Banco di Desio e della Brianza S.p.A.

Corporate Governance Project of the Banco Desio Group

(December 2025)

CONTENTS

1 PURPOSE AND SCOPE 7

2 REGULATORY FRAMEWORK 8

2.1 REGULATORY SOURCES 9

3 GROUP ORGANISATIONAL STRUCTURE 10

3.1 ADMINISTRATION AND CONTROL 13

3.2 SHARE CAPITAL AND OWNERSHIP STRUCTURE 16

3.3 SHAREHOLDERS' MEETING AND SHAREHOLDERS' RIGHTS 17

3.4 BOARD OF DIRECTORS, MANAGEMENT CONTROL COMMITTEE AND CHAIRPERSON - HONORARY CHAIRPERSON 19

3.4.1 *Composition and appointment of the Board of Directors and the Management Control Committee* 19

3.4.2 *Powers* 24

3.4.3 *Chairperson of the Board of Directors* 29

3.4.4 *Honorary Chairperson* 31

3.5 BOARD COMMITTEES 32

3.6 SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE NO. 231/2001 39

4 SYSTEM OF POWERS AND AUTHORITY 39

4.1 *General outlines* 39

4.2 *Executive Committee - Chief Executive Officer - General Manager - Deputy General Manager - Representative in charge of Anti-Money Laundering* 40

4.2.1 *Executive Committee* 40

4.2.2 *Chief Executive Officer* 41

4.2.3 *General Manager* 41

4.2.4 *Deputy General Manager* 43

4.3 *Representative in charge of Anti-Money Laundering* 43

4.4 *Management Committees* 44

5 INCENTIVE AND REMUNERATION SYSTEMS 46

6 MANAGEMENT OF CONFLICTS OF INTEREST 48

7 INTERNAL CONTROL SYSTEM 49
7.1 *General characteristics of the Control System of the BDB Group* 49
7.2 *Role of the Corporate Bodies* 51
7.2.1 *BoD* 51
7.2.2 *Management Control Committee* 52
7.2.3 *Risk and Sustainability Committee* 53
7.2.4 *Chief Executive Officer and/or General Manager;* 53
7.3 *Role of the Management Committees* 54
7.3.1 *Control Departments Coordination Committee (CDCC)* 54
7.3.2 *Risk Management Committee (RMC)* 54
7.4 *Company control departments* 55
7.4.1 *Internal Audit ("Chief Audit Officer" or "CAE")* 55
7.4.2 *Risk Management ("Chief Risk Officer" or "CRO")* 55
7.4.3 *Compliance &* Anti-Money Laundering *("Chief Compliance & AML Officer" or "CCO")* 56
7.5 *Other Control Departments* 57
7.5.1 *Financial Reporting Officer* 57
7.5.2 SB 59
7.5.3 Statutory audit 59
7.5.4 Whistleblowing and Recovery 60
7.6 FINANCIAL DISCLOSURE PROCESS - RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM FOR THE FINANCIAL DISCLOSURE PROCESS 60
7.7 REFERENCE INTERNAL REGULATIONS AND INFORMATION FLOWS 62
8 BANKING GROUP - RELEVANT ENTITIES 63
9 ATTACHMENT 68
9.1 ATTACHMENT 1: BANCO DESIO ORGANISATIONAL CHART 68

DEFINITIONS AND GLOSSARY:

Capitalised terms and expressions have the meaning attributed to them in this paragraph or, if defined elsewhere in this document, in that other place

AC or **Appointments Committee**: the Appointments Committee of Banco Desio in accordance with the provisions of this Project

AML: acronym for Anti-Money Laundering

Articles of Association: indicates the Articles of Association of Banco Desio as resulting from the proposed amendments to the Articles of Association instrumental and related to the adoption of the "*one-tier*" administration and control model as indicated in this Project

Banco Desio or **Bank** or **Parent Company** or also **Company**: Banco di Desio e della Brianza S.p.A.

BoD or **Board of Directors** or **Board**: the Board of Directors of Banco Desio in accordance with the provisions of this Project

CBL or **Consolidated Banking Law**: Italian Legislative Decree No. 385 of 1 September 1993 as amended, in force on the Date of the Corporate Governance Project

CCD: the Company Control Departments of Banco Desio, i.e. the Internal Audit, Risk Management, Compliance, Anti-Money Laundering and Internal Validation Departments

CEO: is the main party responsible for managing the company

CFA or **Consolidated Finance Act**: Italian Legislative Decree No. 58 of 24 February 1998 as amended, in the version in force and applicable at the Date of the Corporate Governance Project

Corporate Governance Code or **CG Code**: the Corporate Governance Code for Listed Companies of January 2020, approved by the Corporate Governance Committee

Corporate Governance Project or **Project**: this corporate governance project relating to the Group, pursuant to the Supervisory Provisions

CRD IV: Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013, on the access to the activities of credit institutions and the prudential supervision of credit institutions and investment companies, as amended.

Date of the Corporate Governance Project: the date of approval of this Project by the Board of Directors of Banco Desio on 11 December 2025

EC or **Executive Committee**: the Executive Committee of Banco Desio in accordance with the provisions of this Project

Euronext Milan: the Euronext Milan regulated market, organised and managed by Borsa Italiana S.p.A.

Financial Reporting Officer*:* the executive in charge of drawing up the corporate accounting documents of Banco pursuant to the CFA

Group: the Banking Group as defined by the CBL headed by the Bank

ICAAP: an acronym for Internal Capital Adequacy Assessment Process

ICT: an acronym for Information and Communication Technology

ILAAP: an acronym for Internal Liquidity Adequacy Assessment Process

Italian Civil Code: Royal Decree No. 262 of 16 March 1942 as amended

Managers with strategic responsibilities: the General Manager and the Deputy General Manager(s) of Banco Desio from time to time in office (where appointed) and the other parties so defined for the purposes of the remuneration policies adopted by Banco Desio

MAR or **Market Abuse Regulation**: Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as amended

MCC or **Management Control Committee**: the Management Control Committee of Banco Desio in accordance with the provisions of this Project

RAF: an acronym for Risk Appetite Framework

RAS: an acronym for Risk Appetite Statement

RC or **Remuneration Committee**: the Remuneration Committee of Banco Desio in accordance with the provisions of this Project

Representatives: the Directors, the General Manager and the Deputy General Manager(s) (where appointed), from time to time in office

RPTC or **Related Party Transactions Committee**: the Related Party Transactions Committee of Banco Desio

RSC or **Risk and Sustainability Committee**: the Risk and Sustainability Committee of Banco Desio

SB: the Supervisory Body pursuant to Italian Legislative Decree No. 231/2001 as amended

Subsidiaries: indicates, jointly, Fides S.p.A., Desio OBG S.r.l, Dynamica Retail Agenzia in attività finanziaria S.r.l.[1]

Supervisory Authority: Bank of Italy and/or Consob as the case may be

Supervisory Provisions: Bank of Italy Circular No. 285 of 17 December 2013 as amended

Top Management: normally includes the Chief Executive Officer, the General Manager and the Deputy General Manager(s) (where appointed)[2]

[1] On the Date of the Corporate Governance Project, the merger by incorporation of Dynamica Retail S.p.A. into Fides S.p.A. was completed. The merger took legal effect on 6 December 2025.

2 In this Corporate Governance Project, "Deputy General Manager" means the Deputy General Manager, if any, or, if more than one, the Deputy General Managers appointed as and when.

1 PURPOSE AND SCOPE

The purpose of this Corporate Governance Project is to clarify the reasons behind the choice of the administration and control model, as well as to describe the statutory and internal organisation structures of Banco Desio resulting from the adoption of this model, pursuant to the requirements of the Supervisory Provisions, Title IV, "*Corporate governance, internal controls, risk management*", Chapter 1, "*Corporate Governance*".

This Corporate Governance Project, drawn up at consolidated level, represents the reasons that make the administration and control model most suitable for ensuring the efficiency of management and the effectiveness of controls and illustrates the specific choices relating to the organisational structure, shareholders' rights, the financial structure, the methods for managing conflicts of interest. With reference to the Parent Company, the Project also describes the methods of reconciliation between the corporate bodies and departments of the various components of the Group, with a special focus on the profiles relating to the system of governance of controls and, for all Subsidiaries, provides evidence of the structures adopted as regards the management and coordination of the Group. The depth of the analysis for the Subsidiaries is tiered in application of the principle of proportionality and specific criteria that consider profiles of a dimensional/organisational nature or related to the riskiness contributed by the individual Group companies.

Pursuant to the Supervisory Provisions, the Project was drawn up in the context of the proposal to adopt the "one-tier" administration and control system that will be submitted to the approval of the Shareholders' Meeting of Banco Desio (jointly with the proposals to amend the Articles of Association of Banco Desio instrumental in and related to the adoption of said system), subject to the verification by the Bank of Italy, pursuant to Articles 56 and 61 of the Consolidated Banking Law, that the proposed amendments to the Articles of Association do not conflict with sound and prudent management. The aforementioned amendments to the Articles of Association will be effective from the date of renewal of the corporate bodies currently in office.

This Corporate Governance Project therefore illustrates the changes to the organisational and administrative structure as well as to the internal control system, envisaged by the proposed adoption of the "one-tier" administration and control system approved by the Bank's Board of Directors on 11 December 2025, subject to the favourable opinion of the Board of Statutory Auditors[3]. Therefore, on the aforementioned dates, this Corporate Governance Project was approved, to the extent of their respective competence, also for the purposes of its presentation to the Bank of Italy pursuant to the Supervisory Provisions.

[3] The Bank's Compliance Department also issued its compliance opinion.

This Project is updated and submitted to the Bank of Italy, in accordance with the Supervisory Provisions.

The Subsidiaries must implement - for the above - this Project by resolution of their competent corporate bodies, bringing said implementation to the attention of the Parent Company.

2 REGULATORY FRAMEWORK

Pursuant to the Supervisory Provisions, effective organisational and corporate governance structures are, for all companies, a prerequisite for the pursuit of corporate objectives; this is particularly important for banks due to the specific characteristics of banking activities and the public interests protected by the legal system. In particular, the organisational and corporate governance structures of banks, in addition to pursuing the interests of the company, must ensure conditions of sound and prudent management, which are an essential objective of regulation and supervisory controls.

In this context, the Supervisory Provisions delegate to the bank the definition, on the basis of a careful assessment of the specific company characteristics, of a corporate governance structure that is suitable for ensuring the efficiency of management and the effectiveness of controls. In particular, the banks have the right to define, on the basis of an in-depth self-assessment, the most suitable model to ensure the aforementioned objective, choosing from the three models (i.e. traditional, dual-tier and one-tier) set forth in the provisions of the Italian Civil Code, as supplemented by the same Supervisory Provisions, taking into account, in particular, the following elements: the ownership structure and the relative degree of openness to the risk capital market; the size and operational complexity; medium and long-term strategic objectives; the organisational structure of the group. The above is carried out by also taking into account the costs associated with the adoption and operation of the chosen system.

In this regard, the same Supervisory Provisions show that the alternative models to the traditional one (i.e. one-tier and dual-tier) can also meet the needs of banks that operate to a significant extent on international markets, or with a strong propensity for innovation, also in the field of governance, and dialogue with international investors and stakeholders, in which these models are most widely known, as well as in the presence of extraordinary factors or events that constitute moments of discontinuity in the life of the company (e.g. combinations, changes in the control structure).

In any case, the model adopted by the bank must be consistent with long-term corporate strategies.

In this context, the Corporate Governance Code, to which the Bank adheres, reiterates that the administrative body is responsible for defining the most functional corporate governance system for the performance of the company's activities and the pursuit of its strategies, taking into account

the autonomy that the legal system recognises to companies in this area. Pursuant to the Corporate Governance Code, it is therefore the task of the Board of Directors to assess and promote the appropriate changes to the corporate governance system, submitting them to the Shareholders' Meeting (when applicable).

In particular, if deemed necessary to define a corporate governance system more in keeping with the needs of the company, the Board of Directors draws up reasoned proposals to be submitted to the Shareholders' Meeting regarding, among other things, the choice and characteristics of the traditional, one-tier or two-tier corporate governance model.

2.1 REGULATORY SOURCES

The main regulatory sources that govern the Corporate Governance Project and regulate the administration and control system of Banco Desio described therein, as well as the choices made by the Bank for this purpose, are as follows:

- Article 53, paragraph 1, lett. d) of the Consolidated Banking Law, which assigns to the Bank of Italy, in accordance with the resolutions of the CICR, the task of issuing general provisions concerning corporate governance, administrative and accounting organisation, as well as internal controls and remuneration and incentive systems;
- Article 56 of the Consolidated Banking Law, which requires the Bank of Italy to ensure that the provisions of the Articles of Association of the banks do not conflict with the principles of sound and prudent management;
- Articles 60 and 61 of the Consolidated Banking Law, which govern the banking group;
- Article 67 of the Consolidated Banking Law, which, in order to carry out consolidated supervision, assigns to the Bank of Italy, in accordance with the resolutions of the CICR, the right to issue to the banking parent company, with general or special measures, instructions concerning the group as a whole or its members, concerning corporate governance, administrative and accounting organisation, as well as internal controls;
- the Supervisory Provisions and the provisions referred to therein;
- the CRD IV;
- EBA: Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2017/11 of 26 September 2017 and subsequent updates);

- Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (EBA/GL/2017/12 and subsequent updates);
- ECB: Guide to fit and proper assessments, May 2018 and subsequent updates;
- the Italian Civil Code (and, in particular, Articles 2409-*sexiesdecies* et seq. and the provisions referred to therein);
- the Consolidated Finance Act (and, in particular, Part IV, Title III, Sections VI-*bis* and V, as well as the provisions referred to therein and the related implementing provisions);
- the Corporate Governance Code;
- Decree of the Ministry of Economy and Finance No. 169 of 23 November 2020, on the requirements of bank representatives (the "**MEF Decree**").

The internal regulatory sources include, in particular, the following:

- the Corporate Bodies Internal Regulations;
- the Group Corporate Bodies Self-Assessment Regulations;
- the Group Management and Coordination Regulations;
- the Policy for the promotion of diversity and inclusion;
- the Shareholder Engagement Policy;
- the Policy on Coordination and Information Flows of the Internal Control System;

3 GROUP ORGANISATIONAL STRUCTURE

As at the Date of the Corporate Governance Project, Banco Desio is the parent company of the banking group of the same name, pursuant to Articles 60 and 61 of the CBL, which, at the same date, includes the following companies (i.e. the Subsidiaries).

Banco Desio e della Brianza S.p.A.	Parent bank
Fides S.p.A.	Finance company, registered in the single register pursuant to Article 106 of the CBL held by the Bank of Italy, controlled (100%)
Desio OBG S.r.l.	Directly controlled (60%) special purpose vehicle for the issue of Covered Bonds
Dynamica Retail Agenzia in attività finanziaria S.r.l.	Company indirectly controlled through Fides S.p.A.

The following chart illustrates the structure of the Group at the Date of the Corporate Governance Project.

For further information on the Subsidiaries considered relevant by the Bank for the purposes of this Project, please refer to paragraph 8 below.

** ** **

Banco Desio exercises management and coordination activities over the Subsidiaries, 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 Management and Coordination Regulations" that regulate the matter as a whole were adopted.

Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. ("**Brianza Unione**" or the "**Parent Company CRR**"), a finance company whose main purpose is the management of the controlling equity investment 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 of the CBL).

As the result of a specific Articles of Association provision, however, it does not exercise management and coordination activities over Banco Desio and its subsidiaries, based on neither banking legislation nor statutory provisions. Brianza Unione does not hold any other equity investments.[4]

3.1 ADMINISTRATION AND CONTROL

Taking into account the responsibilities of the Board of Directors and the Shareholders' Meeting respectively with regard to the choice of the administration and control model, on 11 December 2025, the Board of Directors of Banco Desio, subject to the favourable opinion of the Board of Statutory Auditors issued on 10 December 2025[5], resolved to propose to the Shareholders' Meeting the adoption of the "one-tier" administration and control system and the amendments to the Articles of Association of Banco Desio related to the adoption of said system, all subject to the issue by the Bank of Italy of the assessment measure envisaged by Articles 56 and 61 of the Consolidated Banking Law.

This model requires the administration and control functions to be exercised, respectively, by the Board of Directors and the Management Control Committee (established within the Board of Directors), both appointed by the Shareholders' Meeting.

Pursuant to the Supervisory Provisions, banks that choose the "one-tier" system as their governance model must take the necessary precautions - statutory, regulatory and organisational - to prevent possible prejudicial effects on the effectiveness and efficiency of the controls stemming from the simultaneous presence of administration and control functions in the same body.

The objectives of optimising the corporate governance system that the Bank pursues with the adoption of the one-tier model relate to the following aspects:

- clear distinction of roles and responsibilities of the main players in the Bank's governance, at the same time reducing duplications and reducing the operating costs of corporate "mechanisms" through greater operational streamlining;
- appropriate balancing of powers;
- balanced composition of the bodies and in particular of the board committees;

[4] In accordance with Articles 11 and 99 of Regulation EU No. 575/2013 (CRR) Brianza Unione is also currently obligated to forward prudential supervisory reports (COREP) and statistical reports (FINREP) on a consolidated basis, being qualified by the Bank of Italy as the "CRR Parent Company". 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.

[5] The Bank's Compliance Department also issued its compliance opinion. The opinion of the Board was formalised on 12 December 2025

- effectiveness of the internal control system;
- monitoring of company risks; and
- adequacy of information flows.

Consistently, the proposed adoption of the aforementioned one-tier governance model is based on the following elements and considerations, which also represent the main characteristics of this governance model:

- ✓ strong cohesion between the strategic supervision, management and control departments and greater coordination of the processes of these departments;
- ✓ greater involvement and co-responsibility of directors in the process of making strategic decisions and controlling their execution, as well as positive impacts in terms of the ability to prevent potential management critical issues and the pursuit of sound and prudent management. The presence within the same body of the strategic supervision function and the control function ensures continuous and integrated supervision of the legitimacy and merit of the work of the directors, through preventive and "self-corrective" supervisory activities in the administrative body, subsequently with greater effectiveness of the latter;
- ✓ greater overall relevance of the independent members of the Board of Directors in the performance of this internal supervisory activity; consequent elimination of inefficiencies (misalignments and overlaps depending on the case) determined by the existence of a separate control body;
- ✓ more efficient corporate governance thanks to a more rational division of tasks and powers, as well as the related responsibilities, between the control body (the Management Control Committee) and the Board Committees as well as between the Committees themselves and, in particular, between this body with control departments and the competent risk committee (the RSC);
- ✓ more fluid circulation and greater sharing of information between the delegated bodies, the Board of Directors and the Management Control Committee with the resulting reduction of information asymmetries between the corporate bodies, and therefore with more conscious action by the bodies themselves ("informed action");
- ✓ more constructive dialogue and greater continuity of dialogue between the delegated bodies, the Board of Directors and the Management Control Committee;

- ✓ savings in operating times and costs through greater integration of preliminary, management and supervisory activities, without prejudice to a clear distinction of roles and responsibilities;
- ✓ strong interrelation between the Board of Directors and the internal control departments (also through the formalisation of specific information flows between the Management Control Committee and the departments themselves) with positive effects in terms of further strengthening of the internal control and risk management system.

The structure proposed and described above also promotes, by virtue of the elements of cohesion and prevention mentioned above, the function of the Board of Directors, as a strategic supervisory body pursuant to the legislation in force at the time, which guides the Bank in the pursuit of sustainable success with the aim of creating long-term value for the benefit of shareholders, taking into account the interests of stakeholders and the impacts that its work may have from an environmental, social and economic perspective, as well as in stimulating innovation.

Similarly, said structure fosters dialogue with shareholders and engagement with institutional investors; in this regard, the Bank has adopted a policy for managing dialogue with shareholders in general, which governs the principles underlying a structured Shareholder Engagement process, with the aim of improving the involvement of Shareholders in corporate governance, defining 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 shareholder structure.

In addition, it should be noted that in relations with shareholders, Banco Desio adopts, in compliance with current legislation and the aforementioned policy, Shareholder engagement practices aimed at improving corporate governance and discouraging the assumption of an excessive level of risk. 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 key information for 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.

According to the Supervisory Provisions, the adoption of the one-tier model also requires the provision and implementation of appropriate precautions, in the rules of the articles of association and internal regulations, as well as at organisational level, aimed at preventing possible prejudicial effects on the effectiveness and efficiency of controls deriving from the simultaneous presence, in the same body, of both administration and control functions.

Therefore, in compliance with the Supervisory Provisions, the governance structure of Banco Desio, following the adoption of the one-tier model, provides for the adoption of appropriate controls to ensure the adequacy of information flows, so as to ensure that the components of the Management Control Committee can exercise thorough and timely supervision. These controls consist, for example, of (i) the establishment of specific information flows between the MCC and the CCDs to be carried out through the transmission to the MCC, by the CCDs, of periodic reports of the CCDs and/or timely information of the CCDs in the event of specific and significant events and circumstances; (ii) the provision of measures aimed at regulating the coordination between the MCC and the RSC (such as, for example, the sharing of a member or the participation of a representative of a committee in the meetings of the other committee and/or the convening of any joint meetings based on the topics discussed and while maintaining the distinction of roles), as well as specific information flows; (iii) the strengthening of the flows from the delegated bodies, in favour, in particular, of the MCC and the provision of information flows between the MCC and the Financial Reporting Officer as well as with the Independent Auditors; (iv) the organisational autonomy of the MCC for the purposes of carrying out the control function (i.e. independent meetings, periodically and with separate minutes).

Lastly, the Management Control Committee may carry out inspections or controls as required by applicable regulations.

3.2 SHARE CAPITAL AND OWNERSHIP STRUCTURE

At the date of this Corporate Governance Project, Banco Desio's share capital, fully subscribed and paid up, amounted to Euro 70,692,590.28 and consisted of a total of 134,363,049 ordinary shares with no par value.[6]

Banco Desio's ordinary shares (code ISIN IT0001041000) are traded on Euronext Milan and confer on their holders the rights and obligations provided for by current legislation (in particular, the right to profits and voting rights pursuant to Articles 2350 and 2351 of the Italian Civil Code), without any statutory 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. 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.

The Articles of Association do not contain any specific provisions restricting voting rights, except for the prohibitions provided for by special legislation (e.g. failure to obtain authorisation to acquire significant equity investments, failure to meet the integrity requirements for shareholders,

[6] As at the Date of the Corporate Governance Project, the process of amending the Articles of Association for the cancellation of the 2,888,242 treasury shares of the Bank purchased as part of the buy-back programme implemented between July 2024 and May 2025 was in progress.

failure to fulfil certain disclosure obligations to the Bank of Italy and Consob, etc.).

3.3 SHAREHOLDERS' MEETING AND SHAREHOLDERS' RIGHTS

The main provisions of the Articles of Association containing the rules for the ordinary and extraordinary Shareholders' Meetings of Banco Desio are reported below.

Pursuant to Article 83-*sexies* of the CFA 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.

Pursuant to Article 2370, paragraph 4 of the Italian Civil Code, participation in the Shareholders' Meeting may take place by means of telecommunication, within the limits of any provisions set forth in the notice of call and in the manner permitted by the Chairperson of the Shareholders' Meeting. Where required and/or permitted by law and/or the regulations in force at the time, the notice of call may establish that the Shareholders' Meeting will be held exclusively by means of telecommunication, omitting any indication of the physical location of the meeting.

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

Pursuant to Article 9 of the Articles of Association, where required and/or permitted by the regulatory provisions in force at the time, the Bank may set forth that, for each shareholders' meeting, the participation and exercising of the right to vote at the Shareholders' Meeting by those entitled to do so may take place exclusively through a designated representative, in accordance with the provisions of the Board of Directors and as indicated in the notice of call. The designated representative may also be granted proxies and sub-delegations in compliance with the legislation in force at the time. In this case, the notice of call specifies, also by reference to the company's website, the procedures for conferring proxies on the designated representative.

Shareholders may ask questions about the items on the agenda, including prior to the Shareholders' Meeting, pursuant to the laws and regulations in force at the time and as explained in detail in the notice of call for the Shareholders' Meeting.

In addition, 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, pursuant to the laws and regulations in force at the time and as explained in detail in the notice of call for the Shareholders' Meeting.

The Shareholders' Meeting Regulations govern the functioning of the meetings with the aim of guaranteeing the orderly participation of those entitled to attend. The basic principle of the Shareholders' Meeting Regulations is to recognise, in observance of legal and Articles of Association provisions, an adequate level of discretionality in the powers of the Chairperson, aimed at permitting appropriate flexibility in handling shareholders' meeting business and ensuring the effective exercise of the rights of the shareholders, in particular the right to take part in the discussion, also with the option to reply. The provisions strictly pertaining to the assumption of the Chairperson of the Meeting, the right to attend, personally or via proxy, the right to vote and the resolutions adopted by the meeting, are disciplined by the Articles of Association, which furthermore do not envisage departures from legal regulations.

The minutes of the Extraordinary Shareholders' Meeting must be drawn up by a Notary Public designated by the Chairperson or by the person acting in his stead; the minutes of Ordinary Shareholders' Meetings are usually taken by a Notary Public.

The Shareholders' Meeting shall be chaired by the Chairperson of the Board of Directors or, in the event of their absence or impediment, by the most senior Deputy Chairperson, or in the event of their absence or impediment, by the other Deputy Chairperson, if appointed, or, in the event of their absence or impediment, by the most senior director among those present, or, in the event of the absence or impediment of all directors, by the person appointed by the Shareholders' Meeting, except in the case in which the Shareholders' Meeting is held exclusively through the participation of the designated representative. The Chairperson of the Shareholders' Meeting is vested with the powers laid down by law and by the Articles of Association.

Pursuant to Article 7 of the Articles of Association, the Shareholders' Meeting is called in the cases and within the terms provided for by law, it being understood that, in any case, the Ordinary Shareholders' Meeting is called at least once a year within one hundred and twenty days of the end of the financial year.

Pursuant to Article 11 of the Articles of Association, resolutions passed by the Shareholders' Meeting of the Bank are valid if taken with the presence and majority required by law.

The right of withdrawal of shareholders is permitted only in the cases mandatorily provided for by law. In addition, the terms and methods of exercising the right of withdrawal, the criteria for determining the value of the shares and the liquidation procedure are governed by law.

Pursuant to Article 27 of the Articles of Association, the net profit resulting from the financial statements for the year, after deducting the 10% due to the legal reserve, as well as a further portion of no less than 10% to be allocated to the statutory reserve, shall be distributed (in whole or in part) among all the shares, entitled to it, constituting the share capital, as a dividend, and/or set aside to further increase the same statutory reserve, and/or allocated to other reserves, and/or allocated to contributions for socio-cultural purposes, and/or carried forward, all in accordance with the resolutions of the Shareholders' Meeting.

3.4 BOARD OF DIRECTORS, MANAGEMENT CONTROL COMMITTEE AND CHAIRPERSON - HONORARY CHAIRPERSON

The one-tier administration and control model comprises the Board of Directors and the Management Control Committee.

3.4.1 Composition and appointment of the Board of Directors and the Management Control Committee

Pursuant to Article 14 of the Articles of Association, the management is exercised by a Board of Directors composed of a minimum of 11 (eleven) and a maximum of 15 (fifteen) members, according to the determination of the Shareholders' Meeting and, in any case, in compliance with the gender balance as required by the laws and regulations in force at the time. Control is carried out by a Management Control Committee, composed of 3 (three) members of the Board of Directors, identified internally in compliance with the provisions of the Articles of Association. All members of the Board must meet the requirements envisaged by the primary and secondary legislation in force at the time, as better specified below.

The composition of the Board of Directors must in any case comply, as mentioned, with the laws and regulations in force at the time on gender balance; in addition, in compliance with the good practice also highlighted by the Supervisory Provisions, these regulations also apply with regard to the composition of the Management Control Committee, as well as, by virtue of the diversity policies adopted by Banco, of the Board Committees (see paragraph 3.5 below).

As at the Date of the Corporate Governance Project, without prejudice to the resolutions pertaining to the Shareholders' Meeting, also considering the characteristics and size of the Bank itself and the Group, it is believed that an adequate size for the Board of Directors of the Bank is 13 representatives, 3 of whom are members of the Management Control Committee.

Article 14 of the Articles of Association also provides that the majority of the members of the Board of Directors must meet the independence requirements prescribed by the provisions and regulations in force at the time. An independent director who no longer meets the requirements of independence after their 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 of the aforementioned office, the remaining number of independent directors is not sufficient to ensure compliance with the provisions, including statutory, that establish a minimum number of independent directors, the director who does not meet the aforementioned requirements also leaves the office of non-independent director. In any case, even in the presence of the aforementioned minimum number of independent directors, the director who has held, for more than nine years out of the last twelve, the office of member of the Board of Directors of the company also forfeits the position of non-independent director.

The members of the Management Control Committee must also meet the independence requirements for the performance of this office envisaged by the laws and regulations applicable at the time. Failure to meet the independence requirements prescribed by the laws and regulations in force at the time for the performance of the office of member of the Management Control Committee and of independent director, entails the forfeiture of both of the aforementioned offices.

Also taking into account the provisions of the Articles of Association, the independent directors, in terms of number and according to their profiles, will therefore allow an adequate balance with respect to the executive members of the Board of Directors (described in the following paragraphs of this Project); these independent directors will make up the Management Control Committee, as well as the Board Committees in any case as required by the laws and regulations in force at the time and by the CG Code (see paragraph 3.5 below). In addition, it is envisaged that the independent directors will meet in the absence of the other members of the Board of Directors in compliance with the provisions of the Corporate Bodies Internal Regulations also with regard to the frequency and functioning, assuming at this juncture that the coordination of these meetings (which will be held separately from those of the Committees) may be entrusted to the Chairperson of the Management Control Committee.

Pursuant to the law and the Articles of Association, minority representation is also recognised; in particular, the mechanism for the appointment of the Board of Directors and the Management Control Committee sets forth that two members of the Board of Directors may be taken from the "Minority List" (as defined below) as illustrated below. In addition, at least one of these members will be part, also in compliance with the Supervisory Provisions, of one (or more) Board Committees and, also as a result of the provisions of the Articles of Association, the minority representative elected to the Management Control Committee will also take on the role of Chairperson of the same MCC.

Pursuant to the Articles of Association, the appointment of the BoD is governed by the procedure set out in Article 147-ter of the CFA, in accordance with the list voting mechanism. In addition, the mechanism for the election of the Board of Directors envisaged by the Articles of Association guarantees compliance with the regulations on "gender quotas".

Those who find themselves in situations of impediment and ineligibility or do not meet the eligibility requirements envisaged by the laws and

regulations in force at the time for the performance of the respective offices in a bank issuing listed shares cannot be appointed members of the Board of Directors and, if applicable, of the Management Control Committee and, if appointed, forfeit their office; in particular, they must meet the requirements of integrity and professionalism and comply with the criteria of competence, fairness and time commitment envisaged by the laws and regulations in force at the time, as well as the limits on the accumulation of offices prescribed by said legislation. For the purposes of the provisions of the regulations implementing the CFA on professionalism requirements, the following are considered subjects and business sectors strictly related to the company's activities:

- legal, economic, financial and technical-scientific subjects relating to banking companies, securities brokerage companies, asset management companies, financial companies in general and insurance undertakings;
- business sectors relating to credit, securities brokerage, asset management and finance in general, insurance, as well as technical, economic and legal consultancy in the same areas.

Shareholders who, alone or together with other shareholders, hold the minimum shareholding in the share capital established by Consob by regulation, have the right to submit a list; the aforementioned share is indicated in the notice of call of the Shareholders' Meeting called to resolve on the appointment of this body. Lists must be filed at the registered office no later than the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve on the appointment of the members of the Board of Directors and of the Management Control Committee, supported by:

- the information on the identity of the shareholders submitting them, with an indication of the total percentage of shares held;
- a declaration by the submitting shareholders, other than those who hold, even jointly, a controlling interest or a relative majority interest, certifying the absence of any connection with the latter, also taking into account the recommendations formulated by Consob on the matter;
- from the CVs of the candidates and the declarations with which they accept their candidacy and certify the non-existence of causes for impediment and ineligibility, as well as the possession of the legal, regulatory and statutory requirements to hold the office of director of the Company (and if necessary also as a member of the Management Control Committee) and the satisfaction of the independence requirements in accordance with the provisions of the Articles of Association.

After determining the number of members of the Board of Directors, the Ordinary Shareholders' Meeting appoints the directors on the basis of lists

submitted by the shareholders, in which no more than fifteen candidates must be listed in sequential order. The voting procedures ensure that it is the Shareholders' Meeting that appoints those who hold the office of Management Control member from among the members of the Board of Directors.

Each list must include two distinct sections of names, with assignment to the candidates of a progressive numbering, of which: (i) the first section (where used), must indicate the candidates for the office of member of the Board of Directors other than the candidates for the office of member of the Management Control Committee; (ii) the second section must indicate at least one candidate for the office of member of the Management Control Committee. Each section of each list that contains a number of candidates equal to or greater than 3 (three) must include both genders in order to comply with the aforementioned provisions on the matter. In addition, each list with a first section containing a number of candidates equal to or greater than 3 (three) must present a total number of candidates who meet the independence requirements, considering both sections, equal to the majority of the aforementioned number of candidates.

A shareholder may not submit or vote for more than one list, even through an intermediary or trust company. Shareholders belonging to the same group and shareholders who are parties to the same shareholders' agreement concerning the company's shares, may not submit or vote for more than one list, even through an intermediary or trust company. A candidate may only be on one list under penalty of ineligibility. An outgoing director may also stand for re-election on a list submitted by shareholders other than those who previously nominated and elected them, subject to the conditions set out in the preceding sections.

Lists submitted without complying with the above requirements shall be considered as not submitted. Votes cast in violation of the above prohibitions shall be considered as not submitted.

In the event of the submission of two or more lists of candidates, the election of directors shall proceed as follows.

For the purposes of the election of the members of the Board of Directors not belonging to the Management Control Committee:

- from the first section of the list that has obtained the majority of votes (the "**Majority List**"), a number of directors is elected equal to the number of members to be appointed (excluding the members of the Management Control Committee) minus 1 (one), according to the sequential order indicated in the first section of the list;
- the remaining director (not belonging to the Management Control Committee) is elected from the first section of the list that obtained the second highest number of votes and does not have, in any way, not even indirectly, any connection qualified as relevant by the regulations

in force at the time with those who submitted or voted for the Majority List ("**Minority List**"), in the person of the first candidate based on the sequential order in which the candidates are indicated in the first section of the list. If the first section of the Minority List has not been used, all the directors to be appointed (not belonging to the Management Control Committee) are taken from the first section of the Majority List.

For the purposes of the election of the members of the Management Control Committee:

- two (2) directors from the second section of the Majority List shall be elected as members of the Management Control Committee, namely the first two candidates in the order in which they appear in the second section of that list;
- the remaining director on the Management Control Committee is elected from the second section of the Minority List, namely the first candidate in the order in which the candidates are listed in the second section of that list. The director thus elected assumes the office of Chairperson of the same Management Control Committee.

In the event of a tie between two or more minority lists that are second in terms of number of votes with respect to the Majority List, a new vote is held by the Shareholders' Meeting on the same lists, and the candidates of the list that obtains the relative majority of the lists are elected, or, alternatively, the candidates on the minority list submitted by the shareholders with the largest shareholding, in compliance with the gender balance as set forth in the laws and regulations in force at the time, and the other provisions in force.

For the purpose of allocating the directors to be elected, lists that did not obtain a percentage of votes equal to at least half of that required for their submission, shall not be considered.

If the composition of the body resulting from the application of the mechanism described does not permit compliance with the gender balance or the necessary number of directors in possession of the independence requirements required by the Articles of Association, taking into account the order in which the candidates are listed, the last elected members of the Majority List of the more represented gender, in the number needed to ensure compliance with the aforementioned requirements, do not assume office and shall be replaced by the first non-elected candidates from the same list (and section) of the less represented gender or in possession of the independence requirements, or in their absence, by the candidates indicated in another section of said list and meeting the requirements set out in the laws and regulations in force at the time. If, even by applying these replacement criteria, suitable replacements are not identified, the Shareholders' Meeting supplements the body with the legal majorities, ensuring that the requirements envisaged by the laws and regulations in force at the time are met.

Connections among shareholders, also for the purpose of calculating list votes, exist in the cases provided for by the applicable laws and

regulations. However, if a person, who is connected with a shareholder who has submitted or voted for the list that has obtained more votes, has voted for a minority list, the existence of such connection becomes relevant only if the vote was decisive for the election of the director.

If only one list of candidates is submitted, or if no lists are submitted, or if directors are not appointed, for any reason whatsoever, pursuant to the above procedure, the Shareholders' Meeting shall pass resolutions according to the majorities set forth by law, in compliance with the gender balance set forth by the laws and regulations in force at the time and the other provisions in force and applicable, including therein those relating to the necessary number of directors meeting the independence requirements.

Without prejudice to the above in relation to the documentation accompanying the lists, the assessment of the suitability of the members of the Board of Directors and the MCC is carried out in accordance with the applicable regulations (including the MEF Decree and the "*Supervisory provisions regarding the procedure for assessing the suitability of representatives of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee systems*") and the Policy adopted by the Bank in this regard.

Pursuant to Article 15 of the Articles of Association, should one or more directors cease to hold office during the financial year, or should the number of directors meeting the independence requirements laid down in the Articles of Association fall below the prescribed minimum, the necessary measures shall be taken to ensure their prompt replacement, in compliance with the gender balance as required by the laws and regulations in force at the time and the other provisions in force, as well as in compliance with the additional provisions contained in Article 15 of the Articles of Association.

In the event that at least half of the directors in office cease to hold office, the entire Board shall be deemed to have ceased to hold office starting from the effective date of the resolution for the appointment of the new Board, passed by the Shareholders' Meeting, which must be urgently convened for this purpose.

3.4.2 *Powers*

3.4.2.1 Roles and responsibilities of the Board of Directors

The Board of Directors is the Company's strategic supervisory and management body[7]. With the support of the Board Committees, to the extent

[7] The strategic supervision functions are carried out by the Board of Directors (which also performs the management function as part of the responsibilities not delegated to other bodies and parties); the Chief Executive Officer is identified as the body with management function within the scope of the responsibilities delegated to him, the General Manager (where appointed) participates in the management, as the head of the internal organisation.

of their respective competence, it is responsible for the matters reserved to it exclusively by law (including the Supervisory Provisions and the legislation applicable to listed companies), the Articles of Association and the CG Code, including:

- the review and approval of the "significant" transactions also carried out by the subsidiaries; the term significant means, by way of example, but not limited to such, at least the following extraordinary transactions: share capital increases, transfers in companies, acquisitions/sales of business units, transformations and liquidations, the merger by 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 closure of branches and representative offices (furthermore, without prejudice to the provisions established for "Most Significant Transactions" or "MST" by specific Regulations approved by the Board of Directors);
- the appointment and removal of the General Manager and/or the Deputy General Manager(s) (where appointed), of Managers, of the Heads of the Control Departments;
- the determination of powers and responsibilities to the parties referred to in the previous paragraph as well as to the other employees identified by the internal regulations according to the roles (possibly also with the right to sub-delegate);
- the definition of policies affecting the general management of the company's and the group's business, as well as - within this framework - decisions concerning strategic guidelines and transactions, business and financial plans, as well as those concerning, again at the level of strategic supervision, the internal control and risk management system, the approval of the organisational and corporate governance structure, guaranteeing the clear distinction of duties and functions as well as the prevention of conflicts of interest, the approval of accounting and reporting systems and the supervision of the bank's public information and communication process, in accordance with the supervisory provisions in force from time to time; 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; 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 requirements for own

funds and eligible liabilities (MREL);

- the adoption of rules of professional conduct for bank personnel, also through a Code of Ethics or similar instruments (for example, the OMM, as defined below), guaranteeing their implementation and monitoring their compliance by personnel;
- 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[8] communication process, in accordance with the Supervisory Provisions in force from time to time;
- the issuance and amendment/update of the main internal 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 Management Control Committee where such regulatory provisions concern matters falling within its remit;
- the approval of a Policy for the promotion of diversity and inclusion (also within the Group);
- the approval of the company policy on the outsourcing of company departments (also within the Group);
- the purchase, construction and sale of real estate, other than properties leased by the Bank 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 equity investments[9] that involve changes in the Banking Group or, in any event, the undertaking or disposal of controlling or associated equity investments or which involve situations where the authorisation thresholds are exceeded according to the applicable provisions. The Board has the right to delegate, establishing the related limits, conditions and formalities, the purchase and sale of shares of investees listed on regulated markets or multilateral trading systems, provided that these operations take place: a) in observance of current regulations concerning issuers, brokers and markets; b) under the aforementioned authorisation thresholds;
- the determination of criteria for the management and coordination of Group companies, in accordance with the Supervisory Instructions;

[8] Supervisory Provisions, Part I, IV.1.III. para. 2.2 letter e).
[9] Supervisory Provisions, Part I, IV.1.III. para. 2.2 letter e).

- the appointment of Managers in charge of first-line departments and of those regulated by specific legal and regulatory provisions;
- the appointment and dismissal of the members, as well as the indication of the Chairperson, of the Board's committees established by applicable laws and regulations, 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 Chairperson of the Committee responsible for risks cannot coincide with the Chairperson of the Board of Directors or the Chairperson 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;[10]

The Board of Directors of Banco Desio is also entrusted, at Group level, with the approval of strategies, policies and reporting on sustainability issues, also in order to concretely interpret the guiding role of Banco Desio in the pursuit of its sustainable success.

The Board of Directors also resolves on the annual budget allocated to "donations", the maximum limit of which in force from time to time is set in the Policy on donations/sponsorships, if necessary authorising transactions for amounts exceeding the powers attributed to the Chairperson (see paragraph 3.4.3 below) or to other parties.

Lastly, the Corporate Bodies Internal Regulations reserve for the Board the specific responsibility of operational management, whose division between the BoD and the Bodies delegated by the latter is expressed in terms of both business area and/or amount.

Self-Assessment

The Board of Directors has approved the Internal Self-Assessment of Bodies Regulations in order to regulate the relevant process in compliance with the provisions of the Supervisory Provisions and the Corporate Governance Code, identifying in particular 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,

[10] Supervisory Provisions, Part I, IV.1.III. para. 2.2 letter e).

etc.) and functioning (operating procedures, information flows, etc.) of the Board and Committees established within it.

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 the Supervisory Provisions. In particular, the self-assessment process makes provision for 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.

3.4.2.2 Roles and responsibilities of the Management Control Committee

The Management Control Committee (whose composition is set at 3 members) is vested with the powers, carries out the tasks and exercises the functions assigned by the Articles of Association, by the legislative and regulatory provisions in force at the time with reference to the control body of a bank issuing listed shares as well as any additional ones governed by internal regulations. In particular, the Management Control Committee - which is identified with the control and audit committee pursuant to Italian Legislative Decree No. 39 of 27 January 2010 and subsequent amending provisions - monitors compliance with the law, regulations and the Articles of Association as well as the correct administration, the adequacy of the organisational and accounting structures of the Company, as well as the functionality of the overall internal control system, the statutory audit of the annual accounts and the consolidated accounts, on the independence of the independent auditors and on the financial disclosure and sustainability reporting process.

In addition, the MCC (i) has the task of examining and assessing, in advance, the accounting/financial documentation with respect to the decisions of the Board of Directors and this is also done with a view to a better and clearer distinction between the role of the MCC and the that of the RCSC; (ii) certain functions are assigned regarding the internal control system, to be carried out also in collaboration with the same RSC (in this regard, see also paragraph 7.2.2 below); all aspects will be detailed in full in the Corporate Bodies Internal Regulations and/or in the additional internal regulations.

Please refer to paragraph 3.6 below of this Project for information on the assignment of the functions of the Supervisory Body established pursuant to Legislative Decree No. 231/2001, as amended.

The Management Control Committee reports to the Board, as well as to the Chief Executive Officer and/or the General Manager (where appointed), as the case may be, on any identified shortcomings and irregularities, requesting the adoption of appropriate corrective measures and verifying their effectiveness over time.

The Management Control Committee reports to the Shareholders' Meeting and to the Supervisory Authorities pursuant to the Articles of Association and the regulations in force at the time.

Article 24 of the Articles of Association also provides that in order to correctly fulfil its duties, and in particular the obligation to promptly report to the Bank of Italy and, where envisaged, to the other Supervisory Authorities on management irregularities or violations of the regulations, the Management Control Committee is endowed with the broadest powers envisaged by the laws and regulations in force (without prejudice to what is specified below in paragraph 3.6 for the duties and functions of the SB) and, in particular, that its members may carry out inspection and control activities at any time, including individually. In addition, the Management Control Committee also has adequate information flows from the control departments (see also paragraph 7.2.2 below), and has full autonomy in the organisation and in the performance of its functions.

3.4.3 *Chairperson of the Board of Directors*

In compliance with the provisions of the law, including the Supervisory Provisions and the regulations applicable to listed companies, the Articles of Association and the CG Code, the Chairperson is assigned a coordination and guarantee role for the purposes of the regular and proper functioning of the Board of Directors and of the Shareholders' Meeting, to promote internal and transparent dialogue as well as ensure the balance of powers.

In particular, by way of an example, the Chairperson oversees the organisation of the Board of Directors' work and the circulation of information relating to that work, promoting the constant performance of the Board's strategic supervision and management role, while also maintaining relations with the Chairperson of the Management Control Committee as his/her main point of contact. In order to effectively carry out their role of guarantee, the Chairperson and the Deputy Chairperson, who (where appointed) replaces him/her in the event of absence or impediment, are not assigned managerial or operational powers.

The Chairperson and the Deputy Chairperson (where appointed) are assigned by the Articles of Association, separately, the role of representing the company before third parties and in court, and, in this capacity, the Chairperson is also responsible for reporting suspicious transactions, for

the purposes of the regulations. Pursuant to the Articles of Association, the Chairperson 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 of prompt disclosure to the BoD at the first available meeting. As at the date of the Corporate Governance Project, the Chairperson is a high-profile representative (General Partner) of the Parent Company Brianza Unione.

Lastly, certain rights on cash settlements with charity purposes are reserved to the Chairperson, 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.

In particular, the Chairperson is responsible for:

- 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;
- 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;
- coordinating information flows related to the activities of the Board of Directors and guiding the conduct of the relevant meetings;
- playing a leading and coordinating role in the Board of Directors' self-assessment process, as per the Group Corporate Bodies Self-Assessment Regulations;
- governing the management of corporate minutes according to the rules defined by the Board of Directors;
- ensuring that Directors 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 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;
- ensuring that measures are put in place to protect the free participation of Shareholders at the Shareholders' Meeting; on this point, in particular, he/she shall invite, through the Shareholders' Meeting documentation approved by the Board of Directors and published pursuant to law, Shareholders who present a list that contains a number of candidates greater than half of the members to be elected 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 Chairperson encourages 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;

- maintaining relations with the press and the Shareholders (possibly with the help of the Chief Executive Officer and/or the General Manager (where appointed) or other personnel designated by the Chairperson), on the understanding that the Board is called upon to oversee the information disclosed to the public and the communication process;
- performing the other tasks indicated in the Shareholders Engagement Policy approved by the Board;
- receiving prior notice of professional and consulting assignments for management needs (without prejudice to the provisions of the internal regulations as regards professionals included in special lists) assigned by the Chief Executive Officer or the General Manager (depending on the areas);
- taking, for reasons of particular urgency, pursuant to Article 23, paragraph 4 of the Articles of Association, decisions within the competence of the Board of Directors in the interest of the Company, adhering to non-binding proposals formulated by the Chief Executive Officer and/or General Manager (where appointed). The Chairperson may always abstain from passing a resolution - referring it to the Board of Directors - if he/she does not identify the prerequisites of particular urgency and/or interest of the Company.

3.4.4 *Honorary Chairperson*

Pursuant to the Articles of Association, the Shareholders' Meeting may appoint, on the proposal of the Board of Directors and also from outside the members of the Board of Directors itself, an Honorary Chairperson chosen from among those who have made a significant contribution to the development, history and reputation of the Company, also determining any remuneration. The Honorary Chairperson remains in office for the period of time, including indefinite, established by the Shareholders' Meeting at the time of appointment. The Board of Directors may assign the Honorary Chairperson, where appointed by the Shareholders' Meeting, specific roles of Company representation, in particular in relation to

communication, social, cultural and/or institutional initiatives.

The Honorary Chairperson has the right to attend the Shareholders' Meetings and, even if he/she is not a director, may be invited to the meetings of the Board of Directors without the right to vote and in an advisory role on matters pertaining to the representation engagements assigned to him.

3.5 BOARD COMMITTEES

As at the Date of the Corporate Governance Project, also in line with the Supervisory Provisions and the provisions of the CG Code, provision is made for the establishment of a plurality (in case 4) of Board Committees with investigative, advisory and proposal-making purposes, as indicated in the following paragraphs[11], with a view to promoting an efficient investigation system that allows the Board to better assess certain topics within its competence.

The Committees will be composed, according to the determinations of the Board of Directors, of between 3 and 5 members, all non-executive and for the most part independent, with the Chairperson chosen from among the independent members (except for the RPTC, composed exclusively of independent members).

Without prejudice to the provisions of paragraph 3.4.1 above with reference to the representation of minorities in the Committees, it is envisaged that a member of the MCC will also assume the role of member of the RSC. This is in order to ensure an adequate connection between the MCC and the RSC - with particular reference to the tasks and functions in relation to internal controls that the MCC is required to carry out in coordination with the RSC - and, in this way, to favour the efficiency and effectiveness of the MCC and RSC activities, the consistency of information flows and a more systematic treatment of profiles that require coordination between the MCC and RSC.

Furthermore, as at the Date of the Corporate Governance Project, in compliance with the good practice also highlighted by the Supervisory Provisions, the Policy for the promotion of diversity and inclusion, as well as in continuity with the composition of the committees currently in office, a member of each of the Board Committees must belong to the less represented gender.

[11] Board Committees are Committees with investigative, proposal-making and advisory functions and, therefore, different from the Management Control Committee and the Executive Committee.

In relation to the information flows between the Board Committees and the Board of Directors, the Board Committees report to the Board on the activities carried out with a specific half-yearly report. The decisions made in relation to matters within the competence of the Board of Directors are communicated, also verbally, at the first possible meeting, by the Chairperson of each Committee, who normally provides a summary of the opinions issued by the Committee, also taking into account the information received from the persons in charge.

It is envisaged that the activity and functioning of the Committees, also in line with the current governance structure of the Bank, will be governed by specific internal regulations that specifically govern*, inter alia*, the composition, mandate, functioning and powers of the Committees by establishing, among other things, the duties of the Chairpersons, the reporting process to the Board of Directors and the reporting duties to the Management Control Committee, for matters with their competence.

In addition, with reference to the matters for which, within the scope of their respective competences, several Committees are involved, this internal regulations provide for methods of coordination between them, also through the participation in the work of a Committee of at least one member of another Committee (in the absence of common members in the Committees involved), the provision of specific information flows and, in some cases, through the convening of joint meetings.

** ** **

The following paragraphs illustrate the main responsibilities and provisions on the functioning of the Board Committees in compliance with the Supervisory Provisions and the provisions of the CG Code, which are duly outlined at the time of appointment and in the internal regulations of the Bank.

3.5.1.1 Risk and Sustainability Committee

The Risk and Sustainability Committee carries out advisory and proposal-making functions in favour of the Board of Directors so that it can correctly and effectively determine the RAF and the risk governance policies.

The RSC carries out risk management tasks in accordance with the Supervisory Provisions. In addition, without prejudice to the fact that the responsibilities regarding accounting/financial documentation are attributed to the MCC (see paragraph 3.4.2.2 above), the RSC is assigned the tasks incumbent on it in this regard pursuant to the CG Code, such as, by way of example, the expression of opinions on specific aspects relating to the identification of the main business risks and support to the Board in assessments and decisions relating to the management of risks deriving

from prejudicial events of which the latter has become aware, as well as in the assessment of measures to ensure the effectiveness and impartiality of judgment of the heads of the CCDs.

The RSC, in particular, with regard to risks:

- identifies and proposes, with the contribution of the Appointments Committee, the heads of the CCDs to be appointed;
- examines in advance the programmes of activities (including the audit plan) and the annual reports of the CCDs, coordinating its examination with that of the MCC within the respective roles;
- 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 departments, 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 (Chief Executive Officer/GM, where appointed);
- contributes, by means of assessments and opinions, to the definition of the company policy for the outsourcing of company control departments;
- verifies that the company control departments comply correctly with the instructions and guidelines of the body with strategic supervision function and assists the latter in the drafting of the coordination document required by Title IV, Chapter 3 of the Supervisory Provisions;
- provides support to the Board in defining and approving strategic guidelines and risk governance policies. As part of the RAF, the RSC 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");
- supports the Board in verifying the correct implementation of strategies, risk governance policies and the RAF;
- supports the Board in defining the policies and processes for assessing corporate activities, including verifying that the price and conditions of transactions with customers are consistent with the business model and risk strategies;
- without prejudice to the responsibilities of the Remuneration Committee, it ascertains that the incentives underlying the Bank's remuneration and incentive system are consistent with the RAF.

Also taking into account the functions assigned to the MCC (see paragraph 3.4.2.2 above), some of the aforementioned tasks are carried out by the RSC in coordination with the MCC, all as better described in the relevant internal regulations.

The RSC also supports, in an advisory/proposal-making role, the Board in ensuring the sustainability of business activities, its dynamics of interaction with stakeholders and transparency in the reporting of its commitment to sustainable development.

More specifically:

- 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 will also be called upon to express an opinion on the drafting and updating of the corporate governance regulations on sustainability (including the Code of Ethics);
- it oversees the achievement of the ESG declared commitments, taking an advisory/proposal-making role in identifying actions, initiatives and activities aimed at achieving them;
- it examines and assesses the reports prepared on sustainability, including therein the Sustainability Reporting pursuant to Directive No. 2022/2464 for approval by the Board of Directors;
- it examines and assesses any communications to the Board of Directors regarding critical issues that emerged from its sustainability supervision activities.

In this regard, it should be noted that the decision to allocate to a single Committee both the risk and sustainability functions is part of a process of gradual improvement of the Bank from an ESG perspective, in line with the evolution of the regulatory framework and the guidelines of the Supervisory Authorities. Initially, it was deemed appropriate to have a specific committee to focus on complex issues of growing importance which, in addition to representing a sign of the commitments undertaken by the Company, would promote the awareness of the organisation, the development of specific skills and the information flows needed for the fulfilment of legal obligations.

As at the Date of the Corporate Governance Project, the Bank has instead reached a more advanced level of integration of ESG issues. In fact, it is believed that the risks connected to the aforementioned issues have now been clearly addressed and, as they constitute structural components of the Bank's risk profile, require unitary, systematic monitoring, consistent with the assessment methodologies and processes applied by the current Control and Risk Committee. The attribution of risk-related responsibilities to a single committee, the RSC, therefore allows the relevant risks to be addressed in an integrated and, therefore, more effective and efficient way.

For the performance of its duties, the RSC may also make use of the information shared with it by the Management Control Committee, by other Committees and/or by the independent auditors, also in order to maximise the efficiency of the internal control and risk management system and reduce the duplication of activities. The RSC and the Management Control Committee promptly exchange information of mutual interest and, where appropriate, coordinate with each other for the performance of their respective tasks. The Chairperson of the Management Control Committee, or another member designated by it, participates in the work of the RSC, except in the case in which the coordination between the two bodies is ensured, *inter alia*, by the fact that another member of the Management Control Committee is appointed as a member of the RSC.

As part of its sustainability responsibilities, the RSC collaborates with the Remuneration Committee in assessing the remuneration structure of executive directors and managers with strategic responsibilities in order to promote the achievement of the company's medium/long-term sustainability objectives in the ESG domain, through identification of specific quali-quantitative indicators.

3.5.1.2 Remuneration Committee

The Remuneration Committee assists, in an advisory and proposal-making role, the Board of Directors in the assessments and decisions on remuneration and incentives envisaged by the applicable regulations and, in particular, by the Supervisory Provisions and by the CG Code.

In this context, the RC carries out the tasks assigned by the Supervisory Provisions as well as those envisaged by the CG Code, such as, by way of example, supporting the Board in drawing up the remuneration policy and monitoring its actual application.

More specifically, the RC:

- is responsible for proposing the compensation of personnel whose remuneration and incentive systems are decided by the body with strategic supervision function in accordance with the Supervisory Provisions;
- has advisory duties regarding the determination of the criteria for the remuneration of all identified staff;
- expresses its opinion, also making use of the information received from the competent company departments, on the results of the process of determining the identified staff, including any exclusions, pursuant to the Supervisory Provisions;
- directly oversees the correct application of the rules relating to the remuneration of the heads of the company control departments, in close collaboration with the control body;
- prepares the documentation to be submitted to the strategic supervisory body for the related decisions;

- collaborates with the RSC within the scope of the latter's responsibilities on remuneration and incentive policies, ensuring the necessary coordination so that the incentives envisaged by the remuneration system take into account the risks, capital and liquidity of the Bank;
- ensures the involvement of the relevant company departments in the process of preparing and controlling the remuneration and incentive policies and practices;
- decides, also using information received from the relevant company departments, upon the achievement of the performance targets with which the incentive plans are linked and on ascertaining the other conditions in place for payment of the fees;
- provides adequate feedback on the activities carried out to the corporate bodies, including the shareholders' meeting.

3.5.1.3 Appointments Committee

The Appointments Committee carries out advisory and proposal-making functions to support the Board with regard to the appointment and composition of the corporate bodies, suitability of the Representatives and succession plans, as established by the applicable regulations and, in particular, by the Supervisory Provisions and the CG Code.

In particular, the AC carries out support functions to the bodies with strategic supervision and management functions in the following processes:

- appointment or co-optation of the Directors as specified in paragraph 2.1 Part One, Title IV, Section IV of the Supervisory Provisions on the composition of the collective bodies;
- self-assessment of the bodies, in accordance with the provisions of Part One, Title IV, Section IV of the Supervisory Provisions on the composition and appointment of corporate bodies;
- assessment of suitability pursuant to Article 26 of the CBL;
- definition of succession plans in top management positions envisaged by Part One, Title IV, Section IV of the Supervisory Provisions on the composition and appointment of corporate bodies.

In carrying out its duties, the AC takes into account the objective of avoiding a situation where the decision-making processes of the body with strategic supervision function is dominated by a single subject or by groups of subjects that may harm the Bank.

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With reference to the requirements of the Supervisory Provisions regarding the formalisation of succession plans, it should be noted that the Board of Directors in due course approved the Policy for the Succession Plan and the Succession Plan, which apply to the top management roles of the Bank's Executive Board (Chief Executive Officer/General Manager and Deputy General Manager, where appointed) and which it was deemed appropriate to extend also to the Financial Reporting Officer. An update of the Plan was then approved in order to extend it to the Chairperson and, subsequently, the structure of the Policy was revised, so as to rationalise it and enrich it with specific Procedures in order to meet, at the same time, the general regulatory requirements and the Bank's actual management requirements. In addition, the appropriate extension was made to key personnel (including the Heads of the Company Control Departments). Following said updates, the relevant internal regulations are now structured into a general Policy and three underlying documents of specific procedures/guidelines for the Chairperson, the Chief Executive Officer and key personnel. The succession tables of the key figures are updated with the necessary frequency. The system described will be maintained with the appropriate updates also as part of the new corporate governance model.

3.5.1.4 Related Party Transactions Committee

The Related Party Transactions Committee performs the functions relating to transactions with related parties and associated persons established by the Supervisory Provisions on risk activities and conflicts of interest with regard to associated persons, as well as by the legislative, regulatory and statutory provisions in force at the time.

In carrying out its functions, the RPTC also complies with the provisions contained in the "*Internal Regulations on Related Party Transactions*" ("**RPT Regulations**"), in force at the time, adopted by the Bank's Board of Directors, in compliance with the Supervisory Provisions, Article 136 of the CBL (and the relative provisions of the Bank of Italy) and the Regulations on Related Party Transactions adopted by CONSOB with resolution No. 17221 of 12 March 2010 as amended, including the interpretative communications issued by Consob ("**Consob Regulations**").

The RPTC is responsible for receiving information and/or issuing opinions, in certain cases also binding, on transactions with related parties and associated persons and/or significant persons pursuant to Article 136 of the Consolidated Banking Law, as set out, in compliance with the quantitative and qualitative criteria established by the Consob Regulations and the relevant provisions of the Bank of Italy, in the RPT Regulations, which govern, among other things, various cases of total or partial exemption in relation to the small amount or ordinary nature of the transaction, as well as the Group membership of the counterparty to the transaction (in the absence of significant interests of other related parties and associated persons).

Without prejudice to the decision-making competence of the Board of Directors, in the event of transactions with relevant parties pursuant to Article 136 of the CBL, the RPTC expresses its non-binding opinion on said transactions, also highlighting any gaps or inadequacies found in the information sent by the competent structures.

3.6 SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

The Board of Directors decides, from time to time, also taking into account the complexity and evolution of the business of the Bank and the Group, whether to establish an independent SB or to entrust its tasks to the members of the Management Control Committee, as part of its Organisational Management Model adopted pursuant to the aforementioned Decree (the "**OMM**"), with the task of carrying out the appropriate checks on compliance with the provisions of the OMM and its suitability in reducing the risks of the predicate offences referred to in the aforementioned Decree from being committed, as well as to propose, through the appropriate channels, the adoption of the necessary amendments to the OMM.

As at the Date of the Corporate Governance Project, the SB is expected to be established as an autonomous body separate from the MCC and to be composed of at least three members according to the requirements and criteria identified in the OMM. Without prejudice to the definition of adequate coordination mechanisms and information flows between the Body and the other Bodies/committees (in particular the MCC and the RSC) as well as with the company Departments (in particular the CCDs), the rules of the SB are contained in specific Regulations approved by the Board.

4 SYSTEM OF POWERS AND AUTHORITY

4.1 *General outlines*

The Board of Directors establishes the system of powers in accordance with the general principles governing the separation of roles, duties and responsibilities laid down by the laws, including supervisory regulations, and defines the scope of such powers in a detailed, clear and precise manner (with regard, amongst other things, to the scope and manner of exercising such powers) in order to ensure that the BoD itself can accurately verify their fulfilment, as well as exercise the powers of direction and revocation vested in it by law.

The system of powers, without prejudice to the above and compliance with the powers that cannot be delegated by law, is structured in such a way as to ensure that the Board of Directors is not invested with issues that, due to their content or non-strategic relevance, can more effectively be managed by the delegated bodies or corporate structures of the Bank.

Therefore, the Board of Directors:

- defines and approves the structure of limits and management powers in the various operating segments, based on the risk appetite determined, also from a Group perspective;
- receives reports on the exercise of these powers in accordance with the relevant current internal regulations on flows issued by the Bank in compliance with the applicable and current provisions;
- receives from the delegated bodies and, organically, from all the company departments receiving delegated powers, the report of the activities carried out in the exercise of the powers assigned to them, with particular regard to any atypical or unusual transactions or related party transactions;
- verifies the effectiveness of the choices and decisions made by the delegated bodies over time.

As at the Date of the Corporate Governance Project, it is considered appropriate that the system of powers of the Bank, also considering the characteristics and governance practices of the same, continue to provide for: i) the establishment of the Executive Committee, which is assumed to be composed of 3 members out of a maximum of 5 members envisaged by the Articles of Association, who will continue to be assigned powers of ordinary management in well-defined areas in terms of subject/amount (referring to operating activities including the granting of credit and therefore excluding powers regarding internal controls and risk management), as well as ii) the appointment of the Chief Executive Officer and/or the General Manager, whose roles, where both exist, in compliance with the Articles of Association and with the principles of the Supervisory Provisions, are combined in the same person. The Board of Directors reserves the right to identify the most appropriate management structure from time to time (taking into account the optimal qualitative-quantitative composition defined by the Board itself).

4.2 *Executive Committee - Chief Executive Officer - General Manager - Deputy General Manager - Representative in charge of Anti-Money Laundering*

4.2.1 *Executive Committee*

Pursuant to Article 21 of the Articles of Association, the Board of Directors may designate between 3 and 5 of its members to compose the Executive Committee, whose term of office has a duration in line with that of the Board of Directors, unless established otherwise by the appointment resolution.

The Executive Committee is chaired by the member designated by the Committee itself; *inter alia*, the Chairperson of the Board of Directors may participate in the meetings of the Executive Committee, without the right to vote, in order to ensure effective reporting between the strategic

supervision function and the management function, as well as the Chief Executive Officer (if he/she is not a member of the Committee itself) or the General Manager (as the case may be); in addition, the members of the Management Control Committee participate in the meetings of the Executive Committee, in accordance with the law and without the right to vote, it being understood that this participation is intended solely for the exercise of control functions.

The Executive Committee is vested with powers of ordinary management, within certain limits of the amount and which are not expressly reserved to the Board of Directors by law, by the Articles of Association or by the Bank's internal regulations.

In particular, the Executive Committee adopts, within certain amounts, resolutions and receives information flows on the granting of loans, the settlement of lawsuits in which the company is a claimant and a defendant, expenses and investments, finance, wealth management, equity investments and of internal regulations.

The decisions taken by the Executive Committee must be communicated to the Board by providing a specific report well in advance in view of the first subsequent meeting.

For more information on the functioning of the Executive Committee, please refer to the Articles of Association.

4.2.2 *Chief Executive Officer*

Without prejudice to the powers reserved to the Board of Directors, by law, by the Articles of Association or by the Bank's internal regulations, the Chief Executive Officer (where appointed according to what is specified in paragraph 4.1) is assigned powers in the strategic area (proposal and execution of corporate strategies) and, as part of his role as CEO, he is responsible for establishing and maintaining the internal control and risk management system in compliance with the Corporate Governance Code[12]. The powers of the Chief Executive Officer, in the aforementioned areas, are defined by the Board of Directors in compliance with the general principles dictated by the regulations in force and applicable, in compliance with the provisions of paragraph 4.1 of this Project.

4.2.3 *General Manager*

The General Manager (where appointed as specified in paragraph 4.1) represents the top management of the operating structure and

[12] If a Chief Executive Officer is not appointed, the role of person in charge of establishing and maintaining the internal control and risk management system may be assigned to another Director who, by virtue of this role, is considered executive. This Director may coincide with the Anti-Money Laundering Representative referred to below (and if there is no coincidence between these parties, adequate coordination mechanisms and information flows will be established).

participates in the management function. As part of the Bank's operational management, he is responsible for:

- personnel management;
- the organisation and operation of company structures; and
- the conduct of current business, according to the general guidelines established by the Board of Directors, to which the General Manager reports.

The General Manager is also responsible for executing the resolutions of the Board of Directors and the Executive Committee.

The powers of the General Manager, in the aforementioned areas, are defined by the Board of Directors in compliance with the general principles dictated by the regulations in force and applicable.

In particular, the General Manager, in carrying out his duties and within the limits established by the Board of Directors, among other things:

- participates (with or without voting rights depending on the case) in the Management Committees.
- arranges for the disbursement of loans, within the limits set by the Board of Directors (as per the Credit Policy);
- arranges for ordinary expenses for organisational, operational and management needs in the relevant areas;
- provides for the fulfilment of expenditure obligations arising from specific statutory and regulatory requirements (e.g. taxes, contributions and the like), from resolutions of the Shareholders' Meeting, the Board of Directors or the Executive Committee, as well as from specific contracts currently in force or previously approved by one of the aforementioned bodies, which have been duly executed;
- in relation to consumer and personal credit transactions, signs agreements with merchants, business brokers, debt collection companies, freelancers and third parties, stipulates agency contracts and arranges the related expenses within the contractual limits;
- establishes, for each form of credit line, collection or service, the relevant conditions, without prejudice to the provisions of the Corporate Bodies Internal Regulations with regard to commercial actions on customer conditions;
- authorises, upon communication to the Chairperson, "sponsorship" transactions, in compliance with the relevant Policy;
- authorises the application of non-standard economic conditions - rates, expenses, commissions, with the right to sub-delegate;

– orders for disbursements to acknowledge third-party claims and any accounting for contingent liabilities and/or non-existent assets;

– arranges for deferrals, rebates and discounts, as well as reversals of revenues.

Where the figure of the General Manager is not present, the aforementioned powers may be assigned to the Chief Executive Officer.

4.2.4 *Deputy General Manager*

The Deputy General Manager(s) (where appointed) exercises, in the event of absence or impediment, the functions of the Chief Executive Officer (limited to operating functions) and/or the General Manager (see paragraphs 4.2.2 and 4.2.3 above); in addition, the Deputy General Manager(s) (where appointed) may be assigned their own powers to a lesser extent than the main party.

4.3 *Representative in charge of Anti-Money Laundering*

Without prejudice to the collective responsibility of the corporate bodies, the Board of Directors appoints one of its members as the representative in charge of anti-money laundering (the "**AML Representative**"). The engagement is executive. In line with the principle of proportionality, in cases duly justified on the basis of the overall corporate governance structure and the system of powers of the Bank, the task could be assigned, according to the relevant Supervisory Provisions, to the Chief Executive Officer or the General Manager or (where appointed as specified in paragraph 4.1 of this Project), provided that the effectiveness of the function of the AML Representative is maintained. In any event, it is considered appropriate for the Bank's AML Representative to be identified as a Director who does not hold individual operating powers.

In identifying the Director to whom to assign the office, the Bank verifies compliance with the requirements of the regulations and considers any situations of conflict of interest, as outlined (as at the Date of the Corporate Governance Project) within the Anti-Money Laundering and Anti-Terrorism Financing Policy.

If the AML Representative is identified among the members of the Executive Committee, specific controls would be put in place to mitigate potential situations of conflict of interest between the two offices.

The AML Representative is the main point of contact between the head of the anti-money laundering department and the Board of Directors and ensures that the latter have the information needed to fully understand the relevance of the money laundering risks to which the recipient is exposed, for the purposes of exercising their respective powers. In particular, the AML Representative:

- monitors that the anti-money laundering policies, procedures and internal control measures are adequate and proportionate, taking into account the characteristics of the bank and the risks to which it is exposed;
- assists the Board of Directors in assessments concerning the organisational structure and the allocation of resources of the anti-money laundering department, including the possible decision to assign - where envisaged - the responsibility of the anti-money laundering department to the same AML Representative;
- ensures that the corporate bodies are periodically informed of the activities carried out by the head of the anti-money laundering department as well as of the discussions with the Authorities;
- informs the corporate bodies of violations and critical issues concerning anti-money laundering of which it has become aware and recommends the appropriate actions;
- verifies that the head of the anti-money laundering department has direct access to all the information necessary for the performance of his/her duties, has sufficient human and technical resources and tools and is informed of any deficiencies relating to anti-money laundering identified by the other internal control departments and by the supervisory authorities;
- ensures that the problems and proposals for action represented by the head of the anti-money laundering department are assessed by the body with the management function.

4.4 *Management Committees*

As at the Date of the Corporate Governance Project, Banco Desio has some Management Committees, governed by internal regulations, which envisage the involvement of the top management of the Parent Company and the Subsidiaries, as part of a technical-operating structure based on criteria of operational streamlining and 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 Chairperson of the Board of Directors of the Parent Company may take part in all Committees, if considered appropriate, without voting rights, and may also have access, on request, to the minutes of the meetings, for the purposes of fulfilling their role.

As at the Date of the Corporate Governance Project, the following Management Committees have been established (which are expected to be maintained also following the adoption of the one-tier model, without prejudice to the changes that the Board of Directors deems it appropriate to make over time in line with the purposes set out above), whose main advisory/decision-making tasks are indicated below.

Management Committee

Advisory Committee which, within the framework of the guidelines and risk policies and taking into account the system of limits established by the Board of Directors and the related risk policies, has the task of supporting, through the Chief Executive Officer/General Manager, the board bodies in defining the strategic orientation of the Group's business lines and analysing the macro-economic and market scenarios in order to assess their impacts with respect to the strategic choices to be submitted, again through the Chief Executive Officer/General Manager, to the board bodies.

Credit and Non-Performing Loans ("NPL") Committee

Decision-making committee with powers to grant credit lines that, by type/amount/duration, exceed the limits assigned to the individual branches/areas of the Bank, as well as with the right to examine transactions falling within the competence of the corporate bodies of the Parent Company and credit transactions of the subsidiaries.

With regard to the management of non-performing loans, the Committee periodically reviews the performance of the NPL portfolio (flow in and out on past due, unlikely to pay and bad loans).

"Asset Liability Management" ("ALM") Committee

Decision-making committee which, within the framework of the general guidelines, risk policies and the system of limits established by the Board of Directors, has the main task of supporting the Top Management in particular in the activities aimed at monitoring the performance of the reference macroeconomic scenarios, in order to ensure constant consistency between the evolutionary trends of the financial markets and the Group's positioning choices. The Committee has, among other things, the task of monitoring, assessing and approving the asset allocation decisions, as well as assessing the revision of the operating limits in compliance with which the activities on the markets must be carried out, supervising the alignment projects with regulations, including EU regulations, of the financial sector, as well as its execution/implementation.

The Committee also resolves on funding plans (including the activities envisaged in the Green Bond Framework) and definition of the Internal Transfer Rate.

Products Committee

Decision-making Committee which, without prejudice to the responsibilities of the Board of Directors in compliance with the Supervisory Provisions as implemented in the Corporate Bodies Internal Regulations, among others, has the task of examining the "Product Catalogue" of the Group, in

order to assess any additions and/or disposals of existing Products, ensuring and approving at the same time the consistency and proper performance of the processes for the creation and development of new products/services/collaboration agreements and their feasibility.

Risk Management Committee

Please refer in full to paragraph 7.3.2 of this Project.

Recovery Committee

Decision-making committee, which carries out the tasks set forth in Article 5 No. 1) lett. a) of Delegated Regulation (EU) 2016/1075.

Control Departments Coordination Committee

Please refer in full to paragraph 7.3.1 of this Project.

Complex Transaction Committee

Decision-making Committee, which assesses and authorises the individual Complex Transactions, meaning those cases of onboarding new customers or maintaining existing relationships, which present elements of complexity in terms of legal and reputational risks.

5 INCENTIVE AND REMUNERATION SYSTEMS

The Remuneration Policy of the Banco di Desio e della Brianza Group (the "**Policy**"), submitted annually to the Shareholders' Meeting vote in compliance with the laws and regulations in force at the time, governs the remuneration and incentive systems for all personnel. The Policy is consistent with the corporate strategy and the 2024-2026 Business Plan,[13] with particular attention to sustainability (ESG), prudent risk management, the maintenance of adequate levels of capital and liquidity, and the prevention of conflicts of interest.

The Policy affirms the principle of gender neutrality (through strategies for monitoring and correcting the gender pay gap) and enhances corporate welfare and work-life balance initiatives, such as smart working, time banking and smart learning. The ESG objectives associated with incentives include the development of sustainable products and investments, the dissemination of an ESG culture, the reduction of consumption and strengthening of the presence of women in roles of responsibility.

[13] Approved by the Bank's Board of Directors on 23 November 2023 and communicated to the market on the same date.

The governance model envisages a central role for the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Risk and Sustainability Committee (with proposal, verification and monitoring functions).

The company and internal control departments participate in the definition, implementation and verification of the policy. In particular, (i) the Shareholders' Meeting approves the Policy and the plans based on financial instruments and the criteria for determining any remuneration to be granted in the event of early termination of the employment relationship or early termination of office, passing all other resolutions set forth in the current legislation and (ii) the Board of Directors approves, among others, on the proposal of the Chairperson and for subsequent submission to the Shareholders' Meeting, the "Annual Report on the remuneration policy and remuneration paid of the Banco Desio Group", and any proposals for updates and revisions of the Policy; regulations of the plans based on financial instruments and resolves on the related assignments and attributions (subject to verification of the conditions to which they are subject); criteria for determining any remuneration to be granted in the event of early termination of the employment relationship or early termination of office.

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

- incentive and retention measures within the Group of persons with professionalisms and skills adequate to business requirements, in particular, of those who cover identified roles within the business organisation;
- alignment of the remuneration systems to company targets and values, including sustainable development objectives that take into account, inter alia, environmental, social and governance (ESG) factors, long-term strategies, and prudent risk management policies of Group companies; with particular reference to the roles that deal with investment services, in line with EBA good practice and continuing on with the process launched last year, definition of specific ESG objectives;
- incentives aligned with the risks assumed and the capital required to cover the activities undertaken and structured in such a way as to avoid the onset of potential conflicts of interest;
- consistency with (a) the priorities defined by the 2024-2026 Business Plan and taking into account the contribution to the achievement of the Sustainable Development Goals (SDGs) as defined by the UN General Assembly as part of the 2030 Agenda, to support companies in defining strategies related to business priorities that are increasingly geared towards the sustainability of business activities; and (b) the sustainability

targets defined in the new 2024-2026 Business Plan in terms of business activities (indirect impacts), direct business (direct impacts) and institutional positioning;

– consistency with recommendation No. 27 of the CG Code, making provision, for executive directors and for the top management, for predetermined, measurable performance targets that are linked to a significant extent to the long term, consistent with the Company's strategic objectives and aimed at promoting its sustainable success. In particular, sustainability objectives are measurable in relation to specific parameters linked to the Bank's ESG Masterplan.

For further details on the incentive and remuneration systems, please refer to the Report on the remuneration policy and remuneration paid, published on the institutional website of Banco Desio.

6 MANAGEMENT OF CONFLICTS OF INTEREST

The Group adopts a system for the management of conflicts of interest that takes into account the legislative and regulatory framework in force, as part of which the Parent Company is required to adopt, at both individual and consolidated level, processes aimed at preventing, identifying and managing specific cases of conflict of interest (ranging from those involving top management to those relating to the most significant transactions or activities).

More specifically, the aforementioned regulatory provisions concern:

– transactions with "related parties" pursuant to the Consob Regulation and those with "associated persons", as identified by the Supervisory Provisions, regulated in the RPT Regulations;

– conflicts relating to situations in which company representatives contract obligations of any nature or carry out transactions directly or indirectly with the Bank, pursuant to the provisions of Article 136 of the CBL, also contained in the RPT Regulations;

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 following main internal regulations that apply in this connection exist:

– the RPT Regulations;

– the "Policy" containing the general rules for governing conflicts of interest regarding investment services.

The Bank has adopted, pursuant to Article 2391-*bis* of the Italian Civil Code and Article 53 CBL, the RPT Regulations, which governs, among other things, the role of the Bank's Related Party Transactions Committee. This advisory Committee is responsible for receiving information and/or issuing opinions, in some cases binding, on transactions with related parties and associated persons as defined, depending on the quantitative and qualitative criteria established by the Consob Regulations and the relevant provisions of the Bank of Italy, in the Bank's RPT Regulations, where, in addition to the operating procedures of the RPTC, various cases of total or partial exemption are regulated in relation to the small amount or ordinary nature of the transaction, as well as the belonging of the counterparty to the transaction to the group (in the absence of significant interests of other related parties and associated persons).

Banco Desio has also adopted the "Policy" containing the general rules for identifying and managing conflicts of interest, which aims to illustrate 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 acknowledgement in the Italian legal system of the "MiFID" Directives.

The 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 underway, where a conflict of interest may emerge, which risks seriously damaging the interests of one or more customers.

7 INTERNAL CONTROL SYSTEM

7.1 *General characteristics of the Control System of the BDB Group*

Banco Desio, as Bank and Parent Company of the Banking Group of the same name and in line with the provisions of the Supervisory Provisions on the control system, has adopted a Group policy known as the "Policy on Coordination and Information Flows of the Internal Control System", which defines the guidelines of the Group's internal control system through the definition of the reference principles and the definition of the responsibilities of the Bodies and departments with control tasks that contribute, in various ways, to the proper functioning of the internal control system, as well as the identification of coordination methods and information flows that promote system integration. The document represents the reference framework of the internal control system which incorporates the principles and rules on controls that form the basis of and are connected with the regulatory documents issued within the Group with reference to specific areas of prudential supervision. The Subsidiaries implement this Policy.

The Internal Control and Risk Management System is integrated into the organisational and corporate governance structures adopted by the Group. The detailed operating and disclosure provisions regarding the controls put in place, at the various levels, on the business processes are contained in specific functional regulations and Internal Procedures.

The Internal Control and Risk Management System consists of a set of rules, procedures and organisational structures designed to enable the identification, measurement, management and monitoring of the main risks. In particular, banks are subject to regulations on the internal control and risk management system dictated by the supervisory regulations on banking activities and the provision of investment services, issued by the Bank of Italy and Consob in implementation of the CBL and the CFA.

As better detailed below, Banco Desio has established a specific Control Departments Coordination Committee ("CDCC") to serve as the sole coordination body for the Company Control Departments.

The internal control system, in line with the regulations in force, is based on three levels of control:

- the first level of control consists of the "Line controls", aimed at ensuring the correct performance of the transactions, carried out by the same operating and business structures ("first level departments");
- the second level consists of risk and compliance controls, which aim to ensure, among other things, the correct implementation of the risk management process; compliance with the operating limits assigned to the various departments; compliance of company operations with regulations, including self-regulation. The departments responsible for these controls (known as "second level controls") are the Risk Management Department and the Compliance & Anti-Money Laundering Department, consisting of the Compliance Area and the Anti-Money Laundering Area. These Departments report functionally to the Chief Executive Officer and hierarchically to the Board of Directors. The Internal Validation Office reports hierarchically to the Risk Management Department. The responsibility of the ICT risk control and security department envisaged by the Supervisory Provisions is attributed by the Bank to the Compliance Department and the Risk Management Department in their respective areas of competence. In any case, all these second-level control departments ensure direct reporting to the Board of Directors;
- the third level consists of internal audit controls (known as Internal Audit), aimed at verifying the regular performance of the Bank's operations and assessing the completeness, adequacy, functionality and reliability of the internal control system, bringing possible improvements to the attention of the corporate bodies, with particular reference to the risk management process as well as the risk measurement and monitoring

tools. The person in charge of internal controls is the Head of the Internal Audit Department. This Department (third-level control department) reports hierarchically to the Board of Directors.

Banco Desio carries out the Internal Audit, risk management, compliance and anti-money laundering functions under an outsourcing arrangement for the Subsidiary Fides S.p.A.. In the centralisation model adopted within the Banco Desio Group, the Heads of the aforementioned departments of the Parent Company are also Heads of the corresponding departments of the Subsidiaries, within which the respective Contact Persons are appointed, who report functionally to the Heads of the Parent Company and hierarchically to the Board of Directors of the Subsidiaries. This centralisation model is also key in the management and coordination of the Banking Group referred to in paragraph 8.

7.2 *Role of the Corporate Bodies*

Without prejudice to what is indicated in the further paragraphs of this Project, the role of the main parties/departments in relation to the Internal Control System is illustrated below.

7.2.1 *BoD*

With regard to the Internal Control System, the body with strategic supervision function of the Parent Company, identified as the Board of Directors, is responsible for assessing the completeness, adequacy, functionality and reliability of the overall System, guaranteeing the clear distinction of tasks between departments, as well as the prevention of conflicts of interest.

The Board, with the support of the Risk and Sustainability Committee and taking into account the proposals of the Chief Executive Officer, is called upon to define and approve the overall governance and organisational structure of the Bank, the guidelines of the internal control system, the risk appetite and risk management policies and processes. The Board is also responsible for the guidance and control of the information system (including the supervision of the ICT and security risk analysis) and business continuity.

In addition, the Board approves, subject to the opinion of the Management Control Committee, the establishment of the CCDs - outlining their duties and responsibilities - and appoints the Financial Reporting Officer and the heads of the CCDs.

The Board examines the reports prepared, at least annually, by the CCDs and approves the annual programme of activities, including the multi-year audit plan prepared by the head of the internal audit department, following review by the Risk and Sustainability Committee and the Management Control Committee.

The Board, in exercising its functions of strategic supervision and guidance on the internal control system and on risk matters, is supported by the Risk and Sustainability Committee.

7.2.2 *Management Control Committee*

The Management Control Committee is responsible for supervising the internal control system and exercises an active role in supervising the effectiveness of the internal control system.

More specifically, the MCC carries out supervision of:

✓ compliance with the law, regulations and the Articles of Association, as well as adherence to the principles of proper administration

✓ the adequacy, efficiency and functionality of the organisational structure

✓ the adequacy of the administrative accounting system, the statutory audit process, accounting and financial information and sustainability reporting

✓ the adequacy, efficiency and functionality of the internal control system

✓ the adequacy, efficiency and functionality of the risk governance and management process and of the business continuity plan

✓ compliance with anti-money laundering and anti-terrorist financing rules

✓ transactions with related parties and associated persons.

The MCC expresses opinions on strategic programmes and significant transactions and collaborates with the independent auditors. In addition, it supervises risk management procedures, including the assessment of operational/IT, financial and compliance risks and provides support in the periodic assessment of the internal control system in order to constantly monitor the effectiveness and efficiency of controls. In this regard, it proposes adjustments to the internal control system in order to improve the relevant controls.

As mentioned in paragraph 3.4.2.2 above, with regard to internal controls, the MCC also carries out some functions also in coordination with the RSC, such as the examination of the activity programs (including the audit plan).

For the performance of its functions, the Committee has adequate information flows from the other Bodies and company departments, including control departments, in any case in accordance with the provisions of the applicable laws and regulations and in particular the Supervisory Provisions.

In particular, the control departments transmit to the Committee the activity programmes, the periodic reports prepared, at least annually, as well as the information flows relating to specific situations or company trends with particular reference to violations or significant shortcomings identified.

The Committee exchanges information of mutual interest and coordinates with the Risk and Sustainability Committee for the performance of its respective tasks, also in relation to acts and disclosures of common interest.

7.2.3 *Risk and Sustainability Committee*

The Risk and Sustainability Committee assists the Board of Directors with investigative, proposal-making and advisory functions in assessments and decisions on risks and the internal control system. In particular, the RSC supports the Board of Directors in exercising strategic supervision functions regarding:

✓ business model, strategic guidelines and risk appetite;

✓ corporate governance and organisational structure;

✓Internal Control System;

✓ risk appetite, risk governance policies and risk management process;

✓ information systems and business continuity.

For details on the duties and powers of the Committee, please refer to paragraph 3.5.1.1.

7.2.4 *Chief Executive Officer and/or General Manager;*

The Chief Executive Officer and/or General Manager (see paragraph 4.1) is assigned the role of Chief Executive Officer tasked with establishing and maintaining the internal control and risk management system in compliance with the Corporate Governance Code[14]. As part of the "Internal Control and Risk Management System", without prejudice to the prerogatives of the Board of Directors, the RSC and the MCC, with the support of

[14] See note 12.

the internal control departments, he/she performs tasks of monitoring and coordination of the Internal Control and Risk Management System as a whole, with the aim of ensuring its continued effectiveness. The Chief Executive Officer also oversees the implementation of the guidelines defined by the Board of Directors with regard to the Internal Control and Risk Management System, so that its completeness, adequacy, functionality and reliability is guaranteed on an ongoing basis.

The General Manager (role currently held by the same person as the Chief Executive Officer), is responsible, in particular, for implementing the resolutions of the Board of Directors and the Executive Committee.

7.3 *Role of the Management Committees*

7.3.1 *Control Departments Coordination Committee (CDCC)*

Without prejudice to the mutual independence and respective roles of the CCDs, the Control Departments Coordination Committee's task is to ensure coordination between the CCDs. In particular, it is responsible for sharing the analyses carried out on the most significant critical issues identified, any significant changes in regulatory legislation, any relevant communications from the Supervisory Authorities, the assessments relating to any new operations and/or individual transactions of significant impact in terms of risk, the possible action plans for the most critical weaknesses identified and the structures responsible for their implementation, the progress of the initiatives reported in the Tableau de Bord by the various CCDs.

7.3.2 *Risk Management Committee (RMC)*

The Risk Management Committee examines all the documentation on risks that the CCDs bring to the attention of the RSC and/or the BoD, according to the ordinary information flows envisaged, thus ensuring appropriate alignment and sharing by the Bank's management of the proposals, in terms of risk, to the BoD.

In addition, the Risk Management Committee ensures adequate discussion and assessment of all documentation produced from time to time, also at the request of the Chairperson, for monitoring company performance, as well as the proposals that the departments deem to present for the purposes of effective management of the company risks, in line with the Risk Appetite approved by the Board of Directors.

7.4 *Company control departments*

7.4.1 *Internal Audit ("Chief Audit Officer" or "CAE")*

The Parent Company's Internal Audit Department is responsible for assessing, among others, the effectiveness and efficiency of the overall Internal Control System of the Bank and the Group. To this end, it carries out continuous operational audits, also on site, aimed at ascertaining operational regularity and proper risk management. In this context, it reports directly to the Board of Directors, collaborates with the other risk control departments in the risk management process by sharing the results of its monitoring activities and informs the Chief Executive Officer of the results of the checks.

The department supervises the audit activities carried out by the structures of the Subsidiaries according to the methodology and plan defined by the Parent Company, issuing the relevant instructions and providing the necessary assistance. It also carries out targeted audits at the Subsidiaries. The duties of the department are defined in the Audit Charter Regulations and the respective Audit Manual.

7.4.2 *Risk Management ("Chief Risk Officer" or "CRO")*

The Risk Management Department, which reports hierarchically to the Board of Directors and functionally to the Chief Executive Officer, is responsible for supporting the management of corporate and Group risks in line with the strategies, plans and risk policies defined and in compliance with primary, secondary and corporate regulations. The Department is responsible for identifying, measuring, monitoring and mitigating the Bank's and the Group's exposure to various types of risk, also coordinating project activities for the definition and implementation of assessment and measurement models, methodologies and tools, and developing an integrated reporting system for risk monitoring. In particular, with reference to the Group, it ensures the integrated risk management process, verifying that management is in line with the objectives established with the operating limits system. The department supervises the activities carried out by the structures of the Subsidiaries according to the methodology and plan defined by the Parent Company, issuing the relevant instructions and providing the necessary assistance.

The main responsibilities of the department are set out in the internal regulations specific to the department, which are divided into Policies (e.g. Policy on the definition of the Risk Appetite Framework, Policy on the lifecycle and governance of AIRB models, Policy on Interest Rate Risk and Credit Spreads in the Banking Book, etc.), Process Regulations and Operational Manuals (e.g. RP MO rating assignment and updating, RP and MO ICAAP/ILAAP Contingency Funding and Recovery Plan, etc.). The MST Regulations complete the regulatory set of the Risk Management Department.

The Risk Management Department also operates, as mentioned, as an ICT risk and security control department; in fact, the responsibility of the new ICT risk control and security department introduced by the 40th update of the Supervisory Provisions was assigned by Banco Desio to the Compliance Department and the Risk Management Department in their respective areas of competence.

The Internal Validation Department is part of the Risk Management Department, which is responsible for validating the models and internal methods used by the Group for risk management. Specifically, the Internal Validation Department is called upon to assess, during the initial setup and on an ongoing basis, the adequacy of the methodological, organisational and process aspects of the relevant components of the Internal Rating System for AIRB purposes. The duties and activities of the department in this regard are outlined in the Validation Regulations of the Internal Rating System.

7.4.3 *Compliance &* Anti-Money Laundering *("Chief Compliance & AML Officer" or "CCO")*

The Compliance and Anti-Money Laundering Departments are part of the Compliance & Anti-Money Laundering Department, which reports hierarchically to the Board of Directors and functionally to the Chief Executive Officer. The Head of the Department directly assumes the positions of head of the compliance department, head of the anti-money laundering department pursuant to the Supervisory Provisions and Sanctions Compliance Officer pursuant to the EBA Guidelines 2024/14 (recently established position).

The Compliance Department is responsible for managing and monitoring the risk of non-compliance with external and internal regulations, in relation to all company activities. To allow the correct monitoring of the risk of non-compliance, the Compliance Department has full access to all activities of the Bank and the Group. The department supervises the activities carried out by the structures of the Subsidiaries according to the methodology and plan defined by the Parent Company, issuing the relevant instructions and providing the necessary assistance. The duties of the department are defined in the "Compliance Risk Management Policy" and in the "Compliance Risk Assessment Process Regulations". As mentioned in paragraph 7.4.2 above, the Compliance Department, together with the Risk Management Department, also operates as ICT risk and security control department, within the scope of its remit.

The Anti-Money Laundering Department carries out, according to a centralised model, the management of the "risk of money laundering and terrorist financing" for the Group, and the risk of violation and circumvention of the restrictions, in line with the applicable European and national regulations and with the internal control structures required by the Supervisory Authority. Through the Delegate for the Reporting of Suspicious Transactions, it reports suspicious transactions and maintains relations with the Supervisory Authorities of the sector (FIU, Ministry of Economy and Finance, investigative authorities, etc.). The duties of the department are defined in the "Anti-Money Laundering and Anti-Terrorism Financing

Policy" and the related Process Regulations, and in the "Policy on restrictions and international sanctions" and in the related Process Regulations (being issued). The Department supervises the activities carried out by the structures of the Subsidiaries according to the methodology and plan defined by the Parent Company, issuing the relevant instructions and providing the necessary assistance.

7.5 *Other Control Departments*

7.5.1 *Financial Reporting Officer*

The Financial Reporting Officer is appointed by resolution of the Board of Directors, having obtained the mandatory opinion of the control body, as well as the opinion of any competent Board Committees. The Financial Reporting Officer must meet the integrity requirements envisaged for the heads of the main company departments pursuant to the MEF Decree, as well as have specific expertise in (i) accounting information relating to issuers listed on regulated markets, (ii) sustainability reporting drafted pursuant to the applicable provisions on the matter and (iii) management or control of the related administrative and financial and sustainability reporting procedures, accrued over a period of at least three years as required by the Articles of Association.

The Financial Reporting Officer, currently reporting directly to the Chief Executive Officer and General Manager, performs the functions envisaged by the regulations applicable at the time and, in particular, has the task of preparing adequate administrative and accounting procedures for the preparation of the financial statements and the consolidated financial statements as well as any other financial communication in order to certify that the deeds and communications of the company disclosed to the market (and relating to accounting information, including interim), correspond to the documentary results, books and accounting records.

The Financial Reporting Officer is also responsible for certifying that the sustainability reporting included in the report on operations is prepared in accordance with the applicable reporting standards pursuant to Legislative Decree 125/24 (transposing Directive (EU) 2022/2464, Corporate Sustainability Reporting Directive) and with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 (Taxonomy Regulation).

The Financial Reporting Officer, through the Financial Statements and Sustainability Area of the Parent Company, as defined in the sustainability governance structure, has the task of supporting the Top Management in the management of all social and environmental responsibility issues, coordinating the relevant initiatives and monitoring the positioning of the Banco Desio Group on these issues.

The Financial Reporting Officer, through the Financial Reporting and Sustainability Area of the Parent Company, supports the MCC of Banco Desio (in its capacity as Internal Control and Audit Committee pursuant to Article 19, paragraph 2, of Italian Legislative Decree No. 39/2010) and the control bodies of the Subsidiaries in monitoring the tasks assigned to the independent auditors and their network.

The Financial Reporting Officer was granted adequate powers and resources to carry out his duties. With regard to resources, the Financial Reporting Officer operates (a) with specific dedicated resources within the annual budget approved by the Board of Directors of Banco and (b) with a dedicated organisational structure whose adequacy it assesses over time and represents any need for adjustment which the Chief Executive Officer takes into account, in consideration of the evolution of the reference regulatory or competitive context, as well as events that may in any way significantly influence the economic, equity or financial situation of the Bank or the Group.

With regard to the powers of the Financial Reporting Officer, the following are noted in particular:

- participate, without the right to vote, in the meetings of the Board of Directors, the MCC and the RSC where the agenda contains topics that have an impact on the economic, equity or financial situation and in cases in which subjects relating to their activities are discussed;
- participate, without the right to vote, in the meetings of the CDCC;
- access all the documents of the resolutions of the Corporate Bodies and of the management committees that have repercussions on the economic, equity and financial situation of the Bank and the Group;
- propose to the Board of Directors the adoption of guidelines for the Group Companies regarding the organisation of the administrative and control structure;
- draw up or amend, after consulting the operating structures, the company procedures representing the processes pertaining to the areas under the direct responsibility of the Financial Reporting Officer, including the parts of the procedure that, as part of cross-company management processes, describe activities relevant to the purposes of the tasks and responsibilities assigned to it;
- obtain information of a management nature within the Bank or the Group's subsidiaries, linked to events that may in any way significantly influence the performance of the Bank and the Group;
- freely access any information, documentation and/or data deemed necessary for the performance of the tasks envisaged by law, regulations and this document, stored at any company department;

- make use of any company department (including the CCDs) to carry out the assigned tasks as well as external consultants.

7.5.2 SB

Please refer in full to paragraph 3.6.

7.5.3 Statutory audit

In Banco Desio, as a company with shares listed on regulated markets and, therefore, a Public Interest Entity pursuant to the relevant regulations, the statutory audit of the accounts is the exclusive responsibility of independent auditors (statutory auditor) by law. In the audit report, the independent auditor formalises his/her professional opinion on the separate and consolidated financial statements, accrued as a result of the audit activities carried out and the conclusions reached on the basis of the audit evidence obtained. The audit report also contains the opinion on the consistency of the report on operations and specific information contained in the Report on corporate governance and shareholder structures with the financial statements and on their compliance with the requirements of the law. In addition, the audit report contains the opinion on the compliance of the financial statements with the provisions of Delegated Regulation (EU) 2019/815 ("ESEF Regulation"). The audit report on the financial statements includes the "Key Audit Matters", i.e. the aspects that, in the professional judgment of the auditor, were most significant in the context of the audit of the financial statements in question. The independent auditors are also entrusted with the limited audit on the consolidated half-yearly report and, on a voluntary basis, the limited audit on the consolidated quarterly report.

With reference to the Consolidated Sustainability Reporting, included in the Report on Operations, the independent auditors carry out limited assurance activities and issue their conclusions regarding its compliance (i) with the provisions of Italian Legislative Decree No. 125/2024, which govern their drafting criteria and (ii) respect for the disclosure obligations set forth in Article 8 of Regulation (EU) 2020/852.

In order to monitor compliance with the regulations concerning the company appointed to audit the Group companies, ensuring conditions for safeguarding the independence of the auditor, Banco Desio applies the policy for the "Selection of the statutory auditor and assignment of other engagements to the latter and its network", with which a supervisory system was established to monitor the nature and eligibility of engagement proposals for the provision of services by the auditor and parties connected to it.

The independent auditors of the Banco Desio Group are KPMG S.p.A., appointed by the Ordinary Shareholders' Meeting of 23 April 2021 for the financial years 2021-2029, on the reasoned proposal of the Board of Statutory Auditors.

7.5.4 Whistleblowing and Recovery

In addition, the Group has set up an internal system for reporting violations (whistleblowing), which was updated in 2023 when Italian Legislative Decree No. 24/2023 transposing EU Directive 2019/1937 came into force. For a full description of this system, please refer to the Sustainability Reporting.

In addition, in compliance with Directive 2014/59/EU - Bank Recovery and Resolution Directive and the two Legislative Decrees (Italian Legislative Decree No. 180 and Italian Legislative Decree No. 181) which transpose the aforementioned Directive into Italian law, the Bank has prepared and updates annually a "Recovery Plan" or "Restructuring Plan" (hereinafter also referred to as the "Plan") to deal with crisis situations, which are organically integrated into the Bank's risk management framework, 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 drafted considering the prudential scope of consolidation ("CRR Brianza Unione Group"). Decisions pertaining to the approval and management of the Recovery Plan are made by the BoD as the Body with strategic supervision function.

7.6 FINANCIAL DISCLOSURE PROCESS - RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM FOR THE FINANCIAL DISCLOSURE PROCESS

The monitoring of the reliability of the corporate accounting documents, the process of financial disclosure and consolidated sustainability reporting is carried out in compliance with the provisions of Article 154-*bis* and the related implementing provisions.

Pursuant to the aforementioned regulations, the Financial Reporting Officer exercises over the entire Group a role of guidance and coordination in administrative matters and oversight of the internal control system functional to accounting and financial reporting and supervises the implementation of legal obligations in accordance with approaches common to the Group, defined by specific internal regulations.

The monitoring of financial reporting is based on the examination:

- of the adequacy of the procedures used for the purposes of preparing the corporate accounting documents and any other significant financial communication pursuant to Article 154-bis. The assessments focus on the controls put in place to oversee the work phases which, as part of corporate procedures, involve the recording, processing, evaluation and representation of the data and information contained in financial communications disseminated to the public;

- of the completeness and consistency of the information provided to the market, through the maintenance of a system of relations and information flows with the departments of the Parent Company and the subsidiaries regarding events relevant to financial reporting, in particular with reference to the main risks and uncertainties to which they are exposed.

Sustainability reporting is monitored through verification and monitoring activities aimed at guaranteeing the compliance of the consolidated sustainability reporting with the reference regulations. The update of the internal regulations was finalised in 2025 following the expected evolution of the reference regulations.

Italian regulations do not explicitly refer to predefined standards to assess the adequacy of administrative and accounting procedures and to ascertain the effectiveness of the related internal control system. The international benchmarks (normally also used by the independent auditors) are represented by the COSO Framework on internal control systems, which was also used as a reference by Banco Desio for the sustainability reporting process.

Based on the scope of the Financial Disclosure Control Model at Group level, the below listed activities are carried out for both the banking Parent Company and, as far as applicable and compatible, for the Group Companies included in the scope of consolidation.

In particular, the assessment of risks and controls is conducted in accordance with the methods defined by the Financial Reporting Officer, with support as necessary from Banco Desio's Risk Management Department and Compliance and Anti-Money Laundering Department. For the purposes of the assessment of the risks and controls related to the aspects of the information system, the Financial Reporting Officer relies on the support, if any, of the Operations and Systems Department as well as, if necessary, the Internal Audit Department of Banco Desio.

Critical issues deriving from inspections conducted by external parties (independent auditors, Supervisory Authorities) are also collected and assessed by the Department of the Financial Reporting Officer in terms of financial reporting risk.

In carrying out his activities, the Financial Reporting Officer reports:

a) to the Board of Directors, through a specific report to be issued at least on a half-yearly basis and at the same time as the approval of the draft financial statements and the consolidated financial statements;

b) to the Chief Executive Officer (who also performs the functions of CEO in charge of establishing and maintaining the internal control and risk management system), on an ongoing basis, orally and through the submission of written reports, concerning precise and specific aspects of his activities;

c) to the MCC, the RSC and the SB according to the information flows provided for, as well as on the basis of any needs presented by them.

7.7 REFERENCE INTERNAL REGULATIONS AND INFORMATION FLOWS

The tasks assigned to the aforementioned structures are detailed in the internal regulations, to which reference is made in full, including in particular the Corporate Bodies Internal Regulations, the Control Coordination Policy and the Regulations in force at the time of the individual Committees.

With regard to information flows, the Bank's internal regulations govern the timing, forms and content of the documentation (also according to standard filing and presentation models) to be transmitted to the individual members of the corporate bodies for the purpose of adopting resolutions on the items on the agenda. In addition, the aforementioned internal regulations also define the tasks and duties attributed to the chairpersons of the bodies in relation to (i) the definition of the agenda; (ii) prior information to the members on the items on the agenda; (iii) the minutes; (iv) the availability (also *ex post*) of the documentation, which is generally stored in special IT archives reserved for company representatives and maintained by the corporate secretariat department. Lastly, resolutions are transmitted to the Supervisory Authorities, pursuant to the applicable regulations, according to the resolutions passed on a case-by-case basis by the corporate bodies.

As part of the internal regulations, referring to the various business processes of the Bank, the information flows concerning the involvement of the various corporate bodies and the dialogue with the managerial departments are also regulated.

In this context, special attention is paid to the information flows between the parties involved in the ICS with reference, for example, to the methods of annual and preventive approval of the activity plans of the Risk Management, Compliance & Anti-Money Laundering and Internal Audit departments by the Board of Directors; the presentation of the final reports and the management of the weaknesses identified/the suggested actions to resolve them; similar attention is paid to information flows between the Parent Company and Subsidiaries.

Policy on Coordination of Controls and Information Flows of the Parent Company's Control System

The Policy on Coordination of Controls defines the tasks and responsibilities of the control Bodies and departments within the Banco Desio Group (in particular, procedures, moments of coordination, organisational reportees, and relevant links among the above-mentioned company departments), as well as the duties and responsibilities of the control departments, the control methods of the control departments, for details of which reference should be made to the Process Regulations and Operating Manuals of the individual departments, the information flows between the different departments and between them and the corporate Bodies, the coordination and collaboration procedures by eliminating any potential overlaps and making it possible to develop synergies between the departments by 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 the corporate strategies and with internal and external regulations. The policy also defines the methods for assigning the budget to the control departments and the assessment methods of the relative Heads

To this end, the Parent Company, as part of the Group's management and co-ordination activities, regulated as a whole by the "Group Regulations" adopted at that time, exercises: a) strategic control on the evolution of the various areas of activities where the Group operates 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 in its entirety; c) technical-operating control aimed at evaluating the various risk profiles contributed to the Group by the individual subsidiaries.

The Bank has established a specific Control Department Coordination Committee to serve as the sole coordination body for the Company Control Departments, with the task of sharing:

- the analyses carried out on the most significant critical issues identified, including those arising from major incidents occurring during business operations, with particular reference to those relating to the commercial network and ICT and security;
- any significant changes in regulations that may affect the company;
- any relevant communications from the Supervisory Authorities and the related responses, as well as the progress of any measures indicated therein;
- assessments relating to any new operations and/or individual transactions with a significant impact in terms of risk, including ICT and security risk;
- possible action plans for the most critical weaknesses identified and the structures responsible for their implementation;
- the progress of the measures reported in the Tableau de Bord by the various CCDs, with a specific focus on any delays or critical issues that have arisen;
- the control activity plans and their progress, including control activities carried out under the Service Agreement.

8 BANKING GROUP - RELEVANT ENTITIES

Management and coordination of the Subsidiaries

The Subsidiaries, which are part of the Banco Desio Group, comply with the provisions that the Parent Company, in exercising management and coordination, issues for the execution of the instructions given by the Supervisory Authority, in the interest of the stability of the Group.

This management and coordination activity is exercised through procedural and operational coordination mechanisms that apply to all Subsidiaries, in line with the Group's governance requirements according to an approach based on the efficiency and streamlining of the processes and criteria of proportionality. It also provides for flexible management and operating reconciliation mechanisms, in order to maintain the balance over time between the ability of the individual Subsidiary to develop its business independently and the responsibility of the Parent Company to ensure, through guidelines, that this development takes place in line with the Group's strategic objectives.

The strategic, management and technical-operating coordination function is essentially structured as follows:

- strategic coordination/control on the evolution of the various areas of activities where the Group operates and the risks incumbent on the portfolio of activities carried out;
- management control/coordination aimed at maintaining the balance of the economic, financial and equity conditions, both for individual companies and the Group as a whole;
- technical-operating coordination/control aimed at evaluating the own risk profiles and those contributed to the Group by the individual subsidiary.

For the purposes of an orderly performance of management and coordination activities, the Parent Company issues instructions to the Group's members, through Directives, Procedures and Coordination Points. In this context, specific functions are recognised to the Administrative Bodies and, depending on the matters, to certain Departments/Areas of the Parent Company.

The Parent Company verifies, by the individual Department responsible for the matter as first-level control and by the Company Control Departments as second and third-level controls, the fulfilment of the aforementioned Instructions by the individual Subsidiary, without prejudice to the responsibility of the latter's corporate Bodies to ensure the correctness of the data and information provided for this purpose.

Each Department of the Parent Company is responsible, as part of the functional reporting mechanisms, for contributing - in its own business segment - to the unitary and efficient governance of the Group, carrying out the following specific activities for the structures of the individual Subsidiary:

- guidance, outlining the strategic lines of the Group in plans/budgets of individual Subsidiaries;
- support, providing the individual Subsidiary with assistance in implementing the above guidelines internally;
- monitoring and control, ensuring on an ongoing basis the maintenance of economic, financial and capital balance conditions, as well as the functionality of the overall risk management processes within the Group.

As part of the support activities, the Departments of the Parent Company -- in addition to their management and coordination functions -may carry out, on behalf of the individual Subsidiary that has outsourced such functions to the Parent Company, specific functions pertaining to the same, in order to achieve economies of scale and scope while guaranteeing unitary and efficient governance of the Group, in compliance with the decisions taken in this regard by the administrative bodies of the Parent Company and the individual Subsidiary, as well as through precise regulations defined as part of service contracts formalised in compliance with the provisions in force on outsourcing.

For the Company Control Departments, see also paragraph 7.4.

With reference to the Subsidiaries, please note the following and for further information in this regard, please also refer to paragraph 3 of this Project.

Fides S.p.A.

Fides S.p.A. ("**Fides**") has the exclusive corporate purpose of carrying out, with respect to the public, the financial activities indicated in Article 106, paragraph 1, of the CBL and specified by Decree of the Ministry of Economy and Finance No. 53 of 2 April 2015 and specifically:

a) the performance, with regard to the public, of the granting of loans in any form - including any type of consumer credit financing and purchase of receivables - to individuals or companies, with particular reference to employees and retirees, through salary/pension-backed loans, as well as loans with delegation of payment, with all the consequent and necessary activities, both on its own behalf and on behalf of third parties;

b) collection of transferred receivables and cash and payment services pursuant to Article 2, paragraphs 3, 6 and 6-bis of Law No. 130 of 30 April 1999 on the securitisation of receivables (servicing), as part of securitisation transactions in which the Company has sold its assets and invests its funds also for the sole purpose of complying with the obligation to maintain the net economic interest pursuant to Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 and the related implementing regulations; - subordinately to the above activities:

c) financial intermediation and, in particular, the promotion and conclusion of contracts relating to the granting of loans, also on behalf of third parties;

d) the performance of insurance brokerage activities (subject to registration in the appropriate registers).

The Bodies of Fides are: the Shareholders' Meeting, the Board of Directors currently composed of 9 members, designated by the Parent Company, in office for the years 2025-2027 and the Board of Statutory Auditors, composed of a Chairperson, two Standing Auditors and two Alternate Auditors, also in office for three financial years.

The Board is vested with the broadest and most unlimited powers for the ordinary and extraordinary management of the company, excluding only those that the law strictly reserves to the Shareholders' Meeting. In addition to the powers that cannot be delegated by law, decisions concerning the following are attributed to the exclusive competence of Fides' Board of Directors:

- the issue and amendment of internal regulations governing, among others, the tasks and powers of strategic supervision and management of the Board itself and the management powers delegated to the General Manager in compliance with the applicable supervisory provisions;

- the appointment and revocation of the General Manager and the other Executives, as well as the determination of the powers attributed to them, to Managers and to Employees of the Company;

- the establishment, transfer and closure of branches or representative offices;

- the purchase, construction and sale of real estate;

- the acquisition and disposal of equity investments.

The Board of Directors is also vested with the responsibility, which cannot be delegated, but which may in any case be referred to the Shareholders' Meeting, for the following resolutions:

- merger by incorporation of companies wholly or at least 90% owned;

- establishing and closing secondary offices;

- reducing share capital in the event of the withdrawal of shareholders;

- adapting the Articles of Association to peremptory legal provisions;

- transferring the company's registered offices within Italy.

Dynamica Retail Agenzia in attività finanziaria S.r.l.

Dynamica Retail Agenzia in attività finanziaria S.r.l. in abbreviated form "Dynamica Agenzia S.r.l." (currently wholly-owned by Dynamica Retail S.p.A.) is a company indirectly controlled by the Bank through Fides.

Dynamica Agenzia S.r.l. has as its sole purpose the exercise of financial activities as agency pursuant to paragraph 1 of Article 128-*quater* of the CBL. In any case, the company is prohibited from carrying out credit brokerage activities in any form.

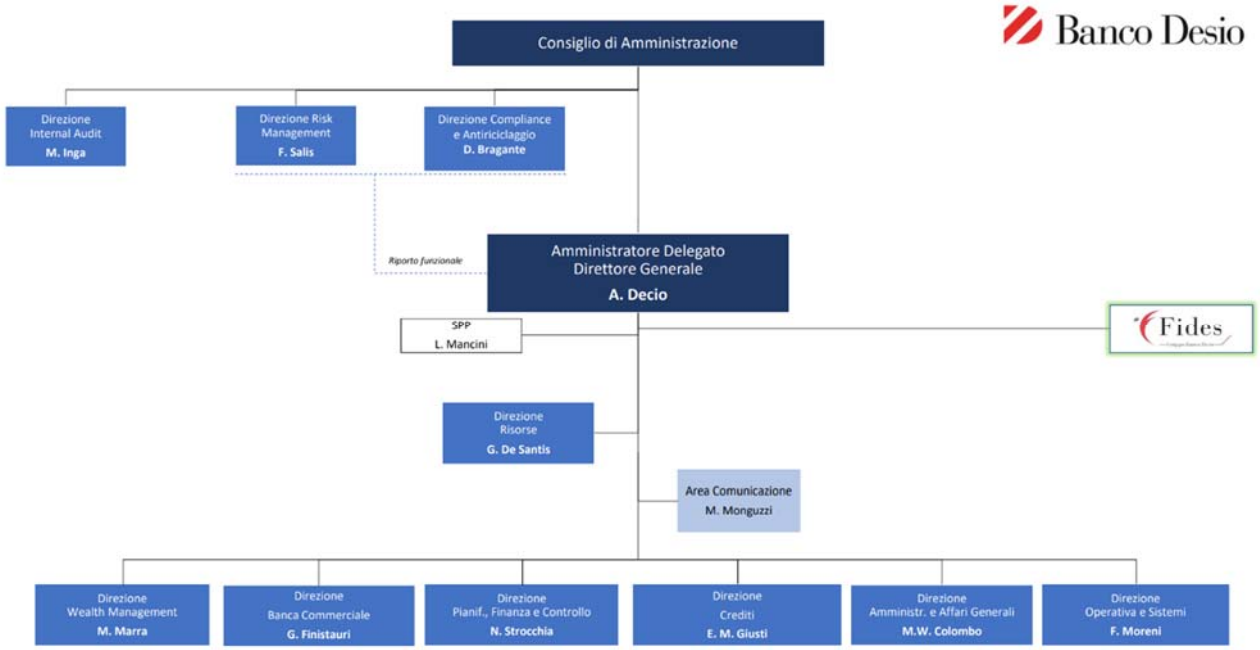
Dynamica Agenzia S.r.l. is not considered a "significant entity" due to its limited size and operational complexity.

Desio OBG Srl

Likewise, Desio OBG S.r.l. is not considered a "significant entity" due to its limited size and operational complexity, as it is a simple vehicle for the purpose of issuing covered bonds.

No significant changes in the corporate governance structure of Fides and/or the other Subsidiaries are expected as a result of the adoption of the one-tier administration and control system by the Parent Company.

9 ATTACHMENT

9.1 ATTACHMENT 1: BANCO DESIO ORGANISATIONAL CHART

The Bank's organisational chart in force as at the Date of the Corporate Governance Project is shown below.