

**ANNUAL REPORT
ON
CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURES
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 (economic and administrative index) No. MB-129094
Share capital 70,692,590.28 Euros 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)

**UPDATE
ADDENDUM**

(BoD 9 November 2023)

Introduction

The purpose of this Update Addendum (the “Addendum”), which does not replace, but amends and supplements, the “Annual Report on corporate governance and ownership structures of the Group pursuant to art. 123-bis of the Consolidated Finance Act - Financial Year 2022” presented to the Shareholders' Meeting of 27 April 2023 (the “Report”), is to partially amend and supplement the Report (together with which it is published on the Banco Desio website. ...) with a summary representation of the updates made, particularly to the structure and composition of the Board Bodies as a result of:

- i) the renewal of the offices resolved by the same Shareholders' Meeting of 27 April 2023
- ii) the new structure and composition of the Board Committees resolved by the Board of Directors on the same date and, in particular, the separation of the pre-existing Control, Risk and Sustainability Committee into:
 - Risk Control Committee:
 - Sustainability Committee
- iii) the death of a Director on 3 May 2023
- iv) the outcome of the procedure for verifying the requirements of the Representatives appointed by the aforementioned Shareholders' Meeting pursuant to Ministerial Decree 169/2020 (“fit & proper” assessment)

i) Renewal of offices

The Ordinary Shareholders' Meeting appointed, through list voting, the Board of Directors and the Board of Statutory Auditors in accordance with the gender balance pursuant to Law no. 160 of 27 December 2019, after determining the number of Directors for the three-year period 2023-2025 at 11.

The majority list was submitted by Brianza Unione di Luigi Gavazzi and Stefano Lado S.A.p.A., which at the date of the Shareholders' Meeting, held 50.41% of the share capital, while the minority list was submitted by Fondazione Cassa di Risparmio Terni e Narni which, on the same date, held 4.46% of the share capital (there were no significant changes in these percentages).

These bodies - after the resolutions pertaining to the Board meeting held at the end of the shareholders' meeting, - are, as of today's date, composed as follows:

Directors

Stefano LADO	Chair
Alessandro DECIO	Managing Director and General Manager (E)
Graziella BOLOGNA	(E)
Paola BRUNO	(I)
Valentina CASELLA	(I)
Agostino GAVAZZI	(E)
Gerolamo GAVAZZI	(E)
Tito GAVAZZI	
Alessandra MARAFFINI	(I)
Laura TULLI	(I)
Ulrico DRAGONI	(I) * (Died on 3 May)

Statutory Auditors

Emiliano BARCAROLI	Chair (I) *
Rodolfo ANGHILERI	Standing Auditor (I)
Stefania CHIARUTTINI	Standing Auditor (I)

Stefano ANTONINI	Alternate Auditor (I) *
Silvia RE	Alternate Auditor (I) *
Erminio BERETTA	Alternate Auditor (I)

* Minority list

The names marked with (E) are identified as Executive Directors in accordance with the applicable provisions. The names marked with (I) meet the independence requirements pursuant to the applicable provisions.

The Board of Statutory Auditors is assigned the role of Supervisory Body, appointed pursuant to Italian Legislative Decree 231/2001.

ii) New structure and composition of the Board Committees

The Board of Directors, which met at the end of the Shareholders' Meeting, also resolved the following composition of the Committees set up within it:

Executive Committee

Agostino GAVAZZI	(P) (E)
Graziella BOLOGNA (E)	
Gerolamo GAVAZZI	(E)
Alessandro Maria DECIO	(E)

Control and Risk Committee

Paola BRUNO	(P) (I)
Alessandra MARAFFINI	(I)
Tito GAVAZZI	

Sustainability Committee (newly established)

Alessandra MARAFFINI	(P) (I)
Valentina CASELLA	(I)
Stefano LADO	

Appointments Committee

Laura TULLI	(P) (I)
Paola BRUNO	(I)
Tito GAVAZZI	

Remuneration Committee

Valentina CASELLA	(P) (I)
Laura TULLI	(I)
Stefano LADO	

Committee for Transactions with Related Parties and Associated Parties

Valentina CASELLA	(P) (I)
Alessandra MARAFFINI	(I)
Laura TULLI	(I)

The names marked with (P) have been appointed as Chairs of the Committees.

As a result of the replacement of the previous Control, Risk and Sustainability Committee with a Control and Risk Committee and a Sustainability Committee, the references to the Control, Risk and Sustainability Committee contained in the Report are understood to be transferred to the Control and Risk Committee and/or on the Sustainability Committee in relation to the tasks assigned to them by the respective Regulations, updated accordingly, as follows:

Duties of the Control and Risk Committee

Functions of the Committee on Risk Management

1. It expresses opinions on specific aspects relating to the identification of the main company risks and the functioning of the internal control system.
2. It provides support to the Board in monitoring the institution's overall risk strategy and risk appetite, taking into account all types of risks, to ensure that they are in line with the Bank's approved business strategy and risk appetite.
3. With the collaboration of the Sustainability Committee, it expresses opinions on the identification, measurement, management and monitoring of the main risk profiles relating to the strategic statement in terms of non-financial sustainability (environmental, climate and social), also making proposals to contribute to the Group's sustainable success, by examining, inter alia, the related functional milestone plan proposed by the Sustainability Committee.
4. It provides the Board with recommendations on the necessary adjustments to the risk strategy resulting, among other things, from changes to the institution's business model, market developments or recommendations made by the risk management function; it also supports, with adequate preliminary activities, the assessments and decisions of the Board relating to the management of risks deriving from prejudicial events of which the Board has become aware.
5. It provides opinions on the appointment of external consultants, which the Board may decide to use to obtain opinions or assistance in matters falling within the competence of the Committee.
6. It reviews some possible scenarios, including stress scenarios, defined by the Risk Management function to assess how the risk profile of the institution would react to external and internal events.
7. It evaluates the recommendations of internal or external auditors and follows up on the appropriate implementation of the measures adopted.
8. It collaborates with the other bodies, whose activities may have repercussions on the risk strategy (e.g. the Board of Statutory Auditors, also in accordance with SB 231 and internal control and audit committee, the Sustainability Committee, the Appointments Committee and the Remuneration Committee) and regularly communicates with the institution's internal control functions, in particular with the risk management function, as well as with the management committees operating in the Committee's areas of competence (for example, the Risk Management Committee, the Control Function Coordination Committee and the Recovery Committee).
9. As part of the remuneration and incentive policies, it examines whether the incentives provided by the remuneration system take into account risks, capital and liquidity, ensuring that the incentives underlying the bank's remuneration and incentive system are consistent with the RAF (without prejudice to the duties assigned to the Remuneration Committee, with which it ensures an adequate level of coordination).
10. It also identifies all additional information flows that must be addressed to it in terms of risks and must be able to access relevant company information.
11. It examines the content of periodic non-financial information relevant to the risk management system.
12. It reports to the Board of Directors, at least in conjunction with the approval of the annual and half-yearly financial reports, on the activity carried out and on the adequacy of the risk management system.
13. It supports the Board in the preparing the report on corporate governance, as regards in particular the description of the main characteristics of the internal control and risk management system and the associated methods of coordination of the parties involved.

14. It plays an advisory role in the approval of the criteria and process of Transactions of Greater Significance, as well as in their approval/authorisation, in compliance with the specific process governed by specific internal regulations.

Functions of the Committee on strategic guidelines and RAF

1. It provides support to the Board in defining and approving strategic guidelines and risk governance policies. As part of the RAF, the Committee carries out the assessment and proposal activities necessary so that the body with strategic supervision function can define and approve the risk objectives (“Risk appetite”) and the tolerance threshold (“Risk tolerance”).
2. It supports the Board in the process of approving the strategic plan, examining the proposals submitted by the relevant Functions regarding the risks associated with the plan, including execution-related, as well as the assessments proposed regarding the impact of any adverse scenarios on the achievement of the pre-established objectives and on the Bank’s economic-equity position and the identification of possible corrective actions, including those regarding capital management, submitted to the Board for approval.
3. It provides assistance to the Board in verifying the correct implementation of the institution’s risk strategy, the corresponding limits established, in verifying the correct implementation of the strategies, the risk governance policies and the RAF and in verifying its adequacy and effectiveness, formalising adequate processes for monitoring the implementation status of the strategic plan and the related execution risk. The Committee is involved in fully assessing any deviations, with respect to expectations, of the impact of the business on risks and on the economic-equity position.
4. It examines the reports of situations in which the limits established in the RAF have been exceeded, with a subsequent request to the Chair, depending on the seriousness, to convene the Board of Directors, in accordance with the provisions of the relevant Policy.

Functions of the Committee on Internal Control

1. It expresses judgements and formulates opinions to the Board of Directors on compliance with the principles which must be respected by the internal control system and the company organisation and the requirements that must be observed by the company control functions, informing the strategic supervision function (Board of Directors) of any weaknesses and the consequent corrective actions to be taken; to this end, it assesses the proposals of the management body (Managing Director/GM).
2. It collaborates with the control function by exchanging all information of mutual interest and, where appropriate, cooperates in the performance of tasks.
3. It supports the Board of Directors, with the cooperation of the Appointments Committee, in identifying, appointing and revoking the heads of the company control functions.
4. It verifies the effectiveness of the Group’s environmental, climate and social risk monitoring, receiving specific information flows from the Sustainability Committee and the other relevant Functions.
5. It examines in advance the action plans (including the audit plan) and the periodic reports of the company control functions addressed to the Board of Directors.
6. It contributes, by means of assessments and opinions, to the definition of the company policy for the outsourcing of company control functions.
7. It verifies that the company control functions comply correctly with the instructions and guidelines of the body with strategic supervision function and assists the latter in the preparation and continuous updating of the coordination document (Control Coordination Regulation) and information flows.
8. It monitors the autonomy, adequacy, effectiveness and efficiency of the company control

functions and, in particular, the internal audit department.

9. It also supports the Board:
 - in the revocation of the head of the internal audit department, as well as of the other company control functions, including the responsibility of the ICT risk and security control function;
 - in the definition of the related remuneration;
 - in the assessment of measures to ensure their effectiveness and impartiality of judgement;
 - in verifying that they have adequate professionalism and resources.
10. It supports the Board in defining the guidelines of the internal control system in line with the company's strategies.
11. It supports the Board in assessing, at least annually, the adequacy of the internal control system with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness.
12. It examines the content of periodic non-financial information relevant to the internal control system.
13. It examines the periodic reports and those of particular relevance prepared by all internal control functions, and in particular by the internal audit department.
14. It can ask the internal audit department to carry out audits on specific operating areas, concurrently notifying the Chair of the Board of Statutory Auditors.
15. It supports the Board in assessing the results of the independent auditor contained in the letter of suggestions.

Functions of the Committee on Accounting Information Structure

1. It assesses the correct use of the accounting standards for the preparation of the separate and consolidated financial statements, and to this end coordinates with the Executive appointed to draw up the accounting documents and with the control body (Board of Statutory Auditors), and in the case of groups, their consistency for the purposes of preparing the consolidated financial statements.
2. It assesses the suitability of periodic financial and non-financial information to correctly represent the business model, the company's strategies, the impact of its activities and the performance achieved, coordinating with the Sustainability Committee.
3. It supports the Board in defining policies and valuation processes for properties used as collateral for exposures.
4. It supports the Board in the periodic review of the document concerning the rules for fair value measurements and the related pricing models.

Duties of the Sustainability Committee

1. it supports the Board of Directors, as part of its advisory and proposal-making role, in defining the updating and monitoring of strategic guidelines, medium/long-term objectives and quantitative sustainability targets; in this role, it is also called upon to express an opinion in the drafting and updating of the corporate governance regulations on sustainability (including the Code of Ethics);
2. it oversees the achievement of the Group's declared commitments, taking an advisory/proposal-making role in identifying actions, initiatives and activities aimed at achieving them;
3. it examines and assesses any communications to the Board of Directors regarding critical issues that emerged from its sustainability supervision activities;
4. it examines and assesses the reports prepared on sustainability, including the Consolidated Non-Financial Statement for approval by the Board of Directors.
5. In carrying out its activities:
6. it examines the scenarios and macro-trends that can have a significant impact on the reference competitive context for the company in the medium-long term;
7. it analyses the evolution of the reference legislative and regulatory context for the integration of sustainability in company processes and for increasing reporting transparency;
8. it monitors the relevant initiatives (associations, forums, studies and research) that promote the enhancement of sustainability;
9. it examines the bank's competitive positioning in terms of sustainability metrics, indices and market benchmarks;
10. it communicates with the Sustainability Steering Committee and with the Risk Management Committee.¹
11. it collaborates with the Control and Risk Committee in assessing the effective functioning of the internal control system and the management of risks that may be relevant in view of the sustainability of the company's business. It supports the Risk Control Committee in assessing ESG policies, methodologies and initiatives aimed at integrating sustainability factors and risks into company processes and the risk management system.
12. it collaborates with the Remuneration Committee in assessing the remuneration structure of executive directors and managers with strategic responsibilities in order to promote the medium/long-term sustainability of the company.

iii) Death of a Director

On 9 May 2023, the Board of Directors acknowledged the death of the independent Director Ulrico DRAGONI, elected from the minority list, reserving the right to return to the matter for the consequent measures. On 22 June 2023, the Board initiated the statutory and supervisory procedure aimed at replacing the deceased Director with another candidate from the same list.

The "Sustainability Steering Committee" is identified as the Management Committee with the involvement, depending on the reported matters, of the specific Functions involved¹

This procedure was concluded on 28 September 2023 with the acknowledgement of the resignation by the first non-elected candidate on the minority list and with the decision, by the Board, to postpone the co-optation of a Director, pending the next Shareholders' Meeting to approve the financial statements for the current year, when the same list may return to propose a candidate according to the applicable provisions.

The number of Directors therefore remains at 10 until the next Shareholders' Meeting (to be held by 30 April 2024).

iv) Outcome of the fit & proper assessment

Today, the Board of Directors acknowledged the successful conclusion of the administrative procedure to verify the suitability of the members of the Corporate Bodies appointed by the Shareholders' Meeting of 27 April 2023, having communicated that the Bank of Italy had not identified any elements to justify the initiation of the forfeiture procedure pursuant to article 24 of Ministerial Decree 169/20.

This Addendum was approved by the Board of Directors on 9 November 2023 and is published on the Bank's website at www.bancodesio.it, in the "Home/The Bank/Governance/Corporate documents" section

Desio, 9 November 2023

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