of the Representatives of Banco Desio pursuant to the CFA and the MEF Decree (see also the following paragraph), parameters and criteria that are now indicated in the new Annex A to the Policy. This improvement was suggested by the Independent Directors, was carried out with the support of a leading law firm and concerned, in particular, the introduction of differentiated criteria for commercial, financial or professional relationships and for the "additional remuneration". This also corresponds to a specific recommendation of the Italian Corporate Governance Committee.⁵</i></p>

² The relevant Supervisory Provisions were issued by the Bank of Italy on 4 May 2021.

⁵ As regards the latter point - also taking into account the current amount of the remuneration assigned by Banco Desio and the subsidiary Fides - it was considered reasonable to indicate a threshold of 100% of the corporate remuneration.

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	<p>The conditions of non-independence no longer mention the office of chair of the board of directors, which can therefore be assessed as independent provided that he/she has been expressly nominated for this role (recommendation 23) and where the conditions of non-independence established for all independent directors are not met. If considered independent, the chair may participate in board committees provided that they are composed of a majority of other directors.</p> <p>2.3.1. Application of the independence criteria ... All companies that do not apply one or more criteria with “prevalence of substance over form” provide a justification with reference to the specific case, reporting more or less specific information in relation to the individual directors concerned. Also in this case, the criterion most frequently not applied with reference to the individual director is that of the office of more than nine years. ...</p> <p>2.3.2. Criteria for assessing the significance of relationships and additional remuneration. With respect to the previous edition of the Code, which required the board to illustrate in the report on corporate governance “any quantitative and/or qualitative criteria used to assess the significance of the relationships subject to assessment”, the new Code has strengthened this provision, expressly recommending to the boards of directors to establish, at least at the beginning of their mandate, the quantitative and qualitative criteria for assessing the significance of professional, commercial and financial relationships and additional remuneration (recommendation 7). ... Companies have almost always made provision for at least one quantitative parameter, accompanied in almost half of the cases by a qualitative parameter. As regards the quantitative parameters, the most frequently used are those linked to the income of the individual director and the turnover of the professional firm (approximately 62%). The presence of a significance parameter set in monetary terms (37%) is also relevant, while a parameter linked to the remuneration received as director is less frequent (26%). As regards the qualitative criteria, companies have frequently referred to the wording of the Code, aimed at also enhancing the effects that professional relationships may have on the position and role of the individual director</p>	<p>experience. The Policy also concerns the Managers of the main corporate functions to the extent applicable to them³. The Policy has been implemented by the subsidiary Fides in the context of its management and coordination activities, which has adopted a similar document to the extent applicable to it.</p> <p>3.2 Independent Directors ... The Directors, by virtue of said evaluations and checks performed in 2020 at the time the offices were renewed and also confirmed at the time of the approval of this Report, who currently meet the independence requisites (all in accordance with both the CFA and the Corporate Governance Code), are listed below:</p> <ul style="list-style-type: none"> - Ms Valentina Casella (first appointed 28 March 2019) - Mr Ulrico Dragoni (appointed 23 April 2020) - Prof. Cristina Finocchi Mahne (first appointed 30 May 2013) - Giulia Pusterla (appointed 23 April 2020 as Director and previously 29 April 2014 as Statutory Auditor) - Ms Laura Tulli (appointed 23 April 2020) <p>... When the Fit&Proper Policy was adopted, the quantitative and/or qualitative criteria to be used for assessing the relevance of the relationships under review for the purposes of verifying independence was established.</p> <p>It should be noted that a director is not considered independent: i) if, whether, directly or indirectly (e.g. through subsidiaries or companies of which it is an executive director, or as a partner in a professional firm or consulting company), he/she has, or has had in the previous three financial years, a significant commercial, financial or professional relationship: - with the bank or its subsidiaries, or its executive directors or top management; - with a party who, also jointly with others through a shareholders' agreement, controls the company; or, if the controlling company is a company or entity, with its executive directors or top management; ii) if he/she receives, or has received in the preceding three financial years, from the bank, one of its subsidiaries or its parent company, significant remuneration in addition to the fixed remuneration for the office held and to the remuneration provided for participation in the Committees as recommended in the Code or provided for by the regulations in force.</p>	
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³ The persons in charge of the Bank's main corporate functions are identified, pursuant to the MEF Decree, as the Managers:
 - of the anti-money laundering function (Anti-Money Laundering Office),
 - of the regulatory compliance function (Compliance Office),
 - of the risk control function (Risk Management Department),
 - of the internal audit function (Internal Audit Department),
 and as the Executive appointed to draw up the accounting documents pursuant to Article 154-bis CFA.

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	<p>within the firm or consulting company, the relevance of the transaction, also with regard to its strategic or non-ordinary profile, and the reputational effects that may ensue for the interested party; in one case, the companies also considered the duration of the relationship (possibly including any prior relationship).</p> <p>...</p> <p>2.3.3. Analysis of the objective situations of non-independence of independent directors</p> <p>There appears to be a substantially stable number of companies (34) with qualified independent directors who appear to fall into one or more situations that could jeopardise their independence ("independent at risk"), due to their participation in the executive committee, their tenure in office for more than nine years (out of the last twelve) recommended by the Code and a particularly high additional remuneration.</p> <p>...</p> <p>The reason for this qualification is, in most cases, attributable to the tenure in office for more than nine years out of the last twelve. However, the number of independent directors qualified as "at risk" is constantly decreasing both in terms of individual directors (there were 45 in 2021, 88 in 2020, 104 in 2019, 123 in 2018 and 133 in 2017) and companies (there were 37 in 2021, 59 in 2020, 68 in 2019, 84 in 2018 and 87 in 2017).</p> <p>...</p> <p>Since the Code does not define a single parameter of significance of the additional remuneration that may affect the independence of the director, this year's analysis also offers a general overview of the additional remuneration of independent directors, understood as remuneration other than the fixed remuneration for the office. One aspect of this analysis concerns the chairs of the boards of directors qualified as independent.</p> <p>...</p>	<p>In the case of a Director who is also a partner in a professional firm or consulting company, the Administrative Body assesses the significance of professional relationships that may have an effect on his/her position and role within the firm or consulting company or that otherwise relate to important operations of the company and the group he/she heads, even irrespective of any quantitative parameters.</p> <p>As far as quantitative criteria are concerned, Banco Desio conventionally assumes, as an index of non-significance, the "smallness" criterion established by the Internal Regulations on Transactions with Associated Parties. The same criterion is applied for the non-significance of the additional remuneration mentioned above.</p> <p>As far as qualitative criteria are concerned, Banco Desio conventionally adopts, as an index of non-significance, the "ordinariness" criterion established by the Internal Regulations on Transactions with Associated Parties (without prejudice to the fact that relations deriving from transactions classified as "of greater significance" or assimilated to them, pursuant to the same Regulations, are in any case considered significant, even if they are of an ordinary nature such as in the case of credit facilities).</p> <p>These criteria extend to the Control Body to the extent applicable to it pursuant to the Consolidated Finance Act and the MEF Decree.</p> <p>The Independent Directors' assessment (which also takes into account the results of the self-assessment process as per Section 3.6 below) will be attached to this Report (Attachment A) following the board resolution which is expected to be passed on 22 March 2022⁴ The Independent Directors have, moreover, already expressed a favourable opinion in their meeting of 17 February 2021 on the information contained in this Report pursuant to Article 123-bis of the CFA.</p>	
<p>RECOMMENDATION 8 2023 TRANSPARENCY OF REMUNERATION POLICIES ON THE WEIGHT OF VARIABLE COMPONENTS (REF. RECOMMENDATION 7 2022)</p> <p>The Committee invites companies to include an executive summary, in table form, in the remuneration policy of the CEO and other executive directors, which shows the composition of the remuneration package, with an indication of the characteristics and weight of the fixed, variable short-term and variable short-term components with respect to total remuneration, at least with reference to the achievement of the target objective of the variable components.</p>	<p>2022 REPORT OF THE CORPORATE GOVERNANCE COMMITTEE - SECTION II PARA. 2.4 PAGE 43</p> <p>2.4. Remuneration policy</p> <p>...</p> <p>Furthermore, with reference to the variable component, the remuneration policy should define its maximum limits (cap) as well as the deferral over time of a significant portion of said component (recommendation 27, letters b) and d).</p> <p>A cap should also be defined with reference to any indemnities provided for (or paid) for the termination of the directorship. To this end, the Code indicates as a reference parameter a predetermined amount or a certain number of years of remuneration, recommending that companies, in line with European recommendations, exclude the payment of said indemnity in cases</p>	<p>3.4 Powers</p> <p>Pursuant to the laws and regulations in force at the time and the procedure for related party transactions adopted by the Company in compliance with said laws and regulations, a) the related party transactions of greater or lesser significance falling under the Board's competence, including related party transactions of greater significance in the presence of a contrary opinion from the Related Party Transactions Committee and b) the proposal for authorisation by the Shareholders' Meeting to carry out related party transactions of greater significance in the presence of a contrary opinion of the aforesaid Related Party Transactions Committee for the purpose of adopting the resolutions issued by the Shareholders' Meeting.</p>	<p><u>6 – REMUNERATION AND INCENTIVE MECHANISMS – REMUNERATION COMMITTEE</u></p> <p><i>For information on remuneration and incentive policies, please refer to the Remuneration Report and, more generally speaking, the remuneration policy in force at the time. This information is also provided in relation to specific recommendations of the Italian Committee for Corporate Governance with reference to: i) the presence of an executive summary, which shows the composition of the remuneration package, with an indication of the characteristics of the fixed and variable short-term components and variable long-term variables with respect to total remuneration, at least with reference to the achievement of the target objective of the variable components; ii) the provision of a variable component with a multi-year horizon, in line with the strategic objectives of</i></p>

⁴The provision that the Independent Directors meet at least once a year in the absence of the other Directors has been retained, although no longer contemplated in the case of Banco Desio by the new CG Code, as the Bank itself deems it useful to maintain the meeting at least once a year when preparing this Report, as the main, albeit not exclusive, method of discussion among the Independent Directors, also pursuant to Circular No. 285.

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	<p>where the termination of the relationship is due to the achievement of objectively inadequate results (recommendation 27, letter f). Since 2014, the Code also recommends that issuers introduce specific contractual arrangements that allow the repayment or withholding of the variable remuneration (or part thereof) that has been determined on the basis of data that have subsequently been identified as manifestly incorrect or any other circumstances identified by the companies (recommendation 27, letter e), and detailed contextual and periodic information on the possible disbursement of end-of-office indemnities (recommendation 31). Information on the application of Article 5 is contained in the corporate governance reports and in the remuneration reports. The following paragraphs examine the application of the aforementioned recommendations of the Code.</p> <p>....</p> <p>2.4.2. Short and long-term orientation of variable remuneration The Code recommends an adequate balance between fixed and variable components, requiring the latter to make up a significant part of the total remuneration (recommendation 27, letter a). In defining the variable remuneration parameters, the Code recommends that they be predetermined and measurable, with a significant part linked to a long-term horizon, consistent with the strategic objectives of the company and aimed at promoting its sustainable success (recommendation 27, lett. c).</p> <p>...</p> <p>2.4.3. Reference parameters of variable remuneration The Code recommends that issuers who adhere to the Code identify in their remuneration policy the predetermined and measurable performance objectives with a significant part linked to a long-term horizon, consistent with the strategic objectives of the company and aimed at promoting its sustainable success (recommendation 27, letter c). The remuneration policy of listed companies almost always provides information on the parameters to which the variable remuneration is linked. This occurs in 99% of the companies that make provision for this component for executive directors; a slightly higher figure but, in any case, essentially extremely high and stable over time. The parameters chosen may differ: almost all policies refer to at least one accounting matrix indicator, while roughly half of the companies also link the disbursement and amount of variable remuneration to the achievement of "business" objectives such as, for example, the achievement of specific strategic objectives, extraordinary transactions, international growth or development, but also objectives linked to sustainability, consumer satisfaction or the reduction of reputational or legal risks; the inclusion of the latter is substantially stable over the three-year period, with a slight decrease compared to 2021.</p> <p>...</p> <p>The examination of the remuneration policies showed an increase in cases in</p>	<p>(7.2) Non-Financial Statement (Sustainability Report)</p> <p>The Policy, whose latest update was approved by the Board of Directors on 3 August 2021, defines the situation in which the characteristics of candidates for the Board of Directors and the Board of Statutory Auditors, such as age, gender, geographical origin and educational and professional background, differ in such a way as to allow for a variety of views within the Board of Directors and the Board of Statutory Auditors. The Policy applies to all Corporate Bodies of the Banco Desio Group (Board of Directors and Board of Statutory Auditors) in accordance with the principle of proportionality indicated by the relevant EBA Guidelines. The application to financial intermediaries belonging to the Group, listed in the register, pursuant to Article 106 of the Consolidated Banking Law ("CBL"), is made on a voluntary basis. For the Group's unlisted companies (excluding "special purpose vehicle companies" and instrumental companies as defined by the Supervisory Provisions), i.e., currently for Fides, it is now stipulated that at least one of the members of the Board of Directors must belong to the less represented gender. Likewise, it is stipulated that at least one effective member of the Board of Statutory Auditors belongs to the less represented gender. In the event of the termination of the full member of that gender and in the absence of an alternate member of the same gender who can take over, the presence of the lesser represented gender shall be restored at the first subsequent Shareholders' Meeting in accordance with the law.</p>	<p><i>the company and in pursuit of sustainable success; iii) the provision of incentive mechanisms for the Managing Director linked to sustainability objectives in relation to which a clear indication of the specific performance objectives to be achieved is provided.</i></p>
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	<p>which at least part of the variable remuneration appears to be explicitly linked to ESG objectives, used in 74% of the companies that have variable remuneration. The figure appears to have increased significantly compared to the past (60% in 2021, about 30% in 2020 and around 15% in 2019) and demonstrates greater attention by companies to the use of performance objectives linked to the achievement of strategic environmental and social objectives, especially in large and medium-sized companies. At the same time, it should be noted that a significant part of the policies still make provision for other generic sustainability or “ESG-related” parameters, sometimes also alongside environmental and social parameters.</p> <p>However, the quality of these objectives varies significantly. Approximately 40% of the companies have set clear objectives: environmental (32%) and/or social objectives (of which 5% for occupational health and safety objectives or linked to the supply chain; 6% for corporate welfare objectives, including diversity), while in the remaining 60% of cases the companies continue to set generic “ESG” or “sustainability” objectives that do not meet the measurability criteria of the performance objectives recommended by the Code for the variable components. There is therefore significant room for improvement in the definition of environmental and social objectives that affects a large number of companies in all size classes.</p> <p>Overall, there has been an increase in cases in which at least part of the variable remuneration appears to be linked to strategic objectives, used in 75% of the companies surveyed. For the purposes of the analysis, strategic objectives are those linked to business results and to environmental and social sustainability (ESG) objectives. In this case, the figure appears to be increasing compared to the past (60% in 2021, roughly 30% in 2020 and about 15% in 2019) and companies are focussing increasingly more on the use of performance objectives linked to the achievement of strategic environmental and social objectives, especially in large and medium-sized companies.</p> <p>2.4.4. The measurability of the parameters to which the payment of the variable component is linked</p> <p>On the basis of the available data, a balance is observed between short and long-term components: in large and medium-sized companies, the LTI component appears to be higher than in smaller companies. Over a third of companies (36%) provide for the payment of extraordinary bonuses. The possible disbursement of these fees is almost always linked to the possible completion of extraordinary transactions with a significant strategic value. About two thirds of the provisions on ad hoc bonuses appear to be clearly linked to a quantitative parameter or a cap; the remuneration committee is also frequently involved. At the same time, companies have widely made provision for the possibility of derogating from the remuneration policy in exceptional circumstances (78%). This right is set forth in the new regulations of Article 123-ter, paragraph 3-bis, of the Consolidated Finance Act, together with the provision to make these disbursements subject to</p>		
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	specific procedural conditions - such as the application of the procedure for transactions with related parties. About half of the exemptions (51% of the exemptions, 40% of total companies, see chart above) concern the possible disbursement of extraordinary components that may take, for example, the form of entry bonuses or bonuses linked to extraordinary transactions in exceptional circumstances.		
<p>RECOMMENDATION 9 2023 LONG-TERM HORIZONS IN REMUNERATION POLICIES. (REF. RECOMMENDATION 7 2022)</p> <p>The Committee invites companies to include <u>a variable component with a multi-year horizon</u> in their remuneration policies, in line with the strategic objectives of the company and the <u>pursuit of sustainable success</u>.</p>	Same references - Recommendation 8	<p>3.4 Powers</p> <p>Pursuant to the laws and regulations in force at the time and the procedure for related party transactions adopted by the Company in compliance with said laws and regulations, a) the related party transactions of greater or lesser significance falling under the Board's competence, including related party transactions of greater significance in the presence of a contrary opinion from the Related Party Transactions Committee and b) the proposal for authorisation by the Shareholders' Meeting to carry out related party transactions of greater significance in the presence of a contrary opinion of the aforesaid Related Party Transactions Committee for the purpose of adopting the resolutions issued by the Shareholders' Meeting.</p> <p>(7.2) Non-Financial Statement (Sustainability Report)</p> <p>The Policy, whose latest update was approved by the Board of Directors on 3 August 2021, defines the situation in which the characteristics of candidates for the Board of Directors and the Board of Statutory Auditors, such as age, gender, geographical origin and educational and professional background, differ in such a way as to allow for a variety of views within the Board of Directors and the Board of Statutory Auditors.</p> <p>The Policy applies to all Corporate Bodies of the Banco Desio Group (Board of Directors and Board of Statutory Auditors) in accordance with the principle of proportionality indicated by the relevant EBA Guidelines. The application to financial intermediaries belonging to the Group, listed in the register, pursuant to Article 106 of the Consolidated Banking Law ("CBL"), is made on a voluntary basis.</p> <p>For the Group's unlisted companies (excluding "special purpose vehicle companies" and instrumental companies as defined by the Supervisory Provisions), i.e., currently for Fides, it is now stipulated that at least one of the members of the Board of Directors must belong to the less represented gender. Likewise, it is stipulated that at least one effective member of the Board of Statutory Auditors belongs to the less represented gender. In the event of the termination of the full member of that gender and in the absence of an alternate member of the same gender who can take over, the presence of the lesser represented gender shall be restored at the first subsequent Shareholders' Meeting in accordance with the law.</p>	Same references - Recommendation 8
<p>RECOMMENDATION 10 2023 ESG PARAMETERS FOR DIRECTORS' REMUNERATION.</p>	Same references - Recommendation 8	Not reported as this recommendation was not present last year.	Same references - Recommendation 8

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The Committee invites companies that provide <u>incentive mechanisms for the CEO and other executive directors</u> linked to sustainability objectives to provide a clear indication of the <u>specific performance objectives</u> to be achieved.			
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ATTACHMENT D - COMPARISON TABLE OF RECOMMENDATIONS - NEW CORPORATE GOVERNANCE CODE AND SUPERVISORY PROVISIONS FOR THE PURPOSE OF ACKNOWLEDGEMENT BY BANCO DESIO

	NEW CORPORATE GOVERNANCE CODE	SUPERVISORY PROVISIONS (CIRCULAR 285)	COMMENTS - OPTIONS/INITIATIVES
Topic	Non-large companies	BANKS	
	Subsidiaries	MAJOR/LISTED	
Independent share	At least two	At least one quarter	The portion of at least one quarter envisaged by the Bank of Italy is already indicated in the Articles of Association. Currently, this minimum share is 3 and there are 5 independent directors in office. No initiatives are therefore necessary.
Meeting of independent directors	not recommended	not applicable	The Internal Regulations of the Corporate Bodies require independent directors to meet at least once a year for the examination of the Annual Report on Corporate Governance. H The Board of Directors has opted to maintain this provision.
LID on request - independent directors	not recommended	not applicable	The conditions for the appointment of a LID (Lead Independent Director) have already been considered non-recurring under the previous Code. These conditions are unchanged. No initiatives were therefore necessary.
Guidelines for maximum number of offices	not recommended	specifically envisaged pursuant to the CRDIV for significant entities, otherwise generically as time commitment ¹	The Internal Regulations already provide for a maximum number of offices that is considered consistent with the supervisory regulations. No initiatives were therefore necessary.
Establishment of the Appointments Committee	Possibility of assigning functions to the board	envisaged	The mandatory regulations of the Appointments Committee established by the Bank of Italy for “larger banks” (which include listed banks by default) prevail. No initiatives were therefore necessary.
Establishment of the Control and Risk Committee	Possibility of assigning functions to the board	envisaged	The mandatory regulations of the Risk Committee (“Control, Risk and Sustainability Committee” for the Bank) established by the Bank of Italy for “larger banks” prevail. No initiatives were therefore necessary.

¹ However, MEF Regulation no. 169/2020 (“Fit & Proper” assessment) extended the limits of CRD4 to all “banks of greater size or operational complexity” (significant or less significant).

**ATTACHMENT D - COMPARISON TABLE OF RECOMMENDATIONS - NEW CORPORATE GOVERNANCE CODE AND SUPERVISORY PROVISIONS FOR THE PURPOSE OF ACKNOWLEDGEMENT BY
BANCO DESIO**

Self-Assessment	Three-yearly	Annual: with questionnaires and interviews; with a consultant at least every 3 years	The mandatory regulation of the self-assessment process established by the Bank of Italy for “larger banks” prevails. No initiatives were therefore necessary.
Guidelines for optimal composition of the board	not recommended	envisaged	The mandatory regulation of the “theoretical profile” established by the Bank of Italy for “larger banks” currently prevails. No initiatives were therefore necessary.
Succession plans	not recommended	envisaged	The mandatory regulation of the succession plan for the top management of the executive and for the chair established by the Bank of Italy for “larger banks” prevails. No initiatives were therefore necessary.

TABLE 1.1: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE YEAR

Board of Directors													
Office	Members	Year of birth	Date first appointed (*)	In office since	In office until	List (submitted by) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. Code	Indep. CFA:	No. Other offices (****)	Attendance (****)
Chair	Lado Stefano	1960	23/04/1993	23/04/2020	2023	Shareholder	M.	No	Yes	No	No	-	18/18
Managing Director	Alessandro Decio	1966	23/04/2020	23/04/2020	2023	BoD	-	Yes	No	No	No	1	18/18
Director	Agostino Gavazzi	1945	05/05/1983	23/04/2020	2023	Shareholder	M	Yes	No	No	No	-	17/18
Director	Tito Gavazzi	1976	29/04/2014	23/04/2020	2023	Shareholder	M	No	Yes	No	No		18/18
Director	Gerolamo Gavazzi	1943	04/10/2021	04/10/2021	2023	Shareholder	M	Yes	No	No	No		18/18
Director	Graziella Bologna	1954	29/04/2014	23/04/2020	2023	Shareholder	M	Yes	No	No	No		17/18
Director	Cristina Finocchi Mahne	1965	30/05/2013	23/04/2020	2023	Shareholder	M	No	Yes	Yes	Yes	2	17/18
Director	Valentina Maria Carla Casella	1979	28/03/2019	23/04/2020	2023	Shareholder	M	No	Yes	Yes	Yes	2	18/18
Director	Ulrico Dragoni	1947	23/04/2020	23/04/2020	2023	Shareholder	m	No	Yes	Yes	Yes	-	17/18
Director	Giulia Posteria	1960	23/04/2020	23/04/2020	2023	Shareholder	M	No	Yes	Yes	Yes	6	18/18
Director	Laura Tulli	1980	23/04/2020	23/04/2020	2023	Shareholder	M	No	Yes	Yes	Yes		18/18
-----DIRECTORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR-----													

Indicate the number of meetings held during the Financial Year: 18

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (pursuant to Art. 147-ter CFA): 2.5%

NOTES

The symbols indicated below must be entered in the "Office" column:

- This symbol indicates the director responsible for the internal control and risk management system.
- o This symbol indicates the Lead Independent Director (LID).

(*) The date of first appointment of each director means the date on which the director was appointed for the first time (ever) to the Board of Directors of the Issuer.

(**) This column indicates whether the list from which each director was drawn was submitted by shareholders (indicating "Shareholders") or by the BoD (indicating "BoD").

(***) This column indicates whether the list from which each director was drawn is "majority" (indicating "M"), or "minority" (indicating "m").

(****) This column shows the number of offices of director or statutory auditor held by the person concerned in other listed or large companies. The offices are indicated in full in the Corporate Governance Report.

(*****) This column indicates the attendance of the directors at the meetings of the Board of Directors (indicate the number of meetings attended out of the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

TABLE 1.2: STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR

BoD		Executive Committee		RPT Committee		Control and Risk Committee		Remuneration Committee		Appointments Committee		Other committee		Other committee	
Position/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	n	(*)	(**)	(*)	(**)
Chair	Stefano Lado									10/10	M				
Executive Director	Agostino Gavazzi	12/13	P												
Managing Director Executive Director	Alessandro Decio	11/13	M												
Executive Director	Gerolamo Gavazzi	13/13	M												
Executive Director	Graziella Bologna	13/13	M												
Independent Director as per Code	Giulia Pusterla			8/8	P	16/17	M								
Independent Director as per Code	Valentina Maria Carla Casella			7/8	M			10/10	P						
Independent Director as per Code	Ulrico Dragoni			8/8	M			9/10	M						
Independent Director as per Code	Cristina Finocchi Mahne					16/17	P			9/10	M				
Non-executive Director	Tito Gavazzi					17/17	M								
Independent Director as per Code	Laura Tulli							10/10	M	10/10	P				
-----DIRECTORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR-----															
-----MEMBERS WHO ARE NOT DIRECTORS-----															
Manager of the Issuer / Other	Name and Surname														
No. of meetings held during the Financial Year:		13		8		17		10		10					
NOTES															
(*) This column indicates the attendance of the directors at the meetings of the committees (indicate the number of meetings attended out of the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).															
(**) This column indicates the position of the director within the committee: "C": chair; "M": member.															

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE YEAR

Board of Statutory Auditors									
Office	Members	Year of birth	Date first appointed (*)	In office since	In office until	List (M/m) (**)	Indep. Code	Attendance at Board meetings (***)	No. other offices (****)
Chair	EMILIANO BARCAROLI	1972	23/04/2020	23/04/2020	2023	m	Yes	48/56 (of which 6 in accordance with SB 231)	15
Standing Auditor	RODOLFO ANGHILERI	1948	30/04/2002	30/04/2002	2023	M	Yes	48/56 (of which 16 in accordance with SB 231)	5
Standing Auditor	STEFANIA CHIARUTTINI	1962	23/04/2020	23/04/2020	2023	M	Yes	48/56 (of which 16 in accordance with SB 231)	5
Alternate Auditor	STEFANO ANTONINI	1960	23/04/2020	23/04/2020	2023	m	Yes	===	N/A
Alternate Auditor	MASSIMO CELLI	1965	23/04/2020	23/04/2020	2023	M	Yes	===	N/A
Alternate Auditor	SILVIA RE	1962	23/04/2020	23/04/2020	2023	M	Yes	===	N/A

-----AUDITORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR-----

Name and Surname									

Indicate the number of meetings held during the Financial Year:

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (pursuant to Art. 148, CFA):

NOTES

(*) The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (ever) in the Board of Statutory Auditors of the Issuer.

(**) This column indicates whether the list from which each auditor was drawn is "majority" (indicating "M"), or "minority" (indicating "m").

(***) This column indicates the participation of the statutory auditors in the meetings of the Board of Statutory Auditors (indicate the number of meetings attended out of the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

** This column indicates number of director or statutory auditor offices held by the person concerned pursuant to Article 148-bis CFA and the relevant implementing provisions contained in the Consob Issuers' Regulation. The complete list is published by Consob on its website pursuant to Art. 144-quinquiesdecies of the Consob Issuers Regulation.

TABLE 3 - MAIN OFFICES HELD BY THE REPRESENTATIVES OF BANCO DI DESIO E DELLA BRIANZA SPA AS AT 31 DECEMBER 2022

Name and Surname	Offices held in the Parent Company Banco Desio Brianza	Offices held in the Holding Brianza Unione di Luigi Gavazzi e Stefano Lado Sapa	Offices held in Italian subsidiaries - associates - investee companies - other listed companies - other supervised companies (banks, stockbroking companies, asset management companies, holding companies, etc.)					
			Subsidiaries		Associated/Investee companies		Other	
			Company	Offices	Company	Offices	Company	Offices
Stefano Lado	Chair, BoD Member, AC	Director (General Partner)					Interbank Deposit Protection Fund	Director and Member of the Management Committee.
Alessandro Decio	Managing Director and General Manager Member, EC		Fides SpA	Director	Anthilia Capital Partners SGR SpA	Director	Telepass SpA* (Atlantia Group)	Director and Chair of the Human Resources and Remuneration Committee. Member of the Control, Risk and Sustainability Committee
Graziella Bologna	Director Member, EC							
Valentina Casella	Director, Chair of ARC, Member of Committee for Transactions with Related Parties						Italmobiliare SpA Arnoldo Mondadori Editore SpA	Director and member of the Remuneration and Appointments Committee, Director and Lead Independent Director
Ulrico Dragoni	Director Member, RC Member, RPTC							
Cristina Finocchi Mahne	Director Chair of the Control, Risk and Sustainability Committee Member, AC						Do Value SpA Maire Tecnimont SpA	Director and Chair of the Risk, Related Party Transactions and Sustainability Committee Director and member of the Related Parties Committee
Agostino Gavazzi	Director Chairman, EC	Chair (General Partner)						
Gerolamo Gavazzi	Director Member, EC							
Tito Gavazzi	Director Member of Control, Risk and Sustainability Committee	Director (General Partner)	Fides SpA	Director				
Giulia Pusterla	Director Chair of Committee for Transactions with Related Parties Member of Control, Risk and Sustainability Committee						Risanamento SpA Italgas SpA Gepafin SpA MTS SpA Geasar SpA Be Cause Sicaf SpA	Director, Chair of Risk and Control Committee, Member of RC and of the Committee for Transactions with Related Parties Chair, SC Chair, SC Standing Auditor Standing Auditor Chair, SC
Laura Tulli	Director Chairman, AC Member, RC							
Emiliano Barcaioli	Chair, SC							
Rodolfo Anghileri	Standing Auditor	Chair of the Board of Statutory Auditors	Fides SpA	Standing Auditor				

Stefania Chiaruttini	Standing Auditor						United Ventures SGR, United Ventures One Sicaf Euveca SpA Fiera Milano SpA SEA S.p.A.	Chair, SC Director Standing Auditor
Stefano Antonini	Alternate Auditor							
Massimo Celli	Alternate Auditor							
Silvia Re	Alternate Auditor							

Notes: BoD: Board of Directors EC: Executive Committee CCRS: Control, Risk and Sustainability Committee COPC: Committee for Transactions with Related Parties and Associated Parties CS: Board of Statutory Auditors AC: Appointments Committee and RC: Remuneration Committee

* Unlisted company controlled by Atlantia SpA (listed)

TABLE 4 – SUMMARY OF COMPLIANCE WITH THE INDIVIDUAL PROVISIONS OF THE CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES (2020 EDITION)		
The schedule summarises the state of compliance with the provisions of the Code in force as at 1 January 2021, consistent with the Report Format indicated by Borsa Italiana, and adopted by Banco Desio. The information is also provided in accordance with Article 123-bis of the CFA.		
Subject	YES/NO	Summary of the reasons for any deviation from the Code's recommendations (or reference to the Report as well as other notes)
COMPLIANCE		
Indicate whether the CG Code (2020 Edition) has been adopted	YES	On 19 November 2020, the Board of Directors resolved to fully adopt the new Code in force as from 1 January 2021: i) within the scope of the recommendations applicable to "non-large" and "concentrated ownership" companies; ii) in compliance with the Supervisory Provisions applicable to listed banks as they are treated as "larger banks" pursuant to Circular No. 285, as from 1 January 2021, without prejudice to the fact that the recommendations relating to the independence criteria shall be applied at the same time as the independence requirements set forth in the MEF Regulation pursuant to Article 26 of the Consolidated Banking Law in order to ensure the consistency of the system from the next renewal of corporate offices (shareholders' meeting called for 27 April 2023)
Indicate whether the Bank or any of its strategically significant subsidiaries are subject to non-Italian legal provisions which influence the Bank's governance structure	NO	Also see section 2 of the Report
BOARD OF DIRECTORS		
Also see section 3 of the Report		
Indicate whether the BoD has established general criteria for the maximum number of offices in other companies compatible with the office of Director of the Bank	YES	Starting from the next renewal of the corporate offices referred to above, reference is also made to the limits established by the aforementioned MEF Regulation pursuant to Article 26 of the Consolidated Banking Law
Indicate whether the BoD has been reserved the task of examining and approving: . the strategic plans of Banco Desio and the Group . the Corporate Governance System of Banco Desio . the Group structure	YES YES YES	
Indicate whether the BoD has assessed the adequacy of the organisational, administrative and accounting set-up of the Bank and its subsidiaries, with particular reference to the internal auditing system and the handling of conflicts of interests	YES	Also see sections 5 and 7 of the Report It should be noted that the role of AISCI is absorbed by that of the Managing Director as from the date of the renewal of the Corporate Bodies on 23 April 2020. The figure of the Managing Director coincides with that of the General Manager (as also specified in the Articles of Association).
Indicate whether the BoD has established, having examined the proposals/opinions of the Remuneration Committee and consulted the Board of Statutory Auditors, the remuneration of the Managing Director [if appointed], the Chairman and the Deputy Chairman, as well as the allocation of the total fee established by the Shareholders' Meeting	YES	Also see section 6 of the Report
Indicate whether the BoD has assessed the general operating performance, taking into account the periodic disclosure of the appointed Bodies/Parties, as well as comparing the results achieved with those planned	YES	Also see section 4 of the Report
Indicate whether the BoD has been reserved the task of examining and approving, in advance, the transactions of Banco Desio and the subsidiaries that have significant strategic, economic, equity or financial importance	YES	Also see section 3 of the Report
Indicate whether the BoD has been reserved the task of examining and approving transactions with related parties and/or transactions in which one or more Directors have an interest on their own account or on behalf of third parties	YES	Certain types of transactions with related parties (ordinary transactions other than those regulated by Article 136 of the CBL) may be delegated within the limits envisaged by the specific Procedure
Indicate whether the BoD has established general criteria for identifying transactions (also with related parties) that have significant strategic, economic, equity or financial importance	YES	These are essentially extraordinary transactions (share capital increases, conferrals/business segment transfers, mergers/spin-offs) as well as transactions on equity investments, properties and branches

Indicate whether the BoD has carried out an assessment on the size, composition and functioning of said BoD and its Committees	YES	This evaluation is performed annually (on conclusion of the self-assessment process conducted using a method based on the processing of the responses of the Directors to the appropriate questionnaire and subsequent interviews)
Indicate whether the Shareholders' Meeting has authorised exceptions to the non-compete agreement pursuant to Article 2390 of the Italian Civil Code	NO	
APPOINTED BODIES		Also see section 4 of the Report
Indicate whether one or more Directors have received operating powers	YES	On 23 April 2020, at the time of renewal of the Corporate Bodies, a new Managing Director and General Manager was appointed (Body with management function pursuant to the Supervisory Provisions)
Indicate whether the Chairman of the BoD: . has received operating powers . covers a specific role in the drawing up of company strategies . is the main party responsible for managing operations . is the controlling shareholder of Banco Desio	NO NO NO NO	The Chairman is the representative of the company which controls Banco Desio
Indicate whether an Executive Committee has been established to which the BoD has delegated powers	YES	It should be noted that as a Body with management functions, the Managing Director and General Manager have autonomous powers within amount limits lower than those of the Executive Committee.
Indicate whether the appointed Bodies/Parties have reported to the BoD with regard to the activities carried out when exercising the powers granted	YES	Reporting on the exercise of delegated powers is part of the provisions of the Information Flows Regulation for Corporate Bodies
OTHER EXECUTIVE DIRECTORS		Also see section 4 of the Report
Indicate whether within the BoD there are Directors considered executives because: . they cover the office of Managing Director or Executive Chairman in companies of strategic importance controlled by the Issuer . they cover executive offices within Banco Desio or in a subsidiary of strategic importance, or holding company, and the appointment concerns Banco Desio . they are members of the Executive Committee and due to the frequency of the meetings and subject matters dealt with, they are inherently involved in the current operations of Banco Desio	NO NO YES	
INDEPENDENT DIRECTORS		Also see section 3 of the Report
Indicate whether the BoD: . has, at the first opportune meeting after its appointment, assessed the independence requirements the non-executive Directors must satisfy . has assessed whether independence requirements continued to be met throughout the accounting period . during the assessments, has applied all the independence criteria envisaged by the Code	YES YES YES	See note first "box"
Indicate whether the Board of Statutory Auditors has checked the correct application of the assessment criteria and the procedures adopted by the BoD for assessing the independence requirements	YES	
Indicate whether the Independent Directors have met during the accounting period in the absence of the other Directors	YES	4 meetings in 2022 held in February, March, May and October (see the cited paragraph for more details). The provision that the Independent Directors meet at least once a year in the absence of the other Directors has been retained, although it is no longer provided for in the case of Banco Desio by the CG Code. The Independent Directors deemed it necessary to increase the number of meetings.
CORPORATE INFORMATION		Also see section 8 of the Report
Indicate whether the BoD has approved a procedure for internal management and external communication of corporate documents and information, with particular reference to privileged information	YES	The procedure in question, incorporated in due course in an appropriate relevant Internal Regulation, was updated in 2017 to apply the newly issued Consob Guidelines on inside information and, most recently, in 2022 to make further procedural improvements and implement regulatory changes.
Indicate whether initiatives have been undertaken to increase Directors' awareness with regard to the corporate situation and dynamics	YES	
COMMITTEES WITHIN THE BOD		Also see sections 6 and 4 of the Report

Indicate whether a Committee has been set up which carries out the functions of two or more of the committees envisaged by the Code	NO	
Indicate whether Committees other than those envisaged by the Code have been set up	YES	Executive Committee - Committee for Transactions with Related and Associated Parties (an advisory committee as required by Consob/Bank of Italy regulations and consisting of 3 Independent Directors) as well as a number of so-called "management" committees outside the Board of Directors at the level of corporate functions.
APPOINTMENTS COMMITTEE		Also see section 6 of the Report
Indicate whether the BoD has assessed whether to establish an internal Appointments Committee	YES	
Indicate whether the Committee is made up of at least 3 Directors, all non-executive, the majority of whom are independent	YES	The Appointments Committee, renewed by the Shareholders' Meeting of 23 April 2020, is composed of 2 independent directors, including the Chair, as well as 1 non-executive director
Indicate whether the minutes of the Committee meetings have been taken	YES	
Indicate whether the Committee has been assigned an expenditure budget for its activities	YES	25,000 Euros annually until 2021 increased to 30,000 Euros from 2022 and 45,000 Euros for the current year
Indicate whether the Appointments Committee is assigned the following additional functions:		The advisory activity of the Committee is ordinarily carried out with the issue of opinions prior to submitting the resolution/disclosure proposals to the Board
. formulate opinions to the Board of Directors in relation to its size and composition and on the professionals whose presence within the Board is deemed advisable, as well as on the enforcement of the limits to the cumulation of offices and of the competition/interlocking prohibition	YES	The Appointments Committee is also involved in the BoD self-assessment process and the definition of the "theoretical profile" also for the purposes of the renewal of offices
. propose candidates to the BoD in co-opting cases, if independent directors have to be replaced	YES	
. indicate the candidates for the office of Independent Director to be submitted to the Shareholders Meeting	N/A	Not applicable because this requirement is fulfilled by the Articles of Incorporation provisions on list voting
. to support the BoD in the appointment/revocation of other representatives, as well as the designation of representatives of subsidiary companies and possibly of strategically relevant associated and/or investee companies	YES	
REMUNERATION COMMITTEE		Also see section 6 of the Report
Indicate whether the BoD has established an internal Remuneration Committee	YES	
Indicate whether the Committee is made up of at least 3 Directors, all non-executive, the majority of whom are independent	YES	The Remuneration Committee, renewed by the Shareholders' Meeting of 23 April 2020, is composed entirely of independent directors
Indicate whether the Directors must refrain from participating in meetings where proposals are made relating to their remuneration Indicate whether the Remuneration Committee is assigned the following additional functions:	YES	The advisory activity of the Committee is ordinarily carried out with the issue of opinions prior to submitting the resolution/disclosure proposals to the Board
. to submit to the BoD proposals for the definition of the policies for the remuneration of the Executive Directors, of the other Directors appointed to particular offices and of Managers with strategic responsibilities	YES	
. to assess periodically the adequacy, overall consistency and actual application of the aforesaid policy, using, in this regard, information provided by the Managing Director [if appointed], and formulating proposals on this matter to the Board	YES	
. to submit to the Board of Directors proposals for the allocation of the total compensation established by the Shareholders' Meeting, as well as for the remuneration of the Executive Directors and of the other Directors holding particular offices, as well as on the setting of performance targets related to the variable component of that remuneration; to monitor the implementation of the decisions adopted by the BoD, verifying, in particular, the actual achievement of the performance targets	YES	
Indicate whether the minutes of the Committee meetings have been taken	YES	

Indicate whether during the performance of its tasks, the Committee has the possibility of accessing information and business functions, as well as availing itself of external consultants (verifying beforehand that the consultant is not in any situations that would compromise his/her independence of judgment)	YES	
Indicate whether the Committee has been assigned an expenditure budget for its activities	YES	25,000 Euros annually until 2021 increased to 30,000 Euros from 2022 and 35,000 Euros for the current year
DIRECTORS' REMUNERATION		See also section 6 of this Report, as well the "Group Remuneration Policies Report" prepared in accordance with Article 123-ter of the CFA
Indicate whether a significant part of the remuneration of the Managing Director [if appointed], the General Manager and the Executives with strategic responsibilities is linked to specific results/objectives	YES	The figure of the Managing Director coincides with that of the General Manager (see above)
Indicate whether share-based incentive plans have been envisaged in favour of the parties indicated above	NO	
Indicate whether the remuneration of the non-executive Directors is linked to a significant extent to the economic results of Banco Desio	NO	
Indicate whether share-based incentive plans have been envisaged in favour of non-executive Directors	NO	
Indicate whether agreements have been entered into between the Bank and the Directors, which envisage an indemnity in the event of resignation, removal without just cause or termination of the relationship following a take-over bid	NO	
CONTROL AND RISK COMMITTEE		Also see section 7 of the Report
Indicate whether the BoD has established a Control and Risk Committee	YES	At 26 March 2020, the Board of Directors has approved the renaming of this Committee to the Control, Risk and Sustainability Committee. At the time of the next renewal of the offices (Shareholders' Meeting called for 27 April 2023), the opportunity to establish a Sustainability Committee will be assessed by separating it from the Control and Risk Committee.
Indicate whether the Committee is made up of at least 3 Directors, all non-executive, the majority of whom are independent	YES	The CRSC, renewed by the Shareholders' Meeting of 23 April 2020, is composed of 2 independent directors (including the Chair) as well as 1 non-executive Director
Indicate whether at least one member of the Committee has specific experience with regard to accounting and financial matters, assessed as adequate by the BoD	YES	
Indicate whether the Committee has been assigned the following additional functions:		
. to provide a preventive opinion to the Board for the performance of the duties assigned to it by the supervisory regulations for internal control and risk management	YES	
. to assess, together with the Executive appointed to draw up the accounting documents, with the input of the independent auditor and of the Board of Statutory Auditors, the correct use of the accounting standards and their consistency for the purpose of drawing up the consolidated financial statements	YES	The advisory activities of the Committee pertaining to the auditing process are ordinarily carried out during the course of joint meetings with the independent auditor, promoted by the Board of Statutory Auditors in the performance of its duties (in companies with traditional governance model, this board constitutes the "internal control and audit committee" in accordance with Legislative Decree No. 39/2010 on the matter of the auditing of the accounts).
. to express, also upon the request of the Director in charge of the Internal Control and Risk Management System (AISCI), opinions on specific aspects pertaining to the identification of the main corporate risk	YES	The role of AISCI has been assumed, as already mentioned, by the Managing Director as from 23 April 2020.
. to examine the periodic reports, pertaining to the assessment of the internal control and risk management system, and those of particular relevance prepared by the internal audit department	YES	
. to ask the internal audit department - if deemed necessary - to carry out audits on specific operating areas, concurrently notifying the Chair of the Board of Statutory Auditors	YES	
. to monitor the autonomy, the adequacy, the effectiveness and the efficiency of the internal audit department	YES	
. to report to the BoD, at least once every six months upon approval of the annual and half-yearly financial report, on the activity carried out and on the adequacy of the internal control and risk management system	YES	

Indicate whether the Chairman of the Board of Statutory Auditors or a Standing Auditor has taken part in the Committee meetings	YES	
Indicate whether the minutes of the Committee meetings have been taken	YES	
Indicate whether during the performance of its tasks, the Committee had the possibility of accessing information and business functions, as well as availing itself of external consultants	YES	
Indicate whether the Committee has been assigned an expenditure budget for its activities	YES	Euro 50,000 per annum
INTERNAL CONTROL SYSTEM		Also see section 7 of the Report
Indicate whether the BoD has defined the policies of the internal control system so that the main risks pertaining to Banco Desio and the Group are identified, measured, handled and monitored, for the purpose of sound and prudent management	YES	
Indicate whether the BoD has assessed the adequacy, efficacy and functioning of the internal control system	YES	This assessment is usually carried out at the time of approval of the periodic reporting of the CRSC and of the internal audit, compliance and risk management, as well as the internal validation and anti-money laundering departments. To this end, the reports submitted by other functions such as the Appointed Executive and the DPO (Data Protection Officer) are also taken into account.
Indicate whether the BoD has identified a Director to serve as the head of the internal control and risk management system (AISCI)	YES	The role of AISCI has been assumed, as already mentioned, by the Managing Director as from 23 April 2020.
Indicate whether the AISCI:		ditto
. has identified the main business risks for the Bank and Group and has submitted them for the examination of the BoD	YES	
. has followed the guidelines of the BoD, overseeing the planning, creation and management of the internal audit system, constantly checking the adequacy, effectiveness and efficiency	YES	
. has adapted this system to the dynamics of operating conditions and the legislative and regulatory context	YES	
. has proposed the appointment, removal and remuneration of the individual in charge of internal auditing to the BoD	YES	
Indicate whether the BoD has appointed one or more parties tasked with checking that the internal control system is always adequate, fully operative and functioning	YES	This is mainly the head of the internal audit function, who reports directly to the Board of Directors
Indicate whether the individual in charge of internal auditing is hierarchically free from responsibility for any area of operations	YES	
Indicate whether the individual in charge of internal control has:		
. had direct access to all the information useful for carrying out their appointment	YES	
. reported on their activities to the Control and Risk Committee, the Board of Statutory Auditors and the Managing Director [if appointed] or the AISCI	YES	
Indicate whether Banco Desio has established an Internal Auditing function and whether the individual in charge is the same as the head of the function	YES	
Indicate whether Banco Desio and the subsidiaries have adopted the Organisational Model pursuant to Italian Legislative Decree No. N. 231/2001	YES	
Indicate whether risk management and internal control systems exist in relation to the financial disclosure process, consolidated or otherwise	YES	These systems have now been also extended to the non-financial disclosure under Legislative Decree No. 254/2016. The CRSC also has specific supervisory tasks in this area (without prejudice to the supervisory tasks of the Board of Statutory Auditors)
CONFLICTS OF INTEREST - OBLIGATIONS OF THE REPRESENTATIVES – TRANSACTIONS WITH RELATED PARTIES		Also see section 5 of the Report
Indicate whether the BoD has established a procedure for approving and carrying out transactions with related parties	YES	The RPTC, renewed by the Shareholders' Meeting of 23 April 2020, is composed entirely of independent directors
Indicate whether the BoD has defined transactions or criteria for identifying transactions which must be approved by the BoD subject to the opinion of the Internal Control and Risk Committee and/or independent experts	YES	The opinion of the Control, Risk and Sustainability Committee is provided in the case of "Transactions of Greater Significance" ("O.M.R." - Operazioni di Maggior Rilievo) pursuant to Circular 263 of the Bank of Italy

Indicate whether the BoD has adopted operating solutions suitable for facilitating the identification and adequate handling of situations where a Representative is the holder of an interest on his own account or on behalf of third parties	YES	
BOARD OF STATUTORY AUDITORS		Also see section 9 of the Report
Indicate whether the Board of Statutory Auditors:		
. has, at the first opportune meeting after its appointment, assessed the independence requirements the Directors must satisfy	YES	
. has assessed whether independence requirements continued to be met throughout the accounting period	YES	
. during the assessments, has applied all the independence criteria envisaged by the Code	YES	See note first "box"
Indicate whether the same provisions applied to the Directors for the transactions in which they have a direct or indirect interest are applied to the Statutory Auditors	YES	
Indicate whether the Board of Statutory Auditors has overseen the independence of the independent auditing firm, checking the nature and entity of any extra services rendered by the same (or by the same network)	YES	
Indicate whether the Board of Statutory Auditors has coordinated with the Internal Audit Department and with the Control, Risk and Sustainability Committee during its activities	YES	
RELATIONS WITH SHAREHOLDERS		
Indicate whether Banco Desio has established a specific section on the website dedicated to important information for the shareholders	YES	
Indicate whether an investor relator has been appointed	YES	Giorgio Besana - Mobile 331/6754649 - E-mail: giorgio.besana@bancodesio.it
Indicate whether the establishment of a corporate structure tasked with handling shareholder relations has been assessed	YES	The various activities pertaining to these relations are the responsibility of the Investor Relator and the Corporate Affairs Department (which is part of the Administration and General Affairs Department, i.e. in the staff of the Managing Director and General Manager), without prejudice to the provisions of the Shareholders' Engagement Policy under the responsibility of the Chair.
ORDINARY SHAREHOLDERS' MEETINGS		Also see section 10 of the Report
Indicate whether the Articles of Association envisage the prior communication pursuant to Article 2370, section 2 of the Italian Civil Code, for the purpose of attending Shareholders' Meetings	NO	
Indicate whether the shares in relation to which the communication to attend the meeting is requested remain restricted until said meeting is over	NO	
Indicate whether initiatives have been undertaken for facilitating attendance of the meeting and the right to vote (e.g. voting by mail, on-line voting, video-conference facilities)	NO	The right to vote in Shareholders' Meeting is exercised electronically through a "televoter" system (except in case of the exclusive use of a Designated Representative during the Covid-19 emergency)
Indicate whether General Shareholders' Meeting Regulations have been adopted	YES	The General Shareholders' Meeting Regulations, as well as the Articles of Association, are published on the website www.bancodesio.it in the section dedicated to "corporate governance"
Indicate whether the BoD has reported to the Meeting on the activities carried out and scheduled and has taken steps to ensure the shareholders adequate disclosure so that they can make the related decisions in full awareness of the facts	YES	This disclosure takes place in accordance with the law
Indicate whether during the accounting period, significant changes have taken place with regard to the market capitalisation of Banco Desio or its corporate structure	NO	
Indicate whether the BoD has assessed the appropriateness of proposing amendments to the Articles of Incorporations on the quorums for the exercise of the shares and rights protecting minority shareholders	NO	The corporate structure and the free float are such that they do not justify quorums less than the legal ones
ADDITIONAL CORPORATE GOVERNANCE PRACTICES		
Indicate whether Banco Desio applies additional corporate governance practices besides the legal or regulatory obligations	YES	Banco Desio has adopted an Organisational Model pursuant to Italian Legislative Decree No. 231/2001 and the relevant functions of the Supervisory Body are performed by the Board of Statutory Auditors (see Section 7 of the Report)

CHANGES AFTER THE END OF THE REFERENCE ACCOUNTING PERIOD		
Indicate whether changes have taken place in the corporate governance structure as from the 2022 year end date	NO	