



Banco Desio

**ANNUAL REPORT
ON
CORPORATE GOVERNANCE
AND THE SHAREHOLDER STRUCTURE
OF THE GROUP
PURSUANT TO ARTICLE 123-BIS OF THE CFA
2019 ACCOUNTING PERIOD**

BANCO DI DESIO E DELLA BRIANZA S.p.A.

Registered office in Via Rovagnati, 1 – 20832 Desio (Monza and Brianza)

Tax Code no. 01181770155

Registered in the Metropolitan Chamber of Commerce of Milan, Monza and Brianza and Lodi, REA no. MB-129094

Share capital Euro 70,692,520.28 fully paid-up

Member of the Interbank Deposit Protection Fund
and the National Guarantee Fund

Entered in the Bank Register with ABI Code no. 3440/5

Parent Company of the Banco di Desio e della Brianza Banking Group

Entered in the Banking Group Register under no. 3440/5

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MAIN DEFINITIONS USED IN THIS REPORT

CBL: Consolidated Banking Law – Italian Legislative Decree No. 385/1993 as amended.

CFA: Consolidated Finance Act – Italian Legislative Decree No. 58/1998 as amended.

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

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

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

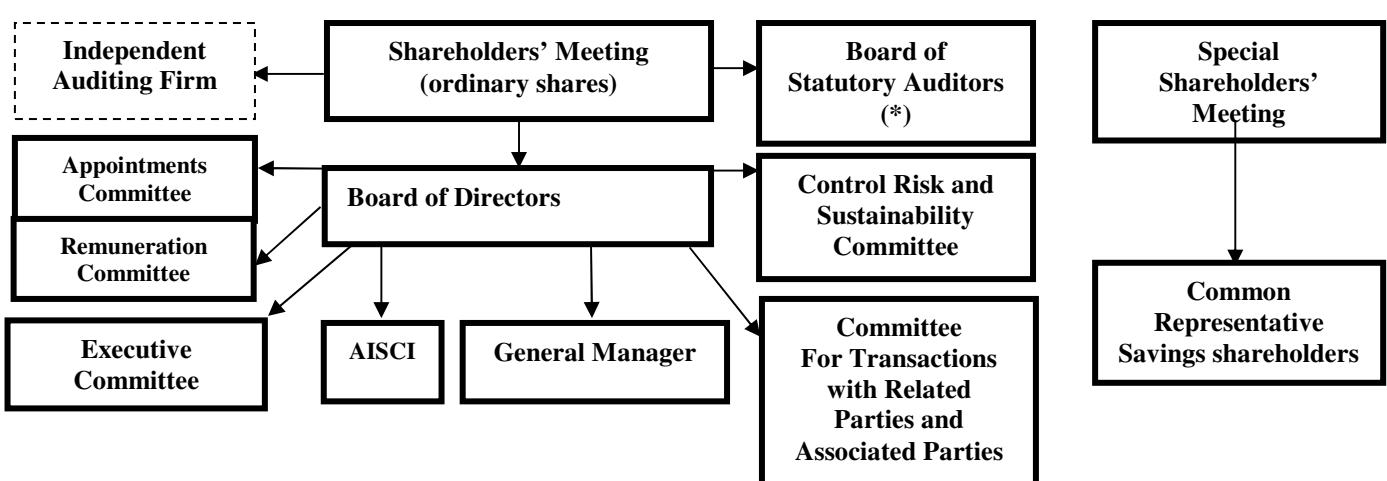
Supervisory Body: Bank of Italy and Consob.

AISCI: the Director Appointed to head the internal control and risk management system (AISCI)

1 - GENERAL INTRODUCTORY REMARKS ON THE CORPORATE GOVERNANCE SYSTEM

1.1 Preliminary information

During 2019, **no significant changes took place with regard to the essential profile within the overall corporate governance structure** of Banco Desio and the Group². In detail, the structure of the Bodies of the Bank is represented by the following chart³:



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

¹In this Report, "Vice General Manager" means the Vice General Manager or, if more than one, the Vice General Managers appointed as and when. At present, a "Substitute" Vice General Manager (who, in addition to performing his duties, replaces the General Manager in case of absence or impediment) and a "Business" Vice General Manager are in office.

² You are reminded that on 11 December 2018, the Boards of Directors of Banco Desio and of Banca Popolare di Spoleto approved the draft merger via incorporation of the latter. The respective Extraordinary Shareholders' meetings adopted the merger resolutions on 9 and 7 May 2019. The merger was effective for legal purposes on 1 July 2019. For additional information, please refer to the Report on Operations. For this transaction and for the consequent change to the share capital of Banco Desio (see further on), it was authorised by the Bank of Italy in accordance with Articles 56 and 57 of the Consolidated Banking Law. No other changes have occurred that would make it necessary to submit to the Bank of Italy a revision to the Corporate Governance Project in accordance with Circular No. 285.

³In the diagram, the arrows indicate the appointment and removal relationships between the main bodies (note that the BoD is also responsible for appointing/removing the Vice General Manager, Appointed Executive and Heads of the Internal Control Departments and the Executives in general).

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

- i) Senior Bodies (Board of Directors, Advisory/Proposal-making Committees⁴, Executive committee)
- ii) AISCI
- iii) Executive Parties (General Manager)
- iv) Technical-operating committees⁵
- v) Internal control departments
- vi) Appointed Executive

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

In 2018 - you are hereby reminded - it was deemed advisable to separate the Internal Regulations of the Board of Statutory Auditors from the aforesaid Internal Regulations, most recently revised in the meeting of 30 October 2019.

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

1. **General Shareholders' Meeting Regulations** (see Section 10 below);
2. **Regulations of the Information Flows of Corporate Bodies**, most recently revised with Board resolution of 12 December 2019;
3. **Regulations for Coordinating the Controls and the information flows of the Parent Company** (see Section 7 below) most recently revised with Board resolution also dated 12 December 2019;
4. **Internal Regulations regarding Corporate Information of the Banco Desio Group** ("Corporate Information Procedure"), last revised with resolution of 21 December 2017, containing, among other things, the functioning of the Corporate Bodies in specific reference to the dissemination of related documentation and the handling of privileged information and the register of the individuals who have access to the same, as well as for the communication of Internal Dealing transactions; said Regulations are being further revised with particular reference to the mapping of the privileged information in accordance with the Guidelines issued by Consob on the subject (see further on);
5. **Internal Regulations for Transactions with "Associated Parties"** and Article 136 of the CBL, adopted in compliance with Prudential Supervisory Provisions on risk assets and conflicts of interests with associated parties issued by the Bank of Italy, pursuant to Article 53 of the CBL (see section 5 below) most recently revised with board resolution of 8 February 2018; said Regulations will be updated further to the issuance by Consob of the amendments to its Regulations on the subject assimilating Italian Legislative Decree No. 49/2019 concerning the rights of the shareholders acknowledging the EU Directive, the so-called "SHRD2" (see further on);

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

⁵See Section 4.3 below.

6. **Policy for identifying and managing conflicts of interest** most recently revised with board resolution of 9 November 2017, referenced by the procedures used to identify the types of conflict of interest, potential or otherwise, in relation to the provision of any investment service or activity, related service, etc., by way of implementation of the provisions acknowledging the MIFID Directives (see Section 5 below);
 7. **Policy for the regulation of “personal transactions”⁶ in relation to investment services**, also issued in implementation of the provisions transposing the MIFID Directives;
 8. **Policy that defines the Group’s overall risk propensity (“Risk Appetite”)**, intended as the maximum amount of capital that the Group is prepared to make available to hedge risks against a set expected return and that contains the general rules for business risk management with reference to each type of risk indicated in Prudential Supervisory Provisions of the Bank of Italy, containing specific provisions relating to risk activities with “Associated Parties” pursuant to point 4.
- * * *

In the presentation of this Report, the traditional layout was maintained that, owing to the lack of consistent provisions on the matter, takes into consideration the guidelines indicated from time to time by Borsa Italiana S.p.A. and by Assonime. In said context, the attached Table 4 was maintained, which included the schedule summarising the implementation status of the recommendations in the Corporate Governance Code for Listed Companies as per Section 2.2 below⁷ (for the sake of brevity “the Corporate Governance Code”)⁸.

This Report:

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

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

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

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

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

- a. the (not legally separated) spouse or the common law spouse of the Relevant Person;
- b. the children of the Relevant Person;
- c. any other relative of the Relevant Person to the fourth degree (i.e. parents, grandparents, great-grandparents, grandchildren, first cousins, aunts, uncles and great-aunts and great-uncles) who has shared the same household as the Relevant Person for at least one year on the date of the Personal Transaction.

Parties with which the Relevant Person has Close Links means one or more individual or legal persons linked to a Relevant Person by:

- a) an equity investment (which means ownership, direct or by way of control, of 20% or more of voting rights or capital of an undertaking);
- b) control.

⁷Corporate Governance Code for Listed Companies – Borsa Italiana – 2011 Edition (2018 update)

⁸Reference is made to the 2018 Edition of the Corporate Governance Code currently in force. On 31 January 2020, the new Corporate Governance Code for listed companies was published. The new version of the Code streamlines and enhances the formulation of the recommendations, introducing elements of flexibility in relation to the dimensions of the business and its ownership structures. The Code also assigns the BoD a new role in the furthering of the sustainability strategies and the dialogue with the market and the relevant stakeholders. The companies which adopt the Code will apply it as from the first accounting period which commences after 31 December 2020, informing the market thereof in the corporate governance report to be published during 2022.

- has been drawn up in accordance with Article 123 bis of the CFA, which lays down a series of information on the ownership set-ups, the corporate governance practices, the risk management and internal audit systems relating to the financial disclosure process, and the composition and functioning of the general meeting, board and audit bodies; the independent auditing firm is required to express a consistent opinion on certain information required by the aforementioned Article 123-bis; this information is specified in section 2.1 below;
- has been approved by the BoD, subject to the assessment of the Independent Directors as per a specific recommendation in the Corporate Governance Code as assimilated in the Internal Regulations⁹. This assessment is attached to said Report (Attachment A);
- is published, albeit as a separate document, together with the Report on Operations, which also contains the due references. Likewise, it contains references to the financial statement documentation (Notes to the Consolidated Financial Statements, Report on Operations, etc.), as well as the Remuneration Report as per the subsequent point, for the information contained therein, which otherwise would be duplicated; the latter is prepared in accordance with Article 123-ter of the CFA, which also contains the information required by Bank of Italy Circular No. 285 regarding remuneration and incentive policies and practices in banks and banking groups.

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

1.2 General aspects of the corporate governance model pursuant to the applicable Supervisory Provisions¹⁰

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

1.2.1. Articles of Association

Duties and powers of the corporate bodies

A.1 Board of Directors

The body tasked with strategic supervision is first and foremost reserved the decisions concerning strategic policies and transactions as well as business and financial plans. This provision is included in both the Articles of Association of the Parent Company and in the Articles of Association of the Subsidiary Bank (for further details see section 3 below). Among the powers that cannot be delegated, the BoD is responsible for the appointment of the heads of the internal auditing and compliance departments and the definition of the essential elements of the overall architecture of the internal audit system¹¹ (subject to the favourable opinion of the Board of Statutory Auditors). The Board of Directors also carries out management functions.

⁹The Independent Directors meet at least once a year in the absence of the other Directors (as a rule, at the time of the approval of the Annual Corporate Governance Report and for the purpose of expressing their opinion on the aspects they are responsible for, for which please refer to notes 23 and 24).

¹⁰ The provisions to which reference is made are now contained in the aforementioned Circular No. 285.

¹¹Among the "essential elements of the overall architecture of the system of controls", the Provisions themselves indicate "powers, responsibilities, information flows and handling of conflicts of interest".

A.2 Board of Statutory Auditors

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

B. Composition of the Corporate Bodies

With regard to the Parent Company and to the subsidiary Bank, the regulation of "list voting" is in force for the election of the members of the BoD and the Board of Statutory Auditors, already introduced in the Articles of Association, by virtue of Article 147 *ter* and Article 148 of the CFA. Moreover, the Articles of Association of the Parent Company also include the "gender quota" regulations introduced by Law no. 120/2011¹² for companies listed in regulated markets. The Articles of Association of the Parent Company and of the subsidiary Bank have provisions for "independent directors".

C. Remuneration and incentive mechanisms.

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

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

With regard to the regulatory provisions that are complementary to the Articles of Association provisions as per the previous section 1.2.1, the Internal Regulations acknowledge the application guidelines of Bank of Italy Circular No. 285 as per points A.2) Board of Statutory Auditors and C) Remuneration and incentive mechanisms (for further details also see section 6 below). It is also established, within the Internal Regulations, that the Statutory Auditors cannot undertake offices in bodies other than the Board of Statutory Auditors within other Group Companies, as well as with companies in which Banco Desio directly or indirectly holds a strategic investment¹³. With reference to the role of Chairman of the Board of Directors, who according to the general principles expressed in the same Circular No. 285, (s)he

¹²Note that this regulation envisaged that the "gender quota" must be at least 1/5 for the first mandate (2014-2016) and at least 1/3 for the following two mandates (2017-2019 and 2020-2022); for the extension of six mandates and the increase to 2/5 introduced by means of the 2020 Budget Law, see the following section 13.

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

performs an important role for the purpose of encouraging internal dialogue and ensuring the balancing of the powers, in the Internal Regulations it is specified that “the Chairman of the Board of Directors promotes a communicative and transparent relationship among the members of the Board, to assure the effective functioning of the corporate governance system; for this purpose, the Chairman “within the scope of his/her function, directed at promoting internal dialogue and assuring the balancing of powers within the Board of Directors with respect to its different members, and to the General Manager in relation to the role described in section 4.2 below, supervises the organisation of the Board's activities and the dissemination of related information, promoting the constant performance of the Board's role in strategic oversight and management. Maintains relations with the Chairman of the Board of Statutory Auditors and with the Chairmen of the advisory/proposal-making committees established within the Board of Directors, serving as their main interlocutor”. For more details see also section 4.2 below.

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

The Control Coordination Regulations define the tasks and responsibilities of the auditing Bodies and functions within the Banco Desio Group (in particular, procedures, moments of coordination, organisational reports, and relevant links among the above-mentioned company departments), as well as the duties and responsibilities of the audit functions, the main audits carried out by each function, the information flows between the different functions and between them and the corporate Bodies, the coordination and collaboration procedures eliminating any potential overlaps and allowing to develop synergies between the functions establishing, *inter alia*, that the Internal Control System consists of the set of the rules, procedures, organisational structure and coordination mechanisms that aim at essentially assuring the compliance of the Group Companies' operations with respect to the corporate strategies and with internal and external regulations. To this end, the 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. For more information, see also section 7 below.

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

This section contains information on the ownership arrangement and the corporate aspects **pursuant to Article 123 bis of the CFA**, as well as on the Group structure and the management and coordination activities, according to the various banking and statutory rules. Unless specified otherwise, the information listed below refers to the Banks of the Group.

Banco Desio is qualifiable as an “SME” in accordance with Article 1, Paragraph 1, Letter w-quater.1) of the CFA, which defines SMEs as the enterprises, issuing listed shares, whose revenue is less than 300 million Euros, or whose market capitalisation is less than 500 million Euros. Issuers of listed shares that exceeded both the aforesaid limits for three consecutive years are not considered SMEs. The checks carried out following promulgation of Consob Resolution No. 20621 of 10 October 2018 allowed to ascertain that, although Banco Desio's revenue (which for banks is represented by the gross income)

in the financial year ended on 31 December 2017 amounted to 418 million Euros, Banco Desio falls within the definition of SME provided above, because its market capitalisation as at 30 June 2018 amounted to 278 million Euros. If, for three consecutive years, Banco Desio were to exceed both the aforesaid limits relating to revenue and capitalisation, it would cease to be included in the SME category. The market capitalisation as of 31 December 2019 amounts to around 340 million Euros.

2.1 OWNERSHIP ARRANGEMENTS AND OTHER CORPORATE ASPECTS OF BANCO DESIO **(Article 123-bis of the CFA, paragraph 1)**

a) Structure of the share capital

Banco Desio's share capital, fully subscribed and paid-up, is made up, further to the share capital increase serving the merger via incorporation of BPS, of a total of 135,947,289 shares (with a par value of 0.52 Euros each), of which 122,745,289 ordinary shares (around 90% of the total) and 13,202,000 non-convertible savings shares (around 10% of the total). The ordinary shares, listed since 1995 in the MTA (On-line Equity Market), grant the holders the rights and obligations envisaged by current legislation (in particular, the right to profits and voting rights pursuant to Articles 2350 and 2351 of the Italian Civil Code), without Articles of Association exceptions or limitations.

The non-convertible savings shares, issued at the time of the share capital increase and listed on the MTA in 1999, have the following specific features, established by special legislation (Article 145 of the CFA) and by the Articles of Association: they lack the right to vote during ordinary and extraordinary shareholders' meetings; they can be bearer shares, except those held by Representatives; they are not convertible, on an optional basis, into ordinary shares; they have a preference with regard to the allocation of the profit for the year, which must never be less than 7% of their par value; in the event the company is wound up, they have a right of pre-emption with regard to the reimbursement of capital for their entire par value; in the event of exclusion from trading of the ordinary and savings shares, these savings shares automatically change into shares with a limited right to vote for the resolutions of the Extraordinary Shareholders' Meeting, without prejudice to the equity privileges indicated above. With regard to the category organisation, see section 11 below.

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

b) Restrictions on the transfer of shares

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

c) Significant investments

Shareholders who hold stock in Banco Desio of **over 514%** as at 31 December 2019 were as follows:

- **with regard to the share capital represented by a total of 122,745,289 ordinary shares:**
 - **Brianza Unione di Luigi Gavazzi e Stefano Lado S.p.A.** **50.44%**
(controlling interest)
 - **Avocetta S.p.A.** **8.20%**

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

- Stefano Lado ¹⁵ (of which 5.61% via Vega Finanziaria SpA)	7.53%
Total	66.17%
- with regard to the share capital represented by a total of 13,202,000 <u>savings</u> shares:	
- Brianza Unione di Luigi Gavazzi e Stefano Lado S.p.A.	44.69%
- Avocetta S.p.A.	10.62%
- Stefano Lado (of which 4.33% via Vega Finanziaria SpA)	5.94%
- Averla Srl	5.35%
Total	66.60%

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

d) Securities that grant special control rights

No securities that grant special control rights have been issued.

e) Shareholdings of employees: voting procedure

Currently, there are no active employee shareholding plans.

f) Restrictions on voting rights

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

g) Agreements between shareholders

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

h) Change of control clauses

Banco Desio and/or its subsidiaries do not have any significant agreements outstanding, whose effectiveness is subordinated, or which change or cease in the event of any change in the control of the Bank.

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

Refer to section 6 below of the Remuneration Report.

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

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

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

The BoD is made up of a minimum of 8 and a maximum of 12 members¹⁶, according to the decisions of the Shareholders' Meeting, and is appointed by means of "majority" list voting that, in the event of the presentation of two or more lists of candidates, envisages the appointment of all the Directors less one from the list that obtained the greatest number of votes expressed during the Shareholders' Meeting (majority list). One Director is appointed from the minority list that has obtained the greatest number of votes expressed after the majority list, provided that the number of votes is at least equal to half of the quorum necessary for the presentation of the lists and on condition that the minority list is not linked to the shareholders who have presented or voted for the majority list.

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

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

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

Amendments to the Articles of Association are the exclusive responsibility of the Extraordinary Shareholders' Meeting, except in those cases where the law and the Articles of Association permit approval by the BoD. In any event, the Article of Association amendments are subject to the prior assent of the Bank of Italy in accordance with Article 56 of the Consolidated Banking Law. For further information relating to the management body and the auditing body, see sections 3 and 9 below.

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

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

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

As illustrated in previous Reports, Banco Desio complies with the Corporate Governance Code for Listed Companies as from its first issue by Borsa Italiana. In detail, the Code was adopted on a generalised basis, with the exception of certain criteria of a circumscribed nature that was considered not necessary or appropriate to assimilate fully. For detailed information on the status of adherence to

¹⁶ On 6 April 2017, the Extraordinary Shareholders' Meeting resolved to raise this maximum number from 11 to 12.

individual recommendations of the Code, refer to the attached Table 4. The Code is available on the following website www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf

Additional information laid down by Article 123-bis, paragraph 2 of the CFA, referring to financial disclosure (letter b), the functioning of Shareholders' Meetings and dealings with shareholders (letter c) and the composition/functioning of management and audit bodies (letter d) is provided, specifically, in sections 3, 7, 9 and 10 below. Section 7 also contains information about the non-financial statement.

2.3. GROUP STRUCTURE AND MANAGEMENT AND COORDINATION ACTIVITIES

Information in this section reflects (unless otherwise specified) the situation as at 31 December 2019.

Banco Desio is the Parent Company of the **banking group** of the same name, pursuant to Articles 60 and 61 of the CBL, which currently includes, further to the afore-mentioned merger, the following companies:

Banco Desio e della Brianza SpA Parent bank

Fides SpA	Finance company entered in the Financial Intermediaries Registry, directly controlled (100%)
Desio OBG Srl	Directly controlled (60%) special purpose vehicle for the issue of Covered Bonds

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

Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., a financial company whose main purpose is the management of the controlling 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 co-ordination activities** over Banco Desio and its subsidiaries, based on neither banking legislation nor statutory provisions. Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. does not hold any other controlling interests¹⁷.

¹⁷ In accordance with Articles 11 and 99 of Regulation EU No. 575/2013 (CRR) Brianza Unione is also obligated, starting from the accounting date of 30 June 2018, to forward prudential supervisory reports (so-called COREP) and statistical reports (so-called FINREP) on a consolidated basis. As consequence, Banco Desio, starting from the same accounting date, no longer sends the related reports on a consolidated basis because they are transmitted by Brianza Unione. Brianza Unione has appointed Banco Desio with a dedicated service agreement for the execution of some activities concerning the drafting and forwarding of the reports. For additional information, please refer to the Report on Operations.

3 - BOARD OF DIRECTORS

The information in this section has been provided in accordance with Article 123-bis, section 2, letter d of the CFA and articles 144-octies and 144-novies of the Issuers' Regulation and reflects (unless otherwise specified) the situation as at 31 December 2019. For its development, see section 13 below. For information about the diversity policies applied by the Banco Desio Group in relation to the membership of the administration, management and control bodies with regard to aspects such as age, gender and education and professional experience, in accordance with Article 10 of Italian Legislative Decree no. 254/2016, please refer to section 7 below.

3.1 Composition and requirements

Banco Desio's current Board of Directors is made up of 12 Directors and was appointed by the Shareholders' Meeting held on 6 April 2017, using the list voting mechanism pursuant to section 2.1.I) above. Its term expires with the Shareholders' Meeting held for the approval of the financial statements as at 31 December 2019. During the aforesaid Shareholders' meeting, a single list was submitted by the majority shareholder. The composition of the BoD, together with other information on the structure of the Management Body and Committees, is included in the attached Table 1.

On the basis of the special reference legislation for banks with listed shares¹⁸, Directors must meet specific good standing and professionalism requirements, otherwise they will no longer be eligible for office. Specifically, with regard to professionalism, at least three years of experience in at least one of the following areas is required: management, audit or executive activities within companies; professional activities in matters pertaining to the banking, financial, insurance sectors or functional activities in banking; a university lecturing position in the law or economics faculties; public administrative or executive functions pertaining to the lending sector or which involve the management of economic-financial resources. With regard to the office of Chairman, the aforementioned experience must cover at least five years. For the offices of Managing Director and General Manager, specific expertise in matters pertaining to the lending sector is required, gained in positions of adequate responsibility for at least five years. The Board of Directors is responsible for verifying that the Representatives meet the requisites within 30 days of appointment, by means of the procedure established by the Bank of Italy's Supervisory Provision. In short, the BoD checks and resolves that the requirements have been met, after consulting the Board of Statutory Auditors (who perform their own specific check¹⁹), for each individual representative, involving the abstention of the party concerned, on the basis of suitable documentation produced by said Representatives (examples: certificates, declarations, curricula vitae, affidavits or similar, declarations made by companies/bodies they worked with, etc.).

¹⁸ On 2 August 2017, the Implementation regulations of Article 26 CBL were submitted for consultation by the MEF, which, after hearing the Bank of Italy, is called upon, as known, to identify in compliance with CRD4: a) the homogeneous good standing requirements for all the representatives; b) the professional standing and independence requirements, graded according to proportionality principles; c) the criteria of competence, consistent with the office to be held and with the characteristics of the bank, and of adequate composition of the body; d) the criteria of correctness, concerning, among other things, the business relations of the representative, the behaviour with regard to the supervisory authority and the sanctions or corrective measures imposed by them, restrictive measures concerning professional activities carried out, as well as any other element likely to affect the correctness of the representative; e) the limits to the number of offices held by bank representatives, graded according to proportionality principles and taking into account the size of the intermediary; f) the causes that involve the temporary suspension from the office and its duration. The consultation document was analysed by the Appointments Committee also in light of the observations transmitted by the ABI to the MEF.

¹⁹With regard to the specific assessment of the Board of Statutory Auditors regarding the requisites of the Directors and the Statutory Auditors, also see section 9 below

Information on the personal and professional characteristics of the Directors, as well as information on their satisfaction of the requirements described in this section, are published upon submission of the lists for the renewal of corporate offices, in compliance with governing Consob regulations. For more details, refer to section 3.5 below. Their curricula are also made available on the www.bancodegio.it website, in the section “La Banca/Governance/Corporate Governance/Consiglio di Amministrazione” (The Bank/Governance/Corporate Governance/Board of Directors).

3.2 Independent Directors

Of the 12 Banco Desio Directors in office, **5** are qualified as Independent, according to the specific provisions of Articles 147-ter and 148 of the CFA and the standards of the Corporate Governance Code (the only exception is the criteria of “nine years” permanence in the BoD which, due to the reasons indicated in attached Table 4 in compliance with the resolution adopting the Code on 22 February 2007, is not, however, considered in itself to be indicative that the individual does not meet the independence requirement, save that the cases exceeding the 9 years are subject to specific analysis according to the recommendations formulated by the Italian Committee for Corporate Governance)20. The assessment of independence is subject to BoD resolution and appropriate review by the Board of Statutory Auditors, specifically examining the individual positions of the Directors on the basis of suitable documentation available to the company or disclosure made by the party concerned, who abstains from voting and favouring, in any case, substance over form. The checks are envisaged after appointment, as well as when establishing Committees that require the participation of a certain number of Independent Directors, at the time of approval of the Self-Assessment Report of the BoD and of this Report (as well as each time the BoD considers it appropriate in relation to any situations that may change the qualification of independence relating to one or more Directors). The Directors, by virtue of said evaluations and checks performed in 2019 and also confirmed during the approval of this Report, who currently meet the independence requisites (all in accordance with both the CFA and the Corporate Governance Code, with the exception of the aforementioned “nine year” criterion) are listed below:

- | | |
|---------------------------------|---------------------------------|
| - Mr. Gerolamo Pellicanò | (first appointed 30 April 2002) |
| - Prof. Cristina Finocchi Mahne | (first appointed 30 May 2013) |
| - Prof. Marina Brogi | (appointed 6 April 2017) |
| - Mr. Nicolò Dubini | (appointed 6 April 2017) |
| - Ms. Valentina Casella | (appointed 28 March 2019) |

The first appointment of Prof. Marina Brogi had started on 26 April 2012 and had ended on 9 May 2013.

The Independent Directors, take part in the Board's work and the activities of the advisory/proposal-making Committees to which they belong (i.e., the Control Risk and Sustainability Committee and the Remuneration Committee, of which they form the majority, as well as the Appointments Committee and the Committee for Transactions with Related Parties and Associated Parties, consisting solely of three Independent Directors)22. Said Directors met on ... February 2020, to express their assessment of the aspects of this Report that are under their competence, taking into account the role assigned by the

²⁰In compliance with the aforementioned Circular No. 285, also the independence requirements of the Corporate Governance Code adopted by Banco Desio are reported, in addition to those established by the CFL, in the Articles of Association, as well as the minimum number of Independent Directors to an extent equal to 1/4 (the actual number of 5 is therefore currently higher than the minimum number of 3).

²¹ This case of exceeding the 9 years has been subject to specific analysis at the same time as the approval of this Report according to the recommendations made by the Italian Committee for Corporate Governance

²²In accordance with the Supervisory Provisions, the Independent Directors oversee the management of the company with autonomous judgement, contributing to ensure that such management is carried out in the interest of the company and consistently with sound and prudent management objectives, serving as a counterweight with respect to the bank's executive and management components and promoting dialogue within the body of which they are members.

Code, among non-executive members, especially to these Directors.²³ The **Independent Directors' assessment** (which also takes into account the results of the self-assessment process per the following section 3.6) is attached to the present Report (**Attachment A**)

3.3 Functioning

As a rule, Banco Desio's Board of Directors meets monthly, which is more frequently than the at least bi-monthly schedule envisaged in the Articles of Association. During 2019, a total of 15 meetings were held, the majority of which scheduled at the beginning of the year. For 2020, at least 15 meetings have been scheduled. The dates of the meetings to approve periodic accounting documents (draft financial statements and consolidated financial statements, interim financial reports and quarterly voluntary reports) were made public, in January, within the context of the Annual Calendar of Corporate Events, in compliance with stock exchange legislation. The publication of the Corporate Calendar falls within the sphere of a more extensive process of scheduling the Board's work for all Group companies, which sees the involvement of the same BoDs of the Parent Company and the subsidiaries, for the purpose of optimising the activities of the Corporate Bodies consistent with the general principles of efficiency and effectiveness established by both the Corporate Governance Code and the aforementioned Circular no. 285. Internal regulations concerning the information flows between and within the Corporate Bodies are based on the same principles and were formalised in the "Information Flows Regulations for Corporate Bodies". These regulations are aimed at ensuring a circulation of information consistent with the needs of the Directors and Statutory Auditors to act in an informed manner and, at the same time, with the need to maintain organisational safeguards to avoid the risk of the improper use of confidential information.

In accordance with the provisions of the Articles of Association and the Corporate Information Regulations, the Chairman calls the BoD meetings by means of a notice that contains the list of issues to be discussed at least 5 days in advance. The documentation relating to the matters on the agenda is made available to Directors and Statutory Auditors, by means of a dedicated IT platform, through an e-mail generally sent at least 3 days in advance (7 days for the previous meeting's minutes). The documents not transmitted within 48 hours prior to the meeting (typically those that are "price sensitive" in order to maximise the protection of privileged information as a precaution against any possible form of IT violation by third parties) are made available for consultation at the General and Corporate Secretary's Office starting from the morning of the day prior to the same meeting. The Board of Directors deems this advance generally reasonable and observed. Especially for particularly complex documents, the provision is made prior to the above-mentioned minimum terms and sometimes prior to sending the notice of call. In any case, without prejudice to possible cases of "price sensitivity", adequate in-depth analyses are made during the meetings if it was not possible to provide the documents in question early enough in order to ensure their confidentiality or for other reasons of opportunity/urgency. Confidentiality restrictions regarding the documentation and information subject to Board resolution are decreed – consistent with the mentioned market abuse regulations – also by the Corporate Information Regulations, for Directors, Statutory Auditors, external auditors and all employees who enter into possession of potentially price sensitive documentation and information. In this context, specific provisions discipline access to the minutes of Board of Directors' meetings, without prejudice to the fact

²³For convenience, an excerpt from the Comments on Standard No. 2 of the Code is presented: Non-executive directors enhance board discussions with expertise formed outside the company, of a general strategic or specific technical nature. These skills make it possible to analyse the various subjects being discussed from different points of view and, therefore, contribute towards stimulating the dialogue that is the distinctive condition for a well thought-out and informed collective decision. The contribution of non-executive directors is particularly useful on matters where the interests of the executive directors and those of the shareholders may not coincide, such as the remuneration of said executive directors and the internal audit and risk management system.

that all interested parties are assured that the necessary information is made available to carry out their responsibilities in an informed manner (For further details on this Procedure, see section 8 below). The information in question is also provided directly by the head of the company divisions (in particular the internal audit managers) who, to this end, are regularly called to take part in the meetings (also of the internal board Committees) to help illustrate the subjects within their competence on the agenda.

3.4 Powers

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

- the setting of policies that affect the general management of the Bank's and Group's business and, within this sphere, decisions concerning strategic guidelines and transactions as well as the business and financial plans, approval of the organisational and corporate governance set-up, approval of the accounting and reporting systems and supervision of the public disclosure and bank communication process;
- the issuing and amendment of internal regulations, with the exception of amendments that merely adapt to the provisions of current legislation or to Shareholders' and Board Meeting resolutions already adopted and effective;
- the establishment, transfer and closing down of branches and representative offices;
- the purchase, development and sale of real estate property assets other than those granted under financial lease as part of its institutional activities;
- the purchase and sale of equity investments that involve changes in the Banking Group or, in any event, the undertaking or disposal of controlling or associated interests or which involve exceeding the authorisation thresholds according to the applicable provisions. The BoD has the faculty to delegate, establishing the related limits, conditions and formalities, the purchase and sale of shares of subsidiaries listed on organised markets, provided that these operations take place: a) in observance of current regulations concerning issuers, brokers and markets; b) under the aforementioned authorisation thresholds;
- the setting of criteria for the management and co-ordination of the Banking Group and the other subsidiaries, as well as criteria for executing instructions from Bank of Italy;
- the appointment and removal of the General Manager, Vice General Managers and Executives and determining the powers assigned to them and to Middle Management;
- the appointment and removal of the Heads of Internal Auditing Divisions as well as the Appointed Executive and the definition of the essential elements of the overall architecture of the internal audit system, subject to the favourable opinion of the Board of Statutory Auditors;
- the appointment and removal of members of the internal board committees required by applicable legal and regulatory provisions (in particular, in addition to the appointment of the Executive Committee, the appointment of the Appointments Committee, the Remuneration Committee, the Control Risk and Sustainability Committee and the Committee for Transactions with Related Parties and Associated Parties), as well as the establishment, appointment and regulation of additional committees with proposal-making, advisory and/or coordination roles, if any, with determination of their tasks;
- the appointment and revocation of the AISCI, as well as the determination of the related duties.

Moreover, the Internal Regulations attribute to the BoD:

- the approval of the corporate organisational structure and governance;
- the approval of the accounting and reporting systems and supervision of the public disclosure and

- bank communication process²⁴, in accordance with the Supervisory Provisions in force from time to time;
- the approval, with reference to the activities of the Appointed Executive to draw up the accounting documents, with the input of the Control Risk and Sustainability Committee and the favourable opinion of the Board of Statutory Auditors, of the internal regulations pertaining to its duties and/or of “Financial Reporting”, as well as non-financial statement. The Board of Directors ensures that its own evaluations and decisions relating to the approval of the financial statements, of the other corporate accounting documents and to the relations with the Independent Auditor are supported by an adequate preparatory activity and assesses, with the input of the Board of Statutory Auditors, the results posted by the Independent Auditor in its own reports;
 - the approval of the corporate policy pertaining to the outsourcing of corporate functions (also within the Group), with the opinion of the Control Risk and Sustainability Committee, constantly retaining full responsibility, knowledge and governability of the risk factors relating to the outsourced functions;
 - the appointment of Managers in charge of first line functions and of those regulated by specific legal and regulatory provisions;
 - the appointment of the Data Protection Officer (DPO); this office was introduced by Regulation EU 2016/679;
 - the definition and approval of the corporate recovery plan;²⁵
 - the review/approval of the reports of the corporate functions and structures, such as, by way of non-comprehensive example, the annual report on complaints, the report containing aggregate data pertaining to whistleblowing, as well as all reports prescribed in the Flows Regulations.

To the Board of Directors are also exclusively reserved the review and approval of the “significant” transactions carried out also by the subsidiaries, the term “significant” meaning, by way of non-comprehensive example, at least the following extraordinary transactions: capital increases, transfers in companies, acquisitions/sales of business units, transformations and liquidations, the merger via incorporation of companies included in the Group at least at 90%, the establishment and closure of secondary branches, share capital reductions, in case of withdrawal by the shareholder, the transfer of the registered office of the company inside the territory of Italy, the establishment, transfer and/or closing down of branches and representative offices. The powers listed above include those provided for in the Corporate Governance Code and, in particular, the inherent responsibility of approving strategic, business and financial plans. The assessment of the general organisational and accounting set-up, envisaged by the Code, falls under the exclusive responsibilities of the BoD, established by the Internal Regulations, consistent with supervisory legislation regarding the internal audit system and individual and Group risk management policies. The Internal Regulations also reserve for the Board the specific responsibility of operational management, whose division between the BoD and the Bodies delegated by the same is expressed in terms of both business area and/or amount (as detailed in section 4 below). In general, the approach described above also relates to the Board of Directors of BPS, although with some adaptations to the characteristics of said subsidiary.

The BoD of Banco Desio is also tasked, at Group level, with approving strategies, policies and reporting pertaining to sustainability matters (as described in detail in section 7 below).

3.5 Appointment

Without prejudice to the description in sections 2.1.l) and 3.1 above, as part of the Corporate Governance Code’s recommendations, Banco Desio’s BoD also established, in the Internal

²⁴ Circular 285, Part I, IV.1.III. section 2.2, letter e)

²⁵ Provisions of Bank of Italy “Measure pertaining to recovery plans”, March 2017

Regulations, the following general criteria relating to the accumulation of the appointments by directors:²⁶ a) establishing the number of appointments as Director or Standing Auditor held in other listed companies and/or supervised companies as 527 (excluding subsidiary, associated and investee companies directly or indirectly invested in to a significant extent by Banco Desio from this group) if exceedance and/or incompatibility situations occur, the Board of Directors examines on a case by case basis any non-compliant situations and assumes the consequent initiatives, subject to the general principle whereby Directors accept appointments solely when they expect to be able to devote the necessary time to the performance of their duties; if the Shareholders' Meeting authorises, in a general and preventive manner, waivers of the competition prohibition prescribed by the law (Article 2390 of the Italian Civil Code, Paragraph 1), without prejudice to compliance with the aforesaid current provisions pertaining to the "interlocking ban"²⁸, the Board of Directors assesses the merit of each problematic instance and reports any critical issues to the first useful Shareholders' Meeting.

For this purpose, each Director informs the Board of Directors, upon accepting the candidacy/appointment or verifying law requirements, about any activities exercised in competition with the Bank and/or with the subsidiaries and, subsequently, of any significant change.

Without prejudice to the specific related provisions (with particular reference to those envisaged by law regarding the "interlocking ban" between competing banking, financial and insurance groups) the aforementioned general principles pertaining to accumulation of duties should not be considered compulsory and should a situation of non-compliance occur, it would not, in itself, entail termination from office. In addition to performing a specific assessment at least annually with regard to the "interlocking ban", in compliance with the application criteria issued by Supervisory Authorities²⁹, the BoD reserves the right to evaluate any non-compliant situations pertaining to accumulation of duties on case-by-case basis, without prejudice to the principle, defined in the Code, according to which the assessment regarding opportunities to accept offices is put to the discretion of the interested parties, including in internal committees, exclusively "when they feel they are able to dedicate the time necessary to perform their duties". The offices covered by Banco Desio's Directors and Statutory Auditors in the Parent Company (Brianza Unione), in subsidiary, associated and investee companies, and in other listed and/or supervised companies, are summarised in the attached Table 3.

3.6. Self-Assessment

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

The assessment methodology (whose application is appropriately differentiated during the three-year 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 carrying-out of the interview in oral form by the consultant are envisaged at least

²⁶ Note that for auditors' offices, specific regulatory norms are in force with regard to the number of offices that can be held (Article 144-duodecies of the Consob Issuers' Regulations)

²⁷in this context, "supervised companies" are understood to be: banks, insurance companies, stock brokerage companies, asset management companies and finance companies enrolled in the special register pursuant to Article 106 of the CBL (Italian)

²⁸ Article 36 of the "Save Italy Decree" converted into Law no. 201/2011 and supervisory application criteria of 20 April 2012.

²⁹ Lastly, of note is the joint Communication by Consob, Bank of Italy and IVASS of 21 December 2018, which revised the criteria for the application of the "interlocking ban".

every 3 years. In the case in question, the selection procedure supported by the Appointments Committee has identified the consultancy firm Key2People SpA. Said firm, of primary standing, does not and has not carried out other appointments for the Banco Desio Group in the past. The same ensures professional standing and independence deemed suitable for the fulfilment of the office in question, under the supervision of the Chairman, without prejudice to the auxiliary advisory support (which consisted mainly in the collation and processing of the replies to the questionnaires, as well as in the consultants' oral interviews) in relation to the assessments reserved for the exclusive competence of the Bodies themselves.

The aforementioned Self-Assessment Regulation identifies, among the parties appointed to carry out the preliminary activity to the Board of Directors' passing of the self-assessment resolution, the Appointments Committee with an advisory role in compliance with Circular no. 285. A summary of the **results of the self-assessment process**, approved by the Board subject to consulting the Appointments Committee, is attached to this Report (**Attachment B**).

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

NAME	PRIMARY ACTIVITY	APPOINTMENT DATE INDIVIDUAL OFFICE	TERMINATION DATE INDIVIDUAL OFFICE	TOTAL SENIORITY IN THE OFFICES HELD CARE OF THE COMPANY
Agostino GAVAZZI - Director - Vice Chairman - Chairman - Chairman of the EC	Director banking sector	05/05/1983 10/04/1992 30/04/2002 06/04/2017	09/04/1992 29/04/2002 05/04/2017	37 years
Stefano LADO - Director - Vice Chairman - Chairman	Director banking sector Attorney	23/04/1993 28/04/2008 06/04/2017	27/04/2008 05/04/2017	27 years
Tommaso CARTONE - Managing Director - AISCI - Vice Chairman	Director banking sector	20/06/2012 27/09/2012 06/04/2017	05/04/2017	8 years
Paolo GAVAZZI - Director - Executive Director	Freelance Professional	28/04/1997 06/04/2017	05/04/2017	23 years
Egidio GAVAZZI - Director - Executive Director	Director banking sector	28/04/2008 28/04/2011		12 years
Tito GAVAZZI - Executive Director	Director banking sector	29/04/2014		6 years
Graziella BOLOGNA - Executive Director	Director banking sector	29/04/2014		6 years

Marina BROGI - Independent Director - Chairman of the RPTC	Company Director University lecturer	26/04/2012 06/04/2017 “	09/05/2013	4 years30
Nicolò DUBINI - Independent Director - Chairman of the RC	Company Director	06/04/2017 “ “		3 years
Cristina FINOCCHI MAHNE - Independent Director - Chairman of the AC	Company Director University lecturer	30/05/2013 06/04/2017		7 years
Gerolamo PELLICANO' - Independent Director - Chairman of the CRC	Attorney	30/04/2002 29/04/2014		18 years
Valentina CASELLA Independent Director	Company Director Attorney	28/03/2019		1 year
AVERAGE SENIORITY				12.66 years

After the offices renewal in 2014, the average seniority decreased from 13 to 9 years (approximately - 30%) and it subsequently rose each year to 12.66 years exclusively as a result of the elapsing of time, since in the meantime, in the 2017 renewal, there were no cessations/appointments of Directors which would have significantly affected this number.

3.7 Training programmes

As part of initiatives aimed at updating professional knowledge in the sector in which the Banco Desio Group operates, in business dynamics and their evolution, in the principles of proper risk management, as well as in the reference regulatory and self-regulatory framework, 47 training sessions were carried out as a whole as from 2012 (in addition to 5 meetings for analysing in depth that will be discussed below), properly diversified by subject and speakers (among which there are also, in addition to the company units and consulting firms present in the respective project activities, external parties such as qualified managers, advisors, jurists, economists and journalists). From time to time it was decided to focus these sessions on:

- issues related to the actual banking application of Italian Legislative Decree no. 231/2001 as regards administrative liability of companies and entities, recently also with reference to the offence of "self-laundering" inserted as from 2015 in the scope of the same Legislative Decree;
- the structure and functioning of the corporate governance system of banks, also with reference to the Corporate Governance Code;
- the regulations concerning transactions with related parties and associated parties (see section 5 below);
- profiles pertaining to the process of issuing European Community regulations of greater interest for the banking sector;

³⁰The first appointment of Prof. Marina Brogi had ended on 9 May 2013 and she was appointed again on 6 April 2017.

- key aspects of the internal capital adequacy assessment process (“ICAAP”) and of the internal liquidity adequacy assessment process (“ILAAP”), of the Supervisory Review and Evaluation Process (“SREP”) and of the internal model for the assessments of the rating-based credit risk (“AIRB”); in 2019 the latter aspect was subject to more specific analysis in relation, chiefly, to the use by Banco Desio of the new AIRB risk parameters in the credit granting, renewal and monitoring and head office reporting processes applied to the Corporate clientele, as well as the develop of project activities in their entirety;
 - analysis of IT risk and of cyber risk and measurement of reputational risk; in 2019 this analysis was enhanced with a focus on the role, in particular, of the Board of Directors and on the use by Banco Desio of a new method for assessing the IT risk;
 - the regulatory changes with regard to anti-money laundering, pertaining to supervisory and criminal aspects;
 - different macroeconomic and regulatory issues, including international, affecting the banking system and financial markets (e.g. “Basel 3”); in 2019 this aspect was subject to a transversal updating on the main dossiers open with the European Institutions and on the activities carried out on this occasion by the Italian Banking Association, as well as on the potential strategic, operational and operative impacts for Banco Desio;
 - IFRS 9 and its impacts, in particular on internal credit management models;
 - on the Recovery Plan and on the Resolution Plan, including the minimum requirements for own funds and the eligible liabilities (“MREL”), introduced by the prudent supervisory rules (see section 7 below), as well as the related application to Banco Desio;
- sustainability issues in relation to the rules on non-financial statement (see section 7 below);
- on the Product Governance in the investment services; in 2019 this aspect was extended with focus on banking services further to the enforcement of Product Oversight Governance (“POG”);
 - Non-Performing Exposures (“NPE”);
 - Farming Credit;
 - General Data Protection Regulation (“GDPR”);
 - the implications on the banking system of digital innovation with particular reference to credit to enterprises;
 - the development of financial innovation (“fintech”, “blockchain”, etc.) and of innovation governance with particular attention to the risks and controls; for such purposes, in 2019 a session dedicated to the Boards of Statutory Auditors of the Banco Desio Group was also held;
 - the disintermediation of payment services through digital payments (e.g. mobile payment services, P2P payments, etc.);
 - “data transformation” in the financial sector;
 - the development of banking communication (styles, channels, etc.);
 - Governance Outsourcing and Third Parties in relation to the application of the new EBA Guidelines on the subject;
 - the new Crisis and Insolvency Code with an overview and focus on the protection of bank credit.

In 2019, 12 training sessions were delivered overall addressing all Group Representatives, whereas 13 were held in 2018. In detail, these sessions, which had a total duration of approximately 24 hours, were widely attended by all Company Representatives and by the “corporate front lines”, to whom it was deemed useful to extend them, ended with a lively debate and were supported by a wealth of material that is now available to attendees in a dedicated electronic library.

In this context, also specific sessions on both governance and business topics held at ABI (Italian Bankers' Association) and SDA Bocconi venues for newly appointed representatives were attended as from 2014. The Director appointed in 2019 enjoyed a number of dedicated introductory sessions, delivered by the company units, for a total duration of approximately 6 hours.

An in-depth session, dedicated to the positioning of the Group in the market of reference, was also held with a strategic planning and business model approach and attended by the members of the Bodies of the various Group Companies and some corporate functions in the light of macroeconomic and regulatory scenarios, as well as the trends of regional economies (Lombardy, Umbria etc.). It was conducted by an outside banking business expert. This initiative, which followed those held in the last four years, falls within the “good practice” that the members of the Bodies meet once or twice a year outside of board meetings in order to analyse in depth and discuss strategic questions as required by Circular No. 285.

A basically similar training course is scheduled for 2020. It will be appropriately updated and enhanced to follow the new developments in the environmental, social, economic and regulatory scenario, European or otherwise, and planned in a more structured manner.

A specific Policy was also adopted in 2019.

3.8 Succession plans

Top management succession takes place in practice under the coordination of the Chairman. In 2020 it is envisaged that succession issues will be addressed in a more structured manner.

4 - SYSTEM OF POWERS AND AUTHORITY

Information in this section reflects (unless otherwise specified) the situation as at 31 December 2019.

4.1 General outlines

This system, regulated at senior level, by the Articles of Association and, more specifically, by Internal Regulations³¹, has been structured on the basis of criteria consistent with the principle that the main decisions are reserved for the Board of Directors (in other words, those that Circular no. 285 summarises in the policy and supervision functions of corporate management) and the periodic reporting to said BoD by executive Bodies and Parties who are primarily delegated the **function of managing**, i.e. implementing the policies resolved by the BoD as it carries out its role of strategic supervision: **Executive Committee and General Manager**. The latter represents the apex of the internal structure and, as such, participates in the management function, and in the BoD and Executive Committee meetings, and also has the task of executing the resolutions adopted by the above-mentioned Bodies. The delegated Bodies and Parties, in addition to the general powers for their role, have different operating powers in various areas related to current operations, in particular, with regard to credit, commercial, legal and organisational issues, in line with their respective roles, as specified below. The layout of the powers defined in the Internal Regulations can be summarised as follows

4.2. Chairman - Executive Committee - AISCI - General Manager.

The Chairman, who is assigned a co-ordination and guarantee role for the purpose of the due functioning of the Board of Directors and the shareholders' meeting, and the Vice Chairman who replaces the former in the event of his absence or unavailability, are not assigned operating powers.

³¹ The system of powers and authority is currently broken down also in various special powers of attorney issued as and when to individual names for specific categories of deeds. In addition, a more comprehensive systemic Internal Regulation of the Delegated Powers has recently been adopted.

They are assigned the representation of the Company in dealings with third parties and before the legal authorities on the basis of the Articles of Association, acting separately. Pursuant to the Articles of Association, the Chairman 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 for the exclusive competence of these bodies), with the obligation to promptly disclose the same to the BoD during the first available meeting³². This is a procedure of an exceptional nature that has almost never been applied. The Chairman is a high-profile representative (General Partner) of the Holding Company “Brianza Unione” (see Table 3, attached). As previously mentioned in section 1.2, the Chairman does not have operating powers and does not individually carry out operational functions, not even de facto. The same consideration applies to the Vice Chairman, who in the case at hand coincides with the AISCI. Certain rights on cash settlements with charity purposes are reserved to the Chairman, which can be exercised within a strictly limited amount and in compliance with particularly strict business policies and procedures, especially for what concerns identification of beneficiaries and carrying out of preliminary investigations.

The Executive Committee (appointed with the same term of office as that of the Board of Directors and currently consisting of 5 Directors) is granted operations management powers, with set limits on amounts, for matters not reserved exclusively for the BoD, by virtue of legal, regulatory, statutory provisions and/or of resolutions of the Board itself, those pertaining to controls and risk remaining in any case reserved to the Board. Pursuant to the Articles of Association, for particularly urgent reasons, the Executive Committee may also adopt decisions that are the responsibility of the Board of Directors, provided that they are not reserved by law exclusively for the latter. The Board itself must be informed of these decisions during the first subsequent meeting. The Chairman and the Vice Chairman may attend ad audiendum the meetings of the Executive Committee without voting rights. In 2019, the Executive Committee met 13 times in total³³.

The **AISCI** is appointed to perform an essentially co-ordination-related role so that – at an overall level – the functioning of the internal audit system, supervision of compliance risk, implementation of the process for assessing capital adequacy (“ICAAP”) and liquidity adequacy (“ILAAP”) is ensured with the support in particular of the following units that report directly to the Board of Directors: Internal Auditing; Risk Management; Compliance; Anti-laundering; Executive Appointed to draw up the accounting documents. (S)he is also involved in the processes relating to the Recovery Plan, participating in the Management Committee, in the capacity as Recovery Committee, without voting rights with the role of liaison with the Control Risk and Sustainability Committee and with the Board of Directors. Said role of the AISCI was more clearly defined by means of board resolution dated 30 October 2019. It was also established that, as from the date of the next renewal of the appointments (Shareholders’ Meeting dated 23 April 2020), the Representative who covers the office of AISCI will no longer be included among the members of the Control Risk and Sustainability Committee.

The General Manager executes the resolutions adopted by the BoD and by the Executive Committee and is the member of the top management of the operating structure, for which (s)he has management responsibility; (s)he is thus in charge, of personnel management, of the organisation and functioning of company structures and carrying out current business affairs, according to the general policies established by the BoD and by the Executive Committee. Within the sphere of operational management, the General Manager has autonomous powers within amount limits lower than those of the Executive

³² Urgent resolutions are passed by the Chairman upon the binding proposal of the General Manager

³³ The average duration of the Executive Committee meetings was approximately 30 minutes. For greater details see Table 1

Committee. The General Manager reports to the BoD and participates, in accordance with the Supervisory Provisions, in the management function performed by the BoD itself and by the Executive Committee.

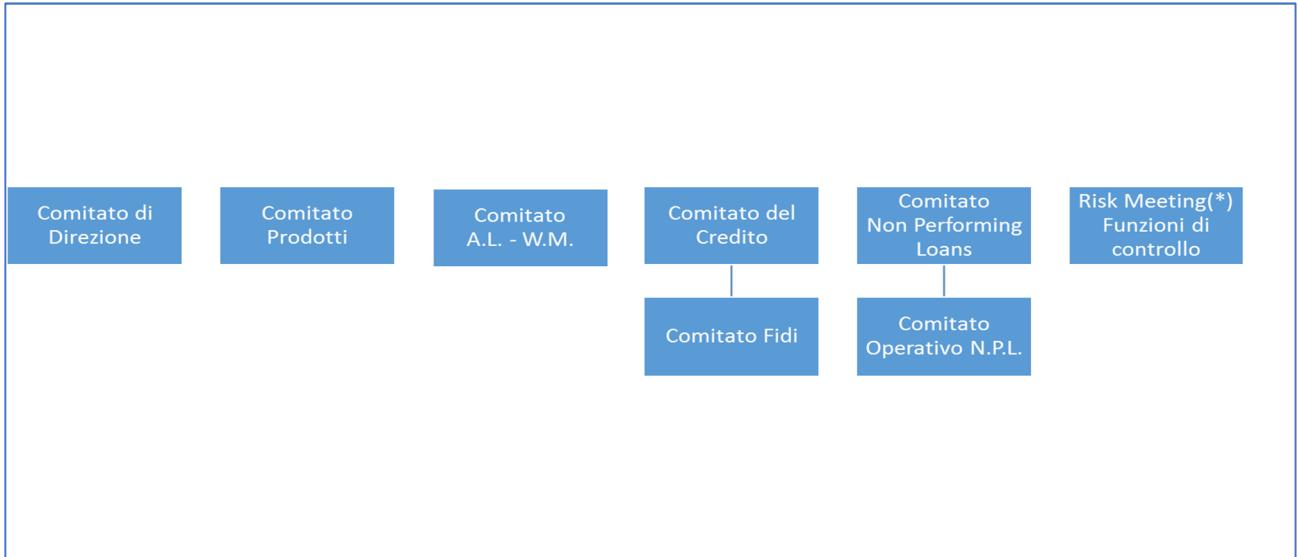
The executive Bodies and parties inform the BoD and the Board of Statutory Auditors, according to the provisions of the Information Flows Regulations for Corporate Bodies, with regard to activities carried out within the sphere of the assigned powers and the performance of Banco Desio and subsidiaries.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

Given the system of powers described above, Directors Graziella Bologna, Agostino Gavazzi, Egidio Gavazzi, Paolo Gavazzi and Tito Gavazzi are also considered executive directors, as they are members of the Executive Committee and in consideration of the frequency of meetings and the expansion of its responsibilities. For the sake of thoroughness, note that: no Director covers executive positions within Banco Desio, or in the subsidiary companies, or in the parent companies, nor has the task of overseeing specific areas of the corporate operations ensuring a steadfast presence in said company and/or acquiring information from the operating structures and/or participating in the meetings of the Committees pursuant to the subsequent paragraph 4.3 (except for the attendance of an Executive Director at the meetings of the Asset Liability and Wealth Management Committee with a coordination role and the attendance *ad audiendum* of the Chairman at the meeting of the aforesaid Committees); no Director holds directive roles in subsidiaries or the Holding Company; other Directors hold administrative offices in the Holding Company and/or subsidiaries; the General Manager of Banco Desio currently also covers a board appointment in the subsidiary Fides.

4.3 Technical-operating committees

Besides the Executive Committee and the three Advisory/Proposal-making internal Committees discussed above, at the technical-operating level the BoD set up certain "Management" Committees, regulated by a dedicated document attached to the Internal Regulations for Corporate Bodies. They are schematically represented as follows:

³⁴In 2018, as already mentioned, the decision was made to limit the participation in the Asset Liability / Wealth Management Committee of the Heads of the Finance Department and of the Wealth Management Department for the topics under their respective competence. In relation to the establishment of the Product Committee, the Wealth Management Committee is to be abolished.



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

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

Organisational Structure

The organisational structure of the Bank, described by the dedicated document “Corporate organisational chart and description of the functions (Function chart)” most recently revised with board resolution of 9 October 2019, comprises mutually coordinated Organisational Units.

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

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

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

General Management

General Manager

Substitute Vice General Manager

Business Vice General Manager

Central Functions

These comprise:

Units on the staff of the Board of Directors (Internal control departments including the Appointed Executive),

Units on the staff or reporting in line hierarchy the General Manager,

Units on the staff or reporting in line hierarchy with the Substitute Vice General Manager,

Units reporting in line hierarchy with the Business Vice General Manager

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

Territorial Network

Territorial Areas

The term “Territorial Area” means a grouping of distributive networks, operating on a determined territory, coordinated at decentralised level in order to valorise territorial proximity, optimise the effectiveness of the commercial action and maximise the financial and capital results.

Branch Networks

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

Corporate Network

The Corporate Network is the set of the Corporate Managers dedicated to the commercial relationship with Corporate Clients segment to maximise each client's risk/return ratio, seeking continuous improvement of commercial effectiveness.

Within each Area, the Corporate Network operates across the Branch Network, under the coordination and the direction of the competent Area Manager.

Private Network

The Private Network is the set of the Private Managers dedicated to the commercial relationship with the Private Clients segment to maximise each client's risk/return ratio, seeking continuous improvement of commercial effectiveness.

Within each Area, the Private Network operates across the Branch Network, under the coordination and the direction of the competent Area Manager.

Outsourced Important Operating Functions (F.O.I.)

- Provision of “payment systems” services (e.g. document management, cheques, delegated powers, transfers)
- Full Outsourcing of Information System
- Provision of services (Application Centre, processing of electronic flows containing operating data for payment operations)
- Electronic banking (remote banking)
- Credit recovery
- Application centre services in e-money area
- Custody and Settlement Services in Italy and abroad
- Provision of services related to bonds (management of corporate/administrative events and transfer of bonds outwards)
- Transmission of data, voice, hosting disaster recovery site
- Management of the transport, escorting, custody, cash counting, delivery of valuables and private security services

5 – CONFLICTS OF INTEREST TRANSACTIONS WITH RELATED PARTIES, CONNECTED PARTIES (COLLECTIVELY REFERRED TO AS “ASSOCIATED PARTIES”) AND “ARTICLE 136 OF THE CBL”

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

- the Internal Regulations for Transactions with Associated Parties and Article 136 of the CBL; the

- associated risk policy is integrated in the “Risk Appetite Policy”;
- the “Policy” containing the general rules for governing conflicts of Interest regarding investment services.

Internal Regulations for Transactions with Associated Parties and “Article 136 of the CBL”

These Internal Regulations, adopted pursuant to Article 2391-bis of the Italian Civil Code and Article 53 of the CBL, is primarily characterised by the existence of a Committee for Transactions with Related Parties and Associated Parties, with regard to decision-making processes. This advisory body is composed of 3 Independent Directors and is entitled to receive information and/or issue opinions, which are binding in certain cases, on transactions with related parties and associated parties as set forth, based on the quantitative and qualitative criteria established by the Consob Regulation and relevant Bank of Italy Provisions, in the Internal Procedure that – in addition to the Committee’s methods of operating – governs the various types of total or partial exemptions in relation to small amounts or ordinary transactions, as well as the membership to the Group of the counterpart in the transaction (in the absence of significant interests of other related parties and associated parties). The expected assessment to be carried out at least every three years on the need to make reviews to the Internal Procedure revealed a negative outcome, with the exception of the reviews which will have to be made after the issuance by Consob of the amendments to its Regulations on the subject acknowledging the afore-mentioned Italian Legislative Decree concerning the rights of the shareholders.

An independent annual expenditure budget of 25,000.00 Euros was assigned to the Committee for Transactions with Related Parties and Associated Parties for 2019 (and reconfirmed for 2020). In 2019, no need to use this budget was noted.

The Committee meeting minutes are duly recorded in full in the specific register and the Chairman of the Committee informs the first available Board Meeting of it.

In 2019, the Committee for Transactions with Related Parties and Associated Parties met 5 times³⁵.

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

“Tableau de Bord” (Dashboard) of risks: transactions with associated parties and disclosure on reconciliation with reporting documentation.

At least every six months, the Risk Management Department submits to said Committee disclosure which reconciles the data contained in the section of the Tableau de Bord concerning "transactions with Related Parties" with the data reported in the financial statement disclosure (so-called "Part H" of the Notes to the Financial Statements). The Committee noted that the reconciliation analysed showed no inconsistencies whatsoever.

Group VAT

Within the sphere of the reporting examined during the meeting held on 25 March 2019, the Committee further focused on the so-called “Group VAT” established for the three-year period 2019, 2020 and 2021 by the Tax Department.

³⁵ The average duration of the meetings of this Committee was approximately 25 minutes. For greater details see Table 1

Quarterly statistics of credit facilities to associated parties

In conclusion, the Committee reserved the usual attention for the quarterly statistics of the credit facilities granted to associated parties analysing them in depth with regard to the consistency with the market conditions (since these are transactions exempt from the opinion of the Committee as they are ordinary). These credit facilities, mainly resolved by the Board of Directors in accordance with Article 136 of the CBL, what is more continue to present a contained trend in terms of numerousness and entity.

In light of the documents examined and the clarifications received during the meeting, the Committee formally acknowledged that the safeguards regarding related party transactions remain adequate, in compliance with all the current legislation.

For more information on the adopted safeguards, refer to the entire Internal Procedure published, in compliance with the Regulations themselves, on the website www.bancodegio.it – in the section “La Banca/Governance/Documenti societari/Parti correlate” (The Bank/Governance/Corporate Documents/Related parties”. For a summary of the Transactions with Related Parties relating to 2019, reference should be made to the financial statement disclosure and especially Part H of the Notes to the Financial Statements.

The above also fulfils the obligation of shareholders' meeting information required by the aforementioned supervisory regulations.

The Policy containing the General Rules for identifying and handling Conflicts of Interest has the aim of illustrating the guidelines that the Group has adopted for handling conflicts of interest when providing **investment activities** and services, related services or a combination of these services, following the endorsement 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. This register is maintained and updated by the Compliance Department and other Parent Company departments according to the Consolidated Law on Conflicts of Interest, including on behalf of Group Banks.

6 – REMUNERATION AND INCENTIVE MECHANISMS - REMUNERATION COMMITTEE

Criteria adopted to compensate and incentivise Group management are in line with general principles correlating these emoluments with the economic results achieved and the consistency with strategies and risk parameterisation, so as to avoid producing incentives in conflict with the interests of the Company over the long-term, as also indicated in the aforementioned Circular No. 28536.

The remuneration of Banco Desio's General Manager and Executives with strategic responsibilities consists of a fixed portion and a variable portion, appropriately deferred in compliance with the aforementioned Circular No. 285, as better detailed in the mentioned Remuneration Report. With regard

³⁶Lastly, reference is made to the 25th update of Circular 285 promulgated on 13 October 2018, which achieves, in particular, conformity with the Guidelines concerning sound remuneration policies promulgated by the EBA to implement CRD4 and with other recent indications, defined internationally, on the same matter

to the Parent Company's BoD, the Articles of Association envisage that the Ordinary Shareholders' Meeting determines the overall fee for the Directors other than the Chairman, Vice Chairmen and any Directors with operating powers or special duties; the BoD, having consulted the Board of Statutory Auditors, contributes to the determination of the fees of the latter, as well as the division between the other Directors of the overall fee established by the Shareholders' Meeting. The division criteria also take into account appointments within the BoD and membership in the various Committees (including the offices as Secretary, if provided).

The Remuneration Committee consists of 3 non-executive Directors, 2 of whom are independent, including the Chairman (see also Table 1 attached to the present Report). The Chairman of the Board of Statutory Auditors participates in the Committee's meetings, and other Alternate Auditors may also participate (as usually occurs). The General Manager, each Vice General Manager and others who are in charge of relevant business areas may be invited to participate in relation to the issues described above, as well as other employees/collaborators/consultants of the Bank and/or of its subsidiaries, depending upon the specific issues to be discussed.

The Remuneration Committee is an advisory/proposal-making body with the main task of: i) formulating opinions and/or proposals on the remuneration of Directors for the BoD in cases in which the decision is the responsibility of a Board Committee of the Parent Company and/or Shareholders' Meeting/Board Committee of the subsidiaries, specifically, decisions concerning Directors who have been appointed to certain offices and/or granted operating powers, as well as the General Manager and the Deputy General Managers(s), as well as: ii) formulating opinions and/or proposals for the BoD regarding general policies and specific criteria for management remuneration, including at the Group level and any stock-based incentive plans. As part of the above responsibilities, the Remuneration Committee is involved in defining, assessing and monitoring retribution and incentive systems, in compliance with Circular No. 285. The Remuneration Committee met 6 times in 2019, to express its opinion of the matters it is responsible for³⁷.

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

Annual Report on the Remuneration Policies

The Committee expressed a favourable opinion on the Annual report on the remuneration policies of the Banco Desio Group, approved by the Board of Directors during the meeting held on 7 February 2019 and in conclusion by the Ordinary Shareholders' Meeting held on 28 March 2019. On a consistent basis with the afore-mentioned duties, the Committee assessed, with the support of a consulting firm of primary standing, the exclusion of certain extraordinary factors in the final report on the incentive system, completing the in-depth studies launched by the Committee itself in 2018.

Remuneration Policies (other aspects)

The Committee expressed a favourable opinion on the process for determining the objectives for the "most important personnel" (also with regard to the Control Functions) and the qualitative/quantitative evaluation of the performances of top management personnel, as well as the strengthening of the hedging restriction and the definition of any "significant losses".

Banco Desio's Advisory Board for the Umbria Area

³⁷ The average duration of the Remuneration Committee meetings was approximately 50 minutes. For greater details see Table 1

The Committee dwelt on aspects associated with the remuneration of the Advisory Board for the Umbria Area, as well as the related Regulations, examining together with the Appointments Committee the proposal for a Board resolution concerning the appointment and remuneration. In particular, the Committee felt that the remuneration proposals approved in favour of the Chairman and the other members of the Advisory Board are suitable for achieving a reasonable balance between the need to strengthen the "commitment" of the new body and the need to maintain consistency with the remuneration structure of the internal board Committees.

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

An independent annual expenditure budget of 25,000.00 Euros was assigned to the Remuneration Committee for 2019 (and reconfirmed for 2020). The Remuneration Committee has used the assigned budget for a total of around 9,000.00 Euros for the support of the consulting firm mentioned above.

The Committee meeting minutes are duly recorded in full in the specific register and the Chairman of the Committee informs the first available Board Meeting of it.

The Articles of Association also envisage that the Ordinary Shareholders' Meeting, in addition to establishing the above fees, approves the remuneration policies, including plans based on financial instruments and the criteria/limits for any "golden parachutes"^{38as} set out in Circular No. 285. The Shareholders' Meeting is ensured adequate disclosure on the implementation of the remuneration policies.

For additional information on remuneration and incentive policies, refer to the Remuneration Report.

6.bis – APPOINTMENTS COMMITTEE

The Appointments Committee consists of 3 independent Directors (see also Table 1 attached to the present Report). The Chairman of the Board of Statutory Auditors participates in the Committee's meetings, and other Alternate Auditors may also participate (as usually occurs). The General Manager, each Vice General Manager and others who are in charge of relevant business areas may be invited to participate in relation to the issues described above, as well as other employees/collaborators/consultants of the Bank and/or of its subsidiaries, depending upon the specific issues to be discussed.

The Appointments Committee is an advisory/proposal-making body with the main task of:

- to advise the Board of Directors in relation to the size and composition of the same and to express recommendations on the professional figures whose presence within the Board is deemed necessary, also in coherence with the Supervisory Provisions in relation to corporate governance and on the following issues:

- indication of the maximum number of assignments as director or auditor that may be considered compatible with the effective performance of the role of Director of the company, taking account of the participation of the directors on Committees and, to that end, identification of the general criteria differentiated on the basis of the commitment related to each role (of

³⁸"Golden parachute" is any compensation to be paid in the event of early conclusion of the employment relationship or early termination of the office

executive, non-executive or independent director), also in relation to the nature and dimensions of the companies in which the roles are held as well as their possible membership of the Group; • assessment, on their merits, of any problematic circumstances for the purposes of prohibitions on competition laid down by the legal or regulatory provisions;

- to support the Board of Directors in any co-opting resolutions of Directors and in the nomination/revocation of other Bank Representatives, as well as the designation of Representatives of subsidiaries and possibly of associated and/or invested companies of strategic relevance;
- to support the Board of Directors in self-assessment activities so they are performed in compliance with the Supervisory Provisions on corporate governance as well as verification of the legal requirements in accordance with Article 26 of the Consolidated Banking Law;
- to support the Board of Directors in assessments relating to the definition of succession plans of the senior positions of the executive body provided by the cited Supervisory Provisions;
- to support the Board of Directors in resolutions relating to the nomination and revocation of the heads of the internal control departments and of the Appointed Executive, for which the Board of Directors has sole competence, liaising, to that end, with the Control Risk and Sustainability Committee, with the AISCI and with the Board of Statutory Auditors.

The Appointments Committee met 10 times in 2019, to express its opinion of the matters it is responsible for³⁹.

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

Advisory Board for the Umbria Area

The Appointments Committee has first of all expressed its favourable opinion on the guidelines for the establishment of an Advisory Board to oversee commercial and institutional dealings in Umbria as well as the preservation of the BPS brand, along with the appointment of the members (6) of this advisory board once the merger has been implemented.

Diversity Policy of the members of the Corporate Bodies

The Committee has favourably examined the Policy adopted by the Group on "Diversity", with reference to the criteria formalised so to ensure a suitable level of diversity among the members of the Corporate Bodies. The Policy examined furthers the valorisation of the diversities as a fundamental element of sustainability over the mid/long-term of the business activities.

Self-Assessment Process

On 26 February 2019, the Committee examined in detail the outcome of the self-assessment process of the board bodies relating to 2018 (which in the case in question the Board of Directors had decided to carry out without recourse to an outside professional), expressing its opinion in favour of submission to the Board of Directors.

In light of the advisory role that the Committee is required to play in the various phases in which the self-assessment process is structured, with the involvement of the same the selection procedure was launched on 28 October 2019 for a possible consultant to support the said process, which gives rise to the definition of the theoretical profile for the renewal of offices.

In this context, the Committee, during the meeting on 4 February 2020, defined the theoretical profile of the Chief Executive Officer in the light of the initial results of the self-assessment process.

³⁹ The average duration of the Appointments Committee meetings was approximately 1 hour. For greater details see Table 1

In light of the documents examined and the clarifications received during the meetings, the Committee formally acknowledged that the safeguards regarding appointment procedures remain adequate in compliance with all the current legislation, intending what is more to continue to monitor the issuance of the MEF Regulation pursuant to Article 26 of the CBL in progress for some time.

An independent annual expenditure budget of 25,000.00 Euros was assigned to the Appointments Committee for 2019 (and reconfirmed for 2020). In 2019, the assigned budget was used in full for the services of the afore-mentioned consulting firm in relation to the self-assessment of the Bodies.

The Committee meeting minutes are duly recorded in full in the specific register and the Chairman of the Committee informs the first available Board Meeting of it.

The Committee continues to monitor in particular the promulgation process [not yet completed at the date of this Report] for the Regulation implementing Article 26 of the CBL also mentioned in section 3.2 above also in relation to the observations originally formulated by the ABI with the contribution of Banco Desio and others.

7 – INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM – CONTROL RISK AND SUSTAINABILITY COMMITTEE – EXECUTIVE APPOINTED TO DRAW UP THE ACCOUNTING DOCUMENTS AND FINANCIAL DISCLOSURE PROCESS - NON-FINANCIAL STATEMENT - DIVERSITY POLICIES – CODE OF ETHICS - WHISTLEBLOWING

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

Banks are subject to regulations on the **internal audit and risk management system** established, in particular, by supervisory regulations on banking activities and the provision of investment services, issued by the Bank of Italy and Consob implementing the CBL and the CFA. As “public interest entities”, banks are also subject to the regulations of Italian Legislative Decree no. 39/201040 governing the external auditing of accounts. In this area, the Board of Directors defines the nature and the level of the risk compatible with the strategic objectives of the issuer, including in its assessments all the risks that may become important with a view to mid/long-term sustainability of the activities of the Banco Desio Group. The Board plays a key role in the assessment of the actual operation of the internal control and risk management system that may be relevant in the aforesaid view. In the presence of relevant circumstances, the Board acquires the required information and takes all appropriate measures to protect the Group and market disclosure.

This system features a complex structure that involves all the corporate levels, with specific duties reserved for the Board of Directors, the Board of Statutory Auditors, the AISCI, the General Manager and the individual in charge of internal auditing, represented by the pro-tempore Head of the Internal Auditing Department. This Department, like the Risk Management Department⁴¹, Compliance Office and Anti-Money Laundering Office, was structured to report directly to the Board of Directors. The audit and reporting activities carried out by this Department are consistent with the specific recommendations

⁴⁰The afore-mentioned Italian Legislative Decree 39 was amended by Italian Legislative Decree No. 135 of 17 July 2016 (Implementation of the 2014/56/EU directive that amends directive 2006/43/EC concerning the external auditing of the annual accounts and consolidated accounts) with no significant impact for the purposes of this section.

⁴¹In 2017, the Heads of the Internal Auditing Department and the Risk Management Department took on the qualification, respectively, of “Chief Auditing Officer” and of “Chief Risk Officer”. It should be noted that the Risk Management Department includes the Validation Office set up in accordance with the supervisory provisions on AIRB models.

of the Corporate Governance Code. The Parent Company outsources the Functions of internal audit, risk management, compliance and anti-money laundering for Fides SpA.

* * *

In this context, the Board of Directors established a **Control Risk and Sustainability Committee** that, as shown in Table 1, is currently composed of 3 non-executive Directors (the AISCI⁴² and 2 Independent Directors, including the Committee Chairman). The Chairman of the Board of Statutory Auditors, or a Standing Auditor designated by the Chairman, participates in Committee meetings (as usually occurs), and, in any event, the other Standing Auditors may also participate. In addition, the AISCI participates as the liaison between the BoD and the other members of the above-mentioned system. The General Manager, Vice General Managers and the heads of internal auditing, risk management, compliance and anti-money laundering Departments may also be invited to participate, as well as other employees/contractors/consultants, depending upon the specific issues to be discussed. The Control Risk and Sustainability Committee, as an internal Board committee, performs advisory/proposal-making functions and assists the BoD in its activities of supervising the proper functioning of the internal audit and risk management system, as well as assessment of the proper use of accounting standards. The Committee reports to the BoD on activities performed and the adequacy of the internal audit and risk management system through specific reports prepared every six months.

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

In assisting the Board of Directors, the Committee also supports, with adequate investigation activities, the assessments and the decisions of the Board on the management of risks deriving from adverse events of which the Board has become aware⁴³.

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

In relation to the introduction of the Non-Financial Statement (see below), the Control Risk and Sustainability Committee was assigned a supervisory role for aspects included in the project framework of the "Sustainability Report", as part of its consultative-proposal-making role for the purposes of the approval, by the Board of Directors, of the strategies and policies in question, and of the review of the related reporting.

⁴²As mentioned in the previous section 4, as from the date of the next renewal of the appointments, the Representative who covers the office of AISCI will no longer be included among the members of the Control Risk and Sustainability Committee.

⁴³The Corporate Governance Code also specifies that "a particularly important role within the internal audit and risk management system is normally carried out by the legal and compliance divisions, with a special reference to the supervision of the legal and non-compliance risks, including also the risk of committing criminal offences to the detriment or in the interest of the company". With regard to the legal risk, this role is carried out by the Legal Advice Department.

During 2019, the Committee met 15 times, in its role as advisory/proposal-making body for issues regarding the internal audit and risk management system, as well as body with supervision duties regarding sustainability matters.⁴⁴ The participants in the meeting, other than the Committee members, included the Chairman of the Board of Statutory Auditors and the Head of the Internal Auditing Department, as well as the heads of the risk management, compliance and anti-money laundering departments. Depending on the issues to be discussed, the other Auditors, the General Manager, the Substitute Vice General Manager (Appointed Executive), as well as other Executives and/or employees and external consultants participated in individual meetings.

In addition to the usual topics, such as the evaluation of the periodic reporting produced by the control units, the examination of the draft financial statements and interim financial reports/disclosure, the examination of the reports on complaints and appeals to the Banking Financial Arbitrator and on lawsuits, as well as the adjustments made to the Policies/Process Rules relevant to the internal audit and risk management system - the main issues addressed by the Committee concerned, among others, the project activities relating to strategic planning (and in particular the approach to the new Business Plan). Particular attention was reserved for the outcome, positive, of the Bank of Italy inspection. Attention was also paid to constant monitoring of the application of the EU Regulation concerning personal data protection (GDPR).

As part of its advisory/proposal-making role on "sustainability" issues, the Committee has, among other things, critically analysed the updates to the "materiality matrix" for the 2019 Non-Financial Statement (DNF), with related impacts on the lending and investment policies, as well as on the Policies and Process Regulations of the Bank. Every quarter, the Committee discussed the periodic state of play concerning "Corporate Social Responsibility" as envisaged by a specific information flow.

A further area of involvement of the Committee from an accounting standpoint was, among others, the new Regulations for the selection of the independent Auditor (as well as the assignment of various types of appointments to the same). With regard to the lending risk, mention is made of the up-dating of the performance of the NPL management Plan and the analysis of the inclusion of the creditor positions under "Unlikely To Pay" (UTP).

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

The Committee has also linked its activities with those of the Board of Statutory Auditors - in line with the "Coordination Document for Group Controls and Information Flows" - also by virtue of the constant and active participation in the above-mentioned meetings of the Board of Statutory Auditors, as well as with the Independent Auditors by virtue of the Committee's participation in joint meetings between the Board of Statutory Auditors and the Independent Auditors at Group level, also for the purposes of assessing the correct use of the accounting standards, as well as the criteria applicable to the Sustainability Report.

The Committee has an independent budget for expenses of 50,000.00 Euros for 2019 (reconfirmed for 2020). In 2019, no need to use this budget was noted, since the amounts allocated by the corporate top management in support of the different initiatives carried out with reference to issues also under the Committee's competence were deemed amply sufficient.

⁴⁴ The average duration of the CRC meetings was about 3 hours and 10 minutes. For greater details see Table 1

The Committee meeting minutes are duly recorded in full in the specific register and the Chairman of the Committee informs the first available Board of Directors of it.

* * *

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

The powers and the functioning of the Board of Statutory Auditors in the guise of **SB 231** are set out in detail in the specific Regulations and involve *inter alia*:

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

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

The SB 231 has received from all involved units the required reports, which indicated compliance and the adequacy of the Model, and no reports of violations of the Model have emerged. The Chairman of the SB has not received any reports from the Whistleblowing System further to which violations of the model emerged on conclusion of the SB's preliminary investigations.

The SB 231 has an independent budget for expenses of 50,000.00 Euros for 2019 (reconfirmed for 2020). Half of this budget is for mixed use with the Board of Statutory Auditors for common requirements. During the year there was a total use of the mixed budget for an amount of about 13,000 Euros for the evaluation of the internal control system carried out with the support of a qualified consulting firm using a specific IT "tool".

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

* * *

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

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

As stated, in 2018 it became necessary to revise the Regulations of the Internal System for Reporting Violations (“Whistleblowing”).

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

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

All this entailed a reorganisation and a further segmentation of the internal reporting channels. In addition to an existing generic channel, known as general whistleblowing regarding banking activities, a specific anti-money⁴⁵ laundering channel was introduced, i.e. the anti-money laundering whistleblowing channel, and one for “231” reports, the Supervisory Body (“SB”) whistleblowing channel; these latter reports refer exclusively to violations of the OMCM pursuant to Italian Legislative Decree No. 231/2001 and do not replace existing procedures and channels for the transmission of the usual mandatory reports and disclosures to the SB. The Chief Auditing Officer, as the Head of the internal violation reporting system, receives and assesses all general whistleblowing reports, except those referring to him/herself and to the Corporate Bodies (Board of Directors and Board of Statutory Auditors, as well as SB). The Chief Auditing Officer also receives and assesses anti-money laundering reports, involving the Anti-money laundering officer, equally excepting those referred to him/herself and to the Corporate Bodies listed above. At the end of the assessment phase, the Head of the System immediately transmits in any case an information flow relating to the report and to the outcome of its assessment to the Chairman of the Board of Directors. The Chairman of the Supervisory Body of the Parent Company receives Supervisory Body whistleblowing reports and assesses them collectively with the members of the Body.

⁴⁵Banking activities also include the “intermediaries” and “issuers” fields, regulated by the Consob regulations (MiFID, MAR).

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

The process for managing reports comprises reporting procedures and specific channels that ensure that the persons tasked with receiving, reviewing and assessing the reports are not hierarchically or functionally subordinated to the reported person, are not themselves the alleged perpetrators of the violations and do not have a potential interest related to the report which would compromise their impartiality and independence of judgment. The channels have been defined in such a way as to allow to avoid reports to persons who could be in conflict of interest situations with respect to the whistleblower, to the subject of the report or to any persons involved in the report. The internal system for reporting violations guarantees in any case the confidentiality and the protection of personal data of the person who submits the report and of any reported person.

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

After the aforesaid revision, specific training initiatives were carried out for all Group Personnel. No Whistleblowing reports were received in 2019, without prejudice to the matters specified with reference to the SB.

It should be recalled that in compliance with Directive 2014/59/EU - Bank Recovery and Resolution Directive and with the two Italian Legislative Decrees (Legislative Decree No. 180 and Legislative Decree No. 181) that transpose the aforesaid Directive in Italy, in 2017 the Bank prepared a "**Recovery Plan**" (hereafter also "Plan") - as updated on 29 April 2019 - to address crisis situations, organically framed in the corporate risk governance logic, consistent with the Risk Appetite Framework (RAF) and based on monitoring indicators contained in the EBA Guidelines on the matter and on the selection of recovery options and procedures. The Plan is consistent with the indicated regulatory context and, in particular, it is prepared in compliance with Bank of Italy provisions, notified by the same via specific notes. The Plan was prepared considering the prudential scope of consolidation.

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

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

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

* * *

In relation to existing risk management and internal audit systems in the **financial disclosure process, consolidated or otherwise**, a series of disclosure, audit and intervention powers have been assigned to the Appointed Executive, which essentially involve:

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

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

The Appointed Executive currently reports directly to the Board of Directors, while the Financial Statements and Accounting Control Office reports directly to him and is supported directly by the Administration Division, maintaining constant supervision over the financial reporting process, to ensure the reliability and integrity of the accounting and operating information, consolidated or otherwise, with particular reference to the so-called "key accounts".

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

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

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

- implementation;
- assessment;
- reporting.

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

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

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

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

In addition, criteria have been established for identifying the specific significant company components, items and accounting schedules on which to focus the activities of planning, development and maintenance of administrative-accounting processes (including processes for reporting to the Parent Company by the subsidiaries for the purpose of drawing up the consolidated financial statements) as well as the phase of risk and control assessment. In particular, with regard to this phase, the assessment of risks and the effectiveness of controls are conducted in accordance with the methods defined by the Appointed Executive, shared with the Internal Auditing Department, and with support as necessary from the Parent Company’s Risk Management and Compliance Department. In order to identify the approaches to assess financial disclosure risks, the Appointed Executive may avail himself of the Parent Company’s operating risks management division. For the other Group Companies, the Internal Contacts of the Appointed Executive avail themselves of each Company’s operating risk management division, where existing. For the specific purpose of assessing risks and controls in the disclosure system, the Appointed Executive is supported by the Organisational Processes Department as well as, where needed, the Parent Company’s Internal Auditing Department. For the other Group Companies, the Internal Contacts of the Appointed Executive avail of the support of the Operating Department as well as, where needed, the Controller.

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

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

Roles and functions

The responsibilities relating to the implementation and operational phases of the “Financial Disclosure Control Model”, taking into account the applicable regulatory context, which assigns specific responsibilities to the Appointed Executive, are assigned to Corporate Bodies and mainly to the Appointed Executive. For the purpose of carrying out his duties relating to preparing company accounting documents (mainly annual Financial Statements and Interim Financial Reports), the Executive is aided by the competent company officers of Banco Desio and the other Group Companies. Operationally, the Appointed Executive, with the help of the Financial Statements and Accounting Control Office, specifically avails himself of the support of the Administration Division and coordinates with departments of Banco Desio and the Group Companies in order to receive information on the performance of activities which influence the economic, equity or financial position of Banco Desio and the other Group Companies. Specifically, the Appointed Executive:

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

For Group Companies, the Appointed Executive interfaces with the Contacts specifically identified for each Company (Internal Contacts of the Appointed Executive) on the reporting flows to acquire in order to ensure the regular preparation of the (annual, half-yearly and quarterly) Consolidated Financial Report, as well as of the non-financial statement (see below). Operationally, he receives specific certifications from his Contacts containing, at a minimum, the following information:

- assessment of the adequacy and effective application of administrative-accounting procedures, with specific reference to controls implemented to mitigate the main risks;
- assessment of the adequacy of controls and, more generally, of the organisational safeguards on financial disclosure established at company level;
- correspondence of the equity, economic and financial data and additional information provided for preparing the annual and half-year financial report with the accounting books and records;
- compliance of the accounting documents with the applicable international accounting standards;

- any critical situations, risks and uncertainties arising from the audits performed, as well as the related action plan.

Non-Financial Statement (Sustainability Report)

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

Scope

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

In this regard, it should be remembered that, in accordance with Article 16 of Italian Legislative Decree no. 39/2010, the banks are included in the definition of “public interest entity”.

Content of the NFS

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

Consolidated non-financial statement

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

Procedure for the publication of the non-financial statement

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

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

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

Tasks of the party appointed to audit the financial statements

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

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

Sustainability governance structure

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

Level	Body/Function	Duties/Activities
Strategic Governance	Board of Directors	Approval of strategies, policies and reporting relating to sustainability matters (environmental, social, etc.)
	Control Risk and Sustainability Committee	Supervision of the aforesaid sustainability matters within the scope of its own consultative-proposal making role for the purposes of the approval by the BoD of strategies and policies on the matter, and of the review of the related reporting
Management Level	"Sustainability Steering Committee" identified in the Management Committee with the involvement, depending on the reported matters, of the specific Departments/Functions	<ul style="list-style-type: none">▪ Definition and proposal of the strategic lines and of the sustainability targets▪ Approval of sustainability activities▪ Sharing sustainability reports
Operational / tactical level	All the corporate functions of the parent company and of the subsidiaries	<ul style="list-style-type: none">▪ Based on the plan defined by the Steering Committee, development of the concrete and operating activities to be planned during the year within the Banco Desio Group▪ At different levels, responsible for the collection, validation and transmission of the information to be included in the sustainability reports
Communication	Internal and external communication (Resources Department and External Relations Department)	Definition of communication activities/initiatives (in addition to the sustainability report) informing both internal and external interlocutors about the results of the activities

Level	Body/Function	Duties/Activities
Coordination	Appointed Executive / Financial Statements and Accounting Control Office	Sustainability coordination function

Diversity policies

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

In this regard, the practices adopted by the Banco Desio Group are consistent both with the aforementioned law provisions with regard to gender quotas (Law No. 120/2011), and with the Supervisory Provisions on the composition of the Corporate Bodies which require “an adequate degree of diversification in terms, inter alia, of competencies, experience, age, gender, international projection”. This aspect, pertaining specifically to the areas of competence of the Appointments Committee, is analysed in the self-assessment process per Section 3.6 above, taking into account the operational and dimensional complexity of the company. The aforesaid practices were formalised in a dedicated policy which, also consistently with the indications of the Italian Corporate Governance Committee⁴⁶, was adopted with the board resolution of 28 February 2019, taking into account the aforementioned EBA/ESMA Guidelines in force since 30 June 2018. The matter is treated in connection with the broader project activities started within the scope of “Corporate Social Responsibility” (“CSR”) in relation to the aforesaid NFS⁴⁷. In this sphere, a “People, Diversity and Inclusion” Policy was also adopted on 16 January 2020, which applies to all the companies of the Banco Desio Group and addresses all the employees of the same with the aim of:

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

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

Code of Ethics

⁴⁶Annual report on the implementation of the Corporate Governance Code – December 2017 (page 25-26)

⁴⁷It is specified that the diversity policy is applied starting from the time of renewal of the corporate Bodies of the Group companies whose mandates expire with the approval of the financial statements for the year ended on 31 December 2019 (therefore, the renewal of the Board of Statutory Auditors of Fides SpA whose mandate expired with the approval of the financial statements for the year ended on 31 December 2018 was outside the scope of the policy).

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

- relations with local communities;
- human rights and personnel matter, as well as diversity and equal opportunity;
- culture of legality;
- environmental responsibility;
- sustainable investments;
- relations with public institutions.

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

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

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

In addition, a channel dedicated to the reports of violations of the Code of Ethics was identified that is distinct from the Whistleblowing system (dedicated to the reports of violations of the rules governing banking activities), while sharing some essential elements with it (refusal of anonymity, protection of the whistleblower, etc.).

The last review of the Code of Ethics was approved with a board resolution dated 28 June 2018 with the involvement of the Control Risk and Sustainability Committee and of the Board of Statutory Auditors.

8 - CORPORATE INFORMATION

Governance of corporate information is formalised in the Corporate Information Procedure, containing, *inter alia*, the procedures for calling the Board of Directors and the Committees, for the provision of documentation on items on the agenda and the related confidentiality restrictions (also see previous section 1), as well as the discipline of the register of parties who, within the Group, have access to privileged information which is still confidential. In turn, BPS has adopted a similar Procedure.

The Procedure was updated on 23 June 2016 as part of the adaptation measures to the new European regulations on market abuse entered into force on 3 July 2016 (in particular, to Regulation (EU) No. 596/2014 or "MAR") and most recently on 21 December 2017 to transpose the Guidelines issued by Consob on this matter. The afore-mentioned provisions significantly changed important aspects of the previously existing regulatory framework by widening the obligations of issuers for that which concerns among other things:

the disclosure to the public of the privileged information and the possible delay of the communication itself, in the presence of well-defined conditions, resulting in the activation of a process that also includes a notification to Consob;

- the keeping of the so-called "Insider Register" with more stringent timing/methods;
- the disclosure to the public of transactions on financial instruments issued by company representatives and by persons closely related to them (known as "internal dealing"), likewise with more stringent timing/methods;
- the prohibition for such entities to carry out transactions within 30 days prior to the publication of annual and half-yearly accounting data (known as "closed period");
- the identification of the Inside Information Management Function ("FGIP");
- the establishment of the "Relevant Information List" ("RIL").

The FGIP was identified as the Substitute Vice General Manager, who for this purpose relies on the operational support of the General and Corporate Secretarial Office.

It is hereby specified that in 2019 an internal dealing transaction was reported and published on bonds for an equivalent value of 100 thousand Euros.

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

For the purposes of completeness, note that on 29 January 2013, pursuant to Article 3 of Consob Resolution No. 18079 of 20 January 2012, the Board of Directors resolved to adhere to the “opt-out” regime envisaged by Articles 70, paragraph 8, and 71 paragraph 1-bis of Consob Regulation no. 11971/99, taking advantage of the right to deviate from publishing obligations for disclosure documents described in Attachment 3B of the above-mentioned Consob Regulation, in the event of significant transactions involving mergers, spin-offs, share capital increases through in-kind contribution of assets, acquisitions and disposals. Vice versa, BPS did not avail itself of this right in turn.

9 - BOARD OF STATUTORY AUDITORS

The information in this section has been provided in accordance with Article 123-bis, section 2, letter d of the CFA and articles 144-octies and 144-novies of the Issuers' Regulation and reflects (unless otherwise specified) the situation as at 31 December 2019.

Banco Desio's Board of Statutory Auditors in office was also appointed by the shareholders' meeting held on 6 April 2017 with the list voting mechanism illustrated in the previous paragraph 2.1.I), and falls from office as of the date of approval of the financial statements as at 31 December 2019; its composition is illustrated in attached Table 2. In the case at hand, a single list was submitted by the majority shareholder.

In addition to the integrity and independence requirements and the causes of ineligibility envisaged by special legislation and by the Corporate Governance Code for listed banks, the Statutory Auditors must meet – on penalty of forfeiture – the following professional standing requirements: at least one Standing Auditor and one Alternate Auditor (and, in any event, the Chairman) must be enrolled in the register of chartered accountants; those who do not meet this requisite must have gained specific experience in the activities and the sectors indicated in the Articles of Association. The satisfaction of requirements is verified by means of the “supervisory” procedure described by the BoD and, in implementation of a specific recommendation of the Corporate Governance Code, the Board carries out a specific check on the observance of the aforementioned requirements.

All the Statutory Auditors have been chosen from among those enrolled in the register of chartered accountants and are independent on the basis of both the CFA and the Corporate Governance Code (with the exception of the criteria of “nine years” permanence on the Board of Statutory Auditors which, due to the reasons already mentioned for the Directors in compliance with the resolution adopting the Code adopted on 22 February 2007, is not, however considered in itself an indication of non-compliance with the independence requirement, save that the cases exceeding the 9 years are subject to specific analysis according to the recommendations formulated by the Italian Committee for Corporate Governance). The case of a member of the Board of Statutory Auditors in office since 2002 was analysed at the same time as this Report was approved.

The lists of the other offices held by the Statutory Auditors, pursuant to Article 2400 of the Italian Civil Code and Article 148-bis of the CFA, are published in the prescribed methods and timeframes, together with the information on the personal and professional characteristics of the Statutory Auditors as well as the information on possession of the above-mentioned requirements (published upon submission of the lists for the renewal of Corporate offices, in compliance with governing Consob provisions). Their "curricula" are also available on the website www.bancodegio.it in the section "La Banca/Governance/Corporate Governance/Collegio Sindacale" (The Bank/Governance/Corporate Governance/Board of Statutory Auditors). The Internal Regulations of the Italian Subsidiary Banks include a general limit on the accumulation of the offices of statutory auditor, by virtue of which these Statutory Auditors cannot undertake this office when they already cover the office of member of the audit body in five listed or supervised companies, in cases where the "interlocking ban" does not apply pursuant to Article 36 of Italian Law no. 214/2011; it is also established that the Statutory Auditors cannot undertake offices in bodies other than the Board of Statutory Auditors within other Group Companies, as well as with companies in which Banco Desio directly or indirectly holds a strategic investment⁴⁸.

As previously stated, the Board of Statutory Auditors of Banco Desio, like that of Fides SpA, performs the functions of SB 231. During 2019, Banco Desio's Statutory Auditors held a total of 63 collective meetings (of which 16 as SB 231), in some cases joint with other Bodies of the Group, and inspections at the head offices or the branches. The activities of the Statutory Auditors with reference to participation in the meetings of the Corporate Bodies are likewise summarised in Table 2 containing, among other things, information on the average duration of the meetings; the other appointments covered by the statutory auditors in subsidiary, associated and investee companies or in listed and/or supervised companies are shown in Table 3.

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

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

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

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

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

As indicated in section 8, Banco Desio publishes the documentation of interest to its shareholders on its website, with particular reference to that pertaining to the exercise of their rights (attendance and voting, dividends, etc.), as managed by the General and Corporate Secretarial Office, which is on the staff of the General Manager. Specifically, the notice of call for Banco Desio's Shareholders' Meeting is published, within the legal deadlines differentiated according to the issues on the agenda, on the

⁴⁸ As indicated by the aforementioned Circular No. 285, "strategic" for such purposes is understood to mean the equity investment that is equal to at least 10% of the share capital or the voting rights during ordinary Shareholders' Meetings of the investee company and 5% of the consolidated regulatory capital of the Banking Group.

website www.bancodegio.it – in the section “La Banca/Governance/Corporate Governance/Assemblea” (The Bank/Governance/Corporate Governance/Shareholders' meeting), and concurrently in the national press.

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

Pursuant to Article 83-sexies of Italian Legislative Decree No. 58/98 (CFA) and Article 10 of the Articles of Association, parties holding the right to vote who have sent the Company a notification issued by an authorised intermediary based on the evidence in its accounting records at the end of the seventh trading day prior to the date set for the Shareholders' Meeting on first call may participate in the Shareholders' Meeting, or be represented according to the methods set forth by law. Those who are shown to hold shares only following this date shall not have the right to participate or vote in the Shareholders' Meeting.

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

The Board of Directors is entitled to establish, as and when, whether the proxy may be granted to a Designated Representative of the Company as defined by Article 135-undecies of Italian Legislative Decree No. 58/98, without cost to the shareholder, with voting instructions for all or some of the proposed agenda items.

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

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

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

The minutes of the Banco Desio Shareholders' Meetings are taken by a Notary, including for Ordinary Shareholders' Meetings. In 2019, an ordinary Shareholders' Meeting of Banco Desio was held to approve the financial statements as at 31 December 2018 (28 March 2019). An additional shareholders'

meeting (extraordinary) was held at the time of resolution of the merger via incorporation of BPS (9 May 2019).

As regards the Special Savings Shareholders' Meeting, refer to section 11 below.

11 – SAVINGS SHARES – SPECIAL SHAREHOLDERS’ MEETINGS – COMMON REPRESENTATIVE

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

The characteristics of Banco Desio savings shares are indicated in the previous section 2 to which reference should be made. With regard to the organisational aspects of this category, the Articles of Association discipline the procedures for the disclosure to the Common Representative of potentially price sensitive transactions for savings shares, establishing that the Common Representative's fee may be paid by the Company through an Ordinary Shareholders' Meeting resolution and assigns the Common Representative management of the expense account to protect the category's interests, with the obligation to report to the Special Shareholders' Meeting. With regard to the Special Shareholders' Meeting, in addition to the appointment and activity requirements for the Common Representative, the Articles of Association refer to the law. The Special Shareholders' Meeting, held on 6 April 2017, resolved:

- subject to reporting on the activities carried out, the appointment of Mr. Francesco Foti as Common Representative for three accounting periods, with allocation of an annual fee of 10,000 Euros, inclusive of the lump-sum reimbursement of costs for fulfilling his duties and net of VAT and welfare contributions;
- establishment of a fund for the expenses necessary to protect the common interest for an amount equivalent to the fee due to the Common Representative, formally acknowledging that the recourse on the profits due to the savings shareholders exceeding the minimum guaranteed by the Articles of Association as envisaged by law, does not take place if the Ordinary Shareholders' Meeting resolves to assume the fee due to the Common Representative, to be paid by Banco Desio (resolution that was then adopted by the Ordinary Shareholders' Meeting held on the same date);
- to establish that the Common Representative must provide account of the use of the fund and, in any event, any costs incurred, as well as, in general, activities carried out, during the first Special Shareholders' Meeting called to resolve on the appointment to the office.

As envisaged in the Articles of Association, Banco Desio, as a rule via the General Secretariat and Corporate Affairs Department, promptly informs the Common Representative of price sensitive corporate transactions, usually via the forwarding of press releases and any other documentation made public by law. Thus far, no resolutions that are detrimental to the rights of the category, such that they would require the approval of the Special Shareholders' Meeting have been adopted by Banco Desio's Bodies.

12 - INDEPENDENT AUDITING FIRM

The company appointed to audit the accounts in accordance with the law is Deloitte & Touche S.p.A. with registered office in Milan. Upon the proposal of the Board of Statutory Auditors, the assignment was granted by the Shareholders' Meeting of 26 April 2012, with the total duration until the approval of the 2020 financial statements as at 31 December 2020. The agreed compensation is stated in dedicated comment notes contained in the Notes to the Consolidated Financial Statements and to the separate

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

13 - CHANGES AFTER THE END OF THE ACCOUNTING PERIOD

Between the date of the end of the last accounting period (31 December 2019) and the below-indicated date of approval of this Report, no significant changes took place with respect to those illustrated in the previous sections, except for the following:

- on 16 January 2020, the Board of Directors granted the Chairman a mandate to begin the process of amending the Articles of Association following the entry into force (1 January 2020) of Italian Law No. 160 dated 27 December 2019 (2020 Budget Law), which extended the period of application by six mandates and increased the gender quotas for the Board of Directors and the Board of Statutory Auditors to at least 2/5 starting from the next renewal of offices; the process in question began on 22 January 2020 with the submission of the application to the Bank of Italy in accordance with Article 56 of the CBL; the related documentation will be published within the terms of the law with respect to the Extraordinary Shareholders' Meeting being called; on 27 January 2020 the Board of Statutory Auditors concluded the selection procedure so as to formulate its recommendations to the Ordinary Shareholders' Meeting called for the appointment of the independent auditors for the next nine years pursuant to Italian Legislative Decree No. 39/2010 and EU Regulation No. 537/2014; the related documentation will be published within the terms of the law; it should be noted that this procedure was carried out in accordance with specific internal Regulations approved on 9 October 2019⁴⁹.

14 - CONSIDERATIONS ON THE LETTER BY THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE ADDRESSED TO THE ISSUERS⁵⁰

By means of letter dated 19 December 2019 addressed to the Issuers, brought to the attention of the Chairman and of the Vice Chairman of the Board of Directors and of the Chairman of the Board of Statutory Auditors and analysed by the Independent Directors on the occasion of the preparation of this Report, the Corporate Governance Committee, in light of the results for the 2019 Report and of the analysis of the Issuers' conduct on the issues set forth in the 2018 letter, once again this year identified four main areas on which to press not only the administrative body, but also, for matters under its

⁴⁹ Regulations for the selection of the independent auditor and for the conferral to the same and its network of other appointments other than the external auditing.

⁵⁰The Corporate Governance Committee, established by Associations of businesses and of professional investors, as well as by Borsa Italiana, approves, in accordance with the Corporate Governance Code for Listed Companies, an annual Report on the application of the Code itself. The purpose of the aforementioned letter and of the Report attached therewith is to highlight the monitoring carried out by the Committee and stress the main critical issues noted, to promote ever more aware enforcement of the Code by the Issuers that have adopted it and, more in general, to promote the evolution of the corporate governance by all Italian listed companies according to the principles of the Code, regardless of their formal adoption thereof.

competence, the auditing body, for a better and more substantial application of the best practice recommended by the Code.

For the related examination in relation to the position of Banco Desio, refer in full to the attached table (**ATTACHMENT C**).

Desio, Italy, 27 February 2020

On behalf of the Board of Directors

The Chairman

(Mr. Stefano Lado)

This Report has been updated by renaming the "Control and Risk Committee" to "Control Risk and Sustainability Committee" by virtue of the resolution passed by the Board of Directors on 26 March 2020

Desio, Italy, 26 March 2020

INDEPENDENT DIRECTORS' ASSESSMENT

On 27 February 2020, the following Independent Directors of Banco di Desio e della Brianza SpA met:

- Gerolamo PELLICANO'
- Cristina FINOCCHI MAHNE
- Marina BROGI
- Nicolò DUBINI
- Valentina CASELLA

The meeting was called pursuant to Article 2.10 of the Corporate Bodies' Internal Regulation, in fulfilment of the provisions of the Corporate Governance Code for Listed Companies (current edition).

During the meeting, the Independent Directors expressed, *inter alia*, a positive assessment on the following aspects:

- *the launch of a strategic approach that will be included in the soon to be approved Business Plan, in order to support profitability in a structured manner;*
- *initiatives aimed at accelerating the Bank's technological innovation in terms of process and product;*
- *the path of progressive evolution on "ESG" issues (Environmental, Social, Governance) previously launched by the Group, which was further developed through the implementation of various corporate policies;*
- *the effort to modernise the processes of granting and monitoring credit, also on the basis of the planning of the new AIRB models, now at an advanced stage, in combination with the inclusion of qualified resources; the desired management approach, with an eye to the relationship with customers, remains to be achieved;*
- *the completion of the integration with the former BPS, while safeguarding a specific relationship with the Umbrian territory, including through the establishment of an Advisory Board dedicated to this territory.*

The Independent Directors acknowledge the analysis carried out, upon examining the Annual Corporate Governance Report, of the recommendations formulated most recently to the Issuers by the Italian Corporate Governance Committee in the following four areas: (i) sustainability; (ii) pre-board meeting disclosure; (iii) independence criteria recommended by the Code; (iv) remuneration of non-executive directors and members of the control body. Most of these areas were also considered during the self-assessment process of the Board of Directors (whose outcome is summarised in Annex B) and are represented in Annex C in reconciliation with the text of the Annual Corporate Governance Report.

Upon reviewing in detail the Annual Corporate Governance Report, an equally positive assessment is expressed thereon.

Gerolamo Pellicanò

Cristina Finocchi Mahne

Marina Brogi

Nicolò Dubini

Valentina Casella

Attachment B
to the Annual Corporate Governance Report

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

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

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

In conclusion, the Board of Directors deems that, for all analysed aspects with reference to the Administrative Body and to the Committees established within it, the self-assessment is concluded with a substantially positive judgement of validity. They are always able to make well-informed decisions, consistent with principles of sound and prudent management.

The above without prejudice to the fact that all the aspects considered in the self-assessment will continue to be monitored in relation to the development of the regulatory context of the financial sector and/or operations of the Banco Desio Group.

ANALISI RACCOMANDAZIONI DEL COMITATO DELLA CORPORATE GOVERNANCE PER L'ESERCIZIO 2020 - ALLEGATO "C" RELAZIONE DI CORPORATE GOVERNANCE

RACCOMANDAZIONE	Commenti	Relazione di Corporate Governance per l'esercizio 2018	Relazione di Corporate Governance per l'esercizio 2019
RACCOMANDAZIONE 1 Il Comitato invita i consigli di amministrazione a integrare la sostenibilità dell'attività d'impresa nella definizione delle strategie e della politica di remunerazione , anche sulla base di un'analisi di rilevanza dei fattori che possono incidere sulla generazione di valore nel lungo periodo. Rif anno precedente: RACCOMANDAZIONE 4 Il Comitato invita i consigli di amministrazione e i comitati competenti in materia di remunerazioni a valutare l' adeguatezza delle politiche retributive con il perseguitamento dell'obiettivo della sostenibilità delle attività dell'impresa nel medio-lungo termine . In particolare, il Comitato raccomanda, soprattutto agli organi competenti egli emittenti medio-grandi, di rafforzare il collegamento della remunerazione variabile a parametri legati ad obiettivi di lungo termine e di limitare a singoli casi eccezionali, previa adeguata spiegazione, la possibilità di erogare somme non legate a parametri predeterminati (i.e. bonus "ad hoc"). 	<p>La prima area di miglioramento riguarda dunque la gestione dei temi di sostenibilità dell'attività di impresa e della sua capacità di perseguire la creazione di valore nel lungo termine a beneficio degli azionisti anche tenendo conto degli interessi dei vari altri stakeholder rilevanti per la società.</p> <p>Il Codice vigente fornisce già alcune indicazioni sull'importanza di una visione sostenibile dell'attività d'impresa, raccomandando che la politica di gestione dei rischi valuti gli elementi <i>"che possono assumere rilievo nell'ottica della sostenibilità nel medio-lungo periodo dell'attività dell'emittente"</i> (art. I.C.1, lett. b).</p> <p>Il Codice inoltre, nel commento all'articolo 4, fornisce alcune indicazioni organizzative per le società appartenenti all'indice FTSE MIB, volte ad attribuire a un comitato endo-consiliare specifiche funzioni di supporto al consiglio in materia di sostenibilità.</p> <p>Il Comitato osserva come, nonostante un buon grado di applicazione di queste indicazioni, in molti casi manchi una chiara attribuzione al consiglio di amministrazione della responsabilità di considerare il tema della sostenibilità come parte integrante e fondamentale nella definizione delle strategie d'impresa.</p> <p>L'attribuzione a un comitato endo-consiliare di funzioni istruttorie e di supporto in tema di sostenibilità è talvolta formulata in termini generici, evidenziando il rischio di una gestione dei temi di sostenibilità orientata soprattutto a funzioni comunicative, in particolare per soddisfare gli obblighi in materia di informazione non finanziaria.</p> <p>Da un'analisi condotta dalla Consob sui documenti pubblicati nel primo anno di applicazione della normativa che ha introdotto tali obblighi risulta che <i>"la maggior parte delle imprese ha operato in un'ottica di compliance, mentre pochi emittenti, prevalentemente di maggiori dimensioni, hanno colto l'occasione offerta dalla direttiva per avviare un processo di trasformazione in grado di coinvolgere modelli di business, governance e strategie"</i></p>	<p>6 Meccanismi di remunerazione e incentivazione Comitato Remunerazione I criteri seguiti per la remunerazione e l'incentivazione del management del Gruppo sono in linea con i principi generali della correlazione di tali emolumenti ai risultati economici, della coerenza con le strategie e della parametrizzazione al rischio, in modo da evitare il prodursi di incentivi in conflitto con l'interesse della società in un'ottica di lungo periodo, come indicato anche nella citata Circolare n. 285.</p> <p>La remunerazione del Direttore Generale e dei Dirigenti con responsabilità strategiche del Banco Desio è rappresentata da una parte fissa ed una parte variabile, opportunamente differita in conformità con la citata Circolare n. 285, come meglio dettagliato nella citata Relazione sulla Remunerazione. Per quanto concerne il C.d.A. della Capogruppo, lo Statuto prevede che l'Assemblea Ordinaria determini il compenso globale per gli Amministratori diversi dal Presidente, dai Vice Presidenti e da eventuali Amministratori con deleghe operative o incarichi particolari; al C.d.A., sentito il parere del Collegio Sindacale, compete la determinazione del compenso di questi ultimi, nonché il riparto tra gli altri consiglieri del compenso globale stabilito dall'Assemblea; i criteri di riparto tengono conto anche degli incarichi interni al C.d.A. e ai diversi Comitati da ciascuno ricoperti (inclusi ove previsti gli incarichi di Segretario).</p>	<p>6 Meccanismi di remunerazione e incentivazione Comitato Remunerazione I criteri seguiti per la remunerazione e l'incentivazione del management del Gruppo sono in linea con i principi generali della correlazione di tali emolumenti ai risultati economici, della coerenza con le strategie e della parametrizzazione al rischio, in modo da evitare il prodursi di incentivi in conflitto con l'interesse della società in un'ottica di lungo periodo, come indicato anche nella citata Circolare n. 285¹.</p> <p>La remunerazione del Direttore Generale e dei Dirigenti con responsabilità strategiche del Banco Desio è rappresentata da una parte fissa ed una parte variabile, opportunamente differita in conformità con la citata Circolare n. 285, come meglio dettagliato nella citata Relazione sulla Remunerazione. 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¹ Si richiama, da ultimo, il 25° aggiornamento della Circolare 285 emanato il 13 ottobre 2018, con il quale si realizza, in particolare, l'adeguamento agli Orientamenti in materia di sane politiche di remunerazione emanati dall'EBA in attuazione della CRD4 nonché ad altri recenti indirizzi, definiti nelle sedi internazionali, nella medesima materia

ANALISI RACCOMANDAZIONI DEL COMITATO DELLA CORPORATE GOVERNANCE PER L'ESERCIZIO 2020 - ALLEGATO "C" RELAZIONE DI CORPORATE GOVERNANCE

RACCOMANDAZIONE	Commenti	Relazione di Corporate Governance per l'esercizio 2018	Relazione di Corporate Governance per l'esercizio 2019
RACCOMANDAZIONE 2 Il Comitato raccomanda alle società di curare, anche nell'eventuale regolamento dei lavori consiliari, un'adeguata gestione dei flussi informativi al consiglio di amministrazione, assicurando che le esigenze di riservatezza siano tutelate senza compromettere la completezza, la fruibilità e la tempestività dell'informativa . <i>Rifanno precedente RACCOMANDAZIONE 1</i> <i>Il Comitato invita i consigli di amministrazione ad esprimere una esplicita valutazione sull'adeguatezza dell'informativa pre-consiliare ricevuta nel corso dell'esercizio. In particolare, si invitano i Presidenti dei consigli di amministrazione a promuovere tale attività valutativa e ad assicurare che le esigenze di riservatezza siano tutelate senza compromettere l'adeguatezza e la tempestività dei flussi informativi che precedono le riunioni consiliari.</i>	<p>La seconda area di miglioramento continua a riguardare la qualità dell'informativa al consiglio di amministrazione. Come osservato anche in sede di esame degli effetti della lettera inviata nel 2018, l'adeguatezza dei flussi informativi consiliari risulta, anche ad esito di un esame sempre più approfondito delle prassi applicate e riportate nelle relazioni sul governo societario, ancora insoddisfacente in oltre la metà delle società quotate. In particolare, il 75% delle società che aderiscono al Codice ha quantificato in modo preciso il preavviso normalmente ritenuto congruo: il 27% di queste società non fornisce tuttavia alcuna informazione sull'effettivo rispetto del termine precedentemente indicato come congruo. Complessivamente, dunque, l'identificazione ex ante ed ex post sulla qualità e la tempestività dell'informativa al consiglio appare ancora problematica in oltre la metà delle società quotate, nonostante un lieve miglioramento nel tempo di tale dato. Un'analisi più dettagliata delle prassi descritte nelle relazioni sul governo societario evidenzia inoltre come un terzo delle società che aderiscono al Codice faccia generico riferimento a ragioni di riservatezza quali esimenti al rispetto del termine congruo: un dato critico che è stato oggetto di ulteriori approfondimenti e che ha portato il Comitato a rafforzare le sue raccomandazioni in merito.</p>	<p>Secondo quanto stabilito dallo Statuto e dal Regolamento Informazione Societaria, le riunioni del C.d.A. sono convocate dal Presidente con avviso trasmesso almeno 5 giorni prima e contenente l'elenco delle materie da trattare; la documentazione relativa agli argomenti all'ordine del giorno viene messa a disposizione dei consiglieri e dei sindaci, previa trasmissione, a mezzo di un'apposita piattaforma informatica, con un anticipo di norma di almeno 3 giorni (elevato a 7 giorni per il verbale della precedente seduta). I documenti non trasmessi entro le 48 ore prima della seduta (tipicamente quelli "price sensitive" al fine di massimizzare la protezione delle informazioni privilegiate in una logica di particolare cautela verso ogni possibile forma di violazione informatica da parte di terzi) vengono messi a disposizione per la consultazione presso l'Ufficio Segreteria Generale e Societaria a partire almeno dalla mattina del giorno lavorativo antecedente la seduta stessa. Tale anticipo è ritenuto generalmente congruo dal Consiglio di Amministrazione e risulta rispettato. Specialmente per documenti particolarmente complessi, la messa a disposizione avviene anche prima dei termini minimi sopra indicati e talvolta della stessa trasmissione dell'avviso di convocazione. In ogni caso, fatti salvi eventuali casi di "price sensitivity", laddove non sia stato possibile, per la necessità di assicurarne la riservatezza ovvero per altre motivate ragioni anche di opportunità/urgenza, fornire con congruo anticipo i documenti in questione, vengono effettuati adeguati approfondimenti nel corso delle riunioni. I vincoli di riservatezza della documentazione e delle informazioni oggetto di delibere consiliari sono statuiti - in coerenza con la citata regolamentazione sul "market abuse" - anche dal Regolamento Informazione Societaria, per gli amministratori, i sindaci, i revisori esterni e per tutti i dipendenti che entrino in possesso di documentazione e informazioni potenzialmente "price sensitive".</p>	<p>Secondo quanto stabilito dallo Statuto e dal Regolamento Informazione Societaria, le riunioni del C.d.A. sono convocate dal Presidente con avviso trasmesso almeno 5 giorni prima e contenente l'elenco delle materie da trattare; la documentazione relativa agli argomenti all'ordine del giorno viene messa a disposizione dei consiglieri e dei sindaci, previa trasmissione, a mezzo di un'apposita piattaforma informatica, con un anticipo di norma di almeno 3 giorni (elevato a 7 giorni per il verbale della precedente seduta). I documenti non trasmessi entro le 48 ore prima della seduta (tipicamente quelli "price sensitive" al fine di massimizzare la protezione delle informazioni privilegiate in una logica di particolare cautela verso ogni possibile forma di violazione informatica da parte di terzi) vengono messi a disposizione per la consultazione presso l'Ufficio Segreteria Generale e Societaria a partire almeno dalla mattina del giorno lavorativo antecedente la seduta stessa. Tale anticipo è ritenuto generalmente congruo dal Consiglio di Amministrazione e risulta rispettato. Specialmente per documenti particolarmente complessi, la messa a disposizione avviene anche prima dei termini minimi sopra indicati e talvolta della stessa trasmissione dell'avviso di convocazione. In ogni caso, fatti salvi eventuali casi di "price sensitivity", laddove non sia stato possibile, per la necessità di assicurarne la riservatezza ovvero per altre motivate ragioni anche di opportunità/urgenza, fornire con congruo anticipo i documenti in questione, vengono effettuati adeguati approfondimenti nel corso delle riunioni. I vincoli di riservatezza della documentazione e delle informazioni oggetto di delibere consiliari sono statuiti - in coerenza con la citata regolamentazione sul "market abuse" - anche dal Regolamento Informazione Societaria, per gli amministratori, i sindaci, i revisori esterni e per tutti i dipendenti che entrino in possesso di documentazione e informazioni potenzialmente "price sensitive".</p>

ANALISI RACCOMANDAZIONI DEL COMITATO DELLA CORPORATE GOVERNANCE PER L'ESERCIZIO 2020 - ALLEGATO "C" RELAZIONE DI CORPORATE GOVERNANCE

RACCOMANDAZIONE	Commenti	Relazione di Corporate Governance per l'esercizio 2018	Relazione di Corporate Governance per l'esercizio 2019
RACCOMANDAZIONE 3 <i>Il Comitato invita gli organi di amministrazione ad applicare con maggior rigore i criteri di indipendenza definiti dal Codice e gli organi di controllo a vigilare circa la corretta applicazione di tali criteri. Il Comitato, oltre a ribadire l'ecezionalità e la necessaria motivazione individuale – legata dunque al caso concreto del singolo amministratore – della deroga a ogni criterio di indipendenza raccomandato dal Codice, invita gli emittenti a porre maggiore attenzione alla valutazione della significatività dei rapporti oggetto di valutazione. A tal fine, il Comitato invita gli organi di amministrazione a definire ex ante i criteri quantitativi e/o qualitativi da utilizzare per la valutazione di significatività dei rapporti oggetto di esame. Tali criteri dovrebbero riguardare la posizione complessiva, non limitata al beneficio meramente economico, dell'amministratore la cui indipendenza è oggetto di valutazione, e trovare adeguata e trasparente comunicazione al mercato nella relazione sul governo societario.</i>	<p>La terza area di miglioramento riguarda, anch'essa, un tema già oggetto di passate raccomandazioni del Comitato, relativo alla concreta e integrale applicazione dei criteri di indipendenza raccomandati dal Codice.</p> <p>I dati raccolti nel 2019 evidenziano il permanere di un numero significativo di criticità nella qualificazione degli amministratori indipendenti e la scarsa qualità delle informazioni fornite dagli emittenti sia con riferimento alla scelta di discostarsi dai criteri indicati dal Codice sia con riferimento alla qualità complessiva dell'adesione al modello di indipendenza delineato dal Codice stesso. In particolare, pur a fronte di una significativa riduzione dei casi di amministratori indipendenti “a rischio” (4), che appaiono a fine 2019 in deciso calo rispetto agli anni precedenti (quasi un quinto in meno rispetto al 2018), il monitoraggio evidenzia da un lato il permanere ancora di un numero significativo di tali situazioni “a rischio” e dall'altro fa emergere un quadro sostanzialmente cristallizzato circa la scelta degli emittenti di disapplicare tout court ovvero di applicare con prevalenza della sostanza sulla forma le singole fattispecie, indicate nel Codice, che incidono o possono incidere sull'indipendenza dell'amministratore (tale fenomeno si registra, rispettivamente, nell'8% e nel 17% dei casi).</p> <p>L'analisi 2019 conferma, inoltre, la scarsità di informazioni in merito alla valutazione della significatività dei rapporti che potrebbero rilevare ai fini di una corretta applicazione dei criteri di indipendenza (tale valutazione è comunicata da appena il 7% degli emittenti che aderiscono al Codice).</p> <p>A fronte del rilievo attribuito dal Codice e dal quadro regolamentare agli amministratori indipendenti nel processo di formazione della volontà consiliare in materie di particolare rilevanza e delicatezza, il Comitato osserva come una applicazione rigorosa dei criteri indicati dal Codice possa incidere significativamente sull'efficacia e sull'adeguatezza dei sistemi di governance.</p> <p>(4) Intesi quali amministratori qualificati come indipendenti che tuttavia versano in specifiche situazioni, oggettivamente misurabili, di non indipendenza ai sensi del Codice (carica</p>	<p>Gli Amministratori che, in virtù di tali valutazioni e verifiche, effettuate nel corso del 2018 e confermate anche in occasione dell'approvazione della presente Relazione, risultano attualmente in possesso dei requisiti d'indipendenza (tutti ai sensi sia del TUF, sia del Codice di Autodisciplina ad eccezione del suddetto criterio dei “nuovi anni”), <i>fatto salvo che i casi di supero sono oggetto di analisi specifica secondo le raccomandazioni formulate Comitato Italiano per la Corporate Governance</i> sono di seguito elencati:</p> <ul style="list-style-type: none"> - Avv. Gerolamo Pellicanò (data di prima nomina 30.04.2002) - Prof.ssa Cristina Finocchi Mahne (data di prima nomina 30.05.2013) - Dott.ssa Gigliola Zecchi Balsamo (data di prima nomina 29.04.2014) - Prof.ssa Marina Brogi (data di nomina 06.04.2017) - Dott. Nicolò Dubini (data di nomina 06.04.2017) <p>Si precisa che il primo incarico della Prof.ssa Marina Brogi era iniziato in data 26.04.2012 ed era cessato in data 09.05.2013.</p> <p>Gli Amministratori Indipendenti, partecipano ai lavori consiliari nonché all'attività dei Comitati consultivo/propositivi di rispettiva appartenenza (cioè il Comitato Controllo e Rischi e il Comitato Remunerazione, di cui gli stessi costituiscono la componente maggioritaria, nonché il Comitato Nomine e il Comitato per le Operazioni con Parti Correlate e Soggetti Collegati, interamente costituiti da tre Amministratori Indipendenti). Detti Amministratori si sono riuniti in data 30 gennaio e 26 febbraio 2019, per esprimere una propria valutazione sugli aspetti di loro competenza della presente Relazione, tenuto conto del ruolo che il Codice attribuisce, nel novero dei componenti non esecutivi, soprattutto a tali Amministratori. La valutazione degli Amministratori Indipendenti (che tiene conto anche delle risultanze del processo di autovalutazione di cui al successivo par. 3.6.) è accusa alla presente Relazione (Allegato A).</p>	<p>Gli Amministratori che, in virtù di tali valutazioni e verifiche, effettuate nel corso del 2019 e confermate anche in occasione dell'approvazione della presente Relazione, risultano attualmente in possesso dei requisiti d'indipendenza (tutti ai sensi sia del TUF, sia del Codice di Autodisciplina ad eccezione del suddetto criterio dei “nuovi anni”), <i>fatto salvo che i casi di supero sono oggetto di analisi specifica secondo le raccomandazioni formulate Comitato Italiano per la Corporate Governance</i> sono di seguito elencati:</p> <ul style="list-style-type: none"> - Avv. Gerolamo Pellicanò (data di prima nomina 30.04.2002)² - Prof.ssa Cristina Finocchi Mahne (data di prima nomina 30.05.2013) - Prof.ssa Marina Brogi (data di nomina 06.04.2017) - Dott. Nicolò Dubini (data di nomina 06.04.2017) - Avv. Valentina Casella (data di nomina 28.03.2019) <p>Si precisa che il primo incarico della Prof.ssa Marina Brogi era iniziato in data 26.04.2012 ed era cessato in data 09.05.2013.</p> <p>Gli Amministratori Indipendenti, partecipano ai lavori consiliari nonché all'attività dei Comitati consultivo/propositivi di rispettiva appartenenza (cioè il Comitato Controllo Rischi e Sostenibilità e il Comitato Remunerazione, di cui gli stessi costituiscono la componente maggioritaria, nonché il Comitato Nomine e il Comitato per le Operazioni con Parti Correlate e Soggetti Collegati, interamente costituiti da tre Amministratori Indipendenti). Detti Amministratori si sono riuniti in data 27 febbraio 2020, per esprimere una propria valutazione sugli aspetti di loro competenza della presente Relazione, tenuto conto del ruolo che il Codice attribuisce, nel novero dei componenti non esecutivi, soprattutto a tali Amministratori. La valutazione degli Amministratori Indipendenti (che tiene conto anche delle risultanze del processo di autovalutazione di cui al successivo par. 3.6.) è accusa alla presente Relazione</p>
Rif anno precedente RACCOMANDAZIONE 2 <i>Il Comitato invita gli organi di amministrazione ad applicare con maggior rigore i criteri di indipendenza definiti dal Codice e gli organi di controllo a vigilare circa la corretta applicazione di tali criteri: il Comitato sottolinea come i casi di loro disapplicazione dovrebbero rappresentare un'ecezione e, soprattutto, essere oggetto di una approfondita valutazione a livello individuale, con riferimento alle situazioni in cui versa il singolo consigliere, e di una esaustiva spiegazione nella relazione sul governo societario.</i>	<p></p>	<p></p>	<p></p>

² Tale caso di supero dei 9 anni è stato oggetto di analisi specifica contestualmente all'approvazione della presente Relazione secondo le raccomandazioni formulate Comitato Italiano per la Corporate Governance

ANALISI RACCOMANDAZIONI DEL COMITATO DELLA CORPORATE GOVERNANCE PER L'ESERCIZIO 2020 - ALLEGATO "C" RELAZIONE DI CORPORATE GOVERNANCE

	ultra-novennale, compensi particolarmente elevati, altri incarichi nella società).		<u>(Allegato A)</u>
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ANALISI RACCOMANDAZIONI DEL COMITATO DELLA CORPORATE GOVERNANCE PER L'ESERCIZIO 2020 - ALLEGATO "C" RELAZIONE DI CORPORATE GOVERNANCE

RACCOMANDAZIONE	Commenti	Relazione di Corporate Governance per l'esercizio 2018	Relazione di Corporate Governance per l'esercizio 2019
RACCOMANDAZIONE 4 Anche alla luce dell'analisi comparata, il Comitato raccomanda agli organi di amministrazione – e ai relativi comitati competenti in materia di remunerazione – di verificare che la misura dei compensi riconosciuti agli amministratori non esecutivi e ai componenti dell'organo di controllo sia adeguata alla competenza, alla professionalità e all'impegno richiesti dal loro incarico. Un valido ausilio potrebbe derivare, a tal fine, da un riferimento alle pratiche di remunerazione diffuse nei settori di riferimento e per società di analoghe dimensioni, eventualmente anche considerando le esperienze estere comparabili. <i>Rifanno precedente</i> RACCOMANDAZIONE 3 Il Comitato invita il consiglio di amministrazione ad assicurare una maggiore trasparenza circa le modalità di svolgimento della board review . Il Comitato auspica, soprattutto per gli emittenti di maggiori dimensioni, che una componente consiliare sovraintenda il processo di board review e che siano adottate modalità che valorizzino il contributo individuale di ciascun consigliere.	<p>La quarta area di miglioramento riguarda la remunerazione degli amministratori non esecutivi e dei componenti dell'organo di controllo, soprattutto nelle società medio-piccole. Qui l'analisi del Comitato si è concentrata sul dato empirico delle remunerazioni riconosciute a tali soggetti, che sono state esaminate non tanto in termini di coerenza con le politiche complessivamente definite per la remunerazione degli organi sociali (che sono ragionevolmente concentrate sulla più articolata definizione dei compensi variabili rivolti agli amministratori esecutivi, direttori generali e dirigenti con responsabilità strategiche), ma piuttosto alla luce dell'impegno atteso da tali soggetti nell'adempimento del relativo incarico e ai conseguenti profili di responsabilità.</p> <p>In tale contesto, le remunerazioni effettivamente riconosciute appaiono spesso, soprattutto nelle società di minori dimensioni, inadeguate considerata la professionalità, la competenza e l'impegno richiesti sia alla componente non esecutiva e indipendente dei consigli di amministrazione (soprattutto quando partecipa dei lavori dei comitati endo-consiliari, cui sono attribuite crescenti funzioni istruttorie, propositive e consultive), sia ai componenti dell'organo di controllo, chiamati a crescenti impegni e responsabilità che derivano anche dai compiti loro attribuiti nei rapporti con le Autorità di vigilanza.</p> <p>Il fenomeno è stato già osservato in passato nelle attività di monitoraggio sull'applicazione del Codice, ed avendo già formato oggetto di alcune osservazioni del Comitato (5), svolte anche alla luce delle attuali raccomandazioni del Codice in merito all'adeguatezza dei relativi compensi, appare ancora più evidente alla luce di una comparazione internazionale. In particolare, mettendo a confronto società di analoghe dimensioni, si segnala che gli amministratori non esecutivi delle società italiane hanno una remunerazione mediaна sostanzialmente inferiore rispetto ai colleghi britannici, soprattutto nelle società di minori dimensioni: la differenza è pari a circa il 15% nelle società molto grandi (con capitalizzazione superiore a 10 miliardi di euro), crescendo al 30% nelle società medio-grandi (con capitalizzazione compresa tra 1 e 10 miliardi di euro) e attestandosi addirittura al 50% nelle società di media dimensione (con capitalizzazione compresa tra 500 milioni e un miliardo di euro).</p> <p>La differenza persiste, seppur in maniera meno accentuata, anche nella comparazione della</p>	N.A.	N.A.

ANALISI RACCOMANDAZIONI DEL COMITATO DELLA CORPORATE GOVERNANCE PER L'ESERCIZIO 2020 - ALLEGATO "C" RELAZIONE DI CORPORATE GOVERNANCE

	<p>remunerazione dei componenti dell'organo di controllo delle società italiane rispetto ai membri dell'audit committee delle società britanniche: la remunerazione media dei presidenti di tali organi è più elevata nel Regno Unito di circa il 20% nelle società più grandi e di circa il 12% nelle società medio-grandi e medie. Il "pay gap" è poi particolarmente rilevante per i componenti "semplici" di tali organi: la remunerazione media dei componenti l'audit committee delle società britanniche è superiore del 30% a quella dei sindaci delle società italiane in tutte le classi dimensionali.</p> <p>(5) Comitato per la Corporate Governance, Relazione annuale 2017, p. 70, con particolare focus sulla remunerazione media degli amministratori indipendenti nelle società quotate, distinte per dimensione (grandi, medie, piccole).</p>	adeguato" a "inefficace / inadeguato". Le risultanze sono state riportate in forma anonima nella Relazione di autovalutazione. In tale sede è stato tra l'altro chiesto agli Esponenti di segnalare eventuali tematiche d'interesse da inserire nel Piano di Induction per l'esercizio 2019.
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TABELLA 1 - STRUTTURA E FUNZIONAMENTO DEL CONSIGLIO DI AMMINISTRAZIONE E DEI COMITATI AL 31.12.2019

(Nominato dall'assemblea dal 6 aprile 2017 e in scadenza con l'approvazione del bilancio al 31 dicembre 2019)										Comitato Esecutivo (nominato il 6 aprile 2017)		Comitato Nomine (nominato il 6 aprile 2017)		Comitato Remunerazione (nominato il 6 aprile 2017)		Comitato Controllo e Rischi (nominato il 6 aprile 2017)		Assemblee	Comitato Operazioni con Parti Correlate e Soggetti Collegati (nominato il 6 aprile 2017)	
Carica	Nome e Cognome	Data di nascita	Data di prima nomina	Lista	Indipendente	Esecutivo	N. altri incarichi (altri e Gruppi)	N. presenze su tot. riunioni 2019(15)	Membro del Comitato	N. presenze su tot. riunioni 2019(13)	Membro del Comitato	N. presenze su tot. riunioni 2019(18)	Membro del Comitato	N. presenze su tot. riunioni 2019(18)	Membro del Comitato	N. presenze su tot. riunioni 2019(19)	Ord.Risp.	Membro del Comitato	N. presenze su tot. riunioni 2019(9)	
Presidente	Stefano Lado	17.04.1960	23.04.1993	M	No	No	3	15	No	-	No	4	Si	6	No	su invito	2	No	2	
Amministratore	Agostino Gavazzi	05.04.1945	05.05.1983	M	No	Si(*)	-	15	Si	13	No	No	No	No	No	No	2	No	2	
Vice Presidente e AISC	Tommaso Cartone	15.01.1942	19.06.2012	M	No	No	-	15	No	-	No	1 su invito	No	1 su invito	Si	13	2	No	2	
Amministratore	Egidio Gavazzi	14.08.1937	28.04.2008	M	No	Si(*)	-	14	Si	12	No	No	No	No	No	No	2	No	2	
Amministratore	Paolo Gavazzi	29.05.1947	28.04.1997	M	No	Si(*)	-	15	Si	13	No	No	No	No	No	No	2	No	2	
Amministratore	Tito Gavazzi	20.10.1976	29.04.2014	M	No	Si(*)	-	15	Si	13	No	No	No	No	No	No	2	No	2	
Amministratore	Grazella Bologna	06.12.1954	29.04.2014	M	No	Si(*) ^(*)	-	15	Si	13	No	No	No	No	No	No	2	No	2	
Amministratore	Cristina Finocchi Matra	01.07.1965	30.05.2013	M	Si	No	4	15	No	Si	10	No	Si	15	Si	15	2	No	2	
Amministratore	Gerolamo Pellicani	14.09.1949	30.04.2002	M	Si	No	-	15	No	Si	5 dal 29 marzo	Si fino al 28 marzo	3	Si	15	2	No	-	2	
Amministratore	Giglio Zecchi Balsamo nominato il 20.03.2019	07.06.1942	29.04.2014	M	Si	No	-	0	No	Si	1	No	No	No	No	-	Si	-	Si	
Amministratore	Valentina Maria Carla Casella	19.10.1979	28.03.2019	M	Si	No	1	11	No	No	No	Si	3	No	No	1	Si	3		
Amministratore	Maria Brogi	15.07.1967	06.04.2017	M	Si	No	2	12	No	Si	10	No	No	No	No	1	Si	5		
Amministratore	Nicola Dabri	28.05.1948	06.04.2017	M	Si	No	3	14	No	No	2 su invito	Si	6	No	No	2	Si	5		
Direttore Generale	Angelo Antoniazzi	14.01.1962	11.07.2017 ^(**)	-	No	No	-	15 per statuto	11 per statuto	No	1 su invito	4 su invito	No	15 su invito	2	No	2 su invito	2		
Vice Direttore Generale Vicario	Mauro Walter Colombo	18.04.1960	02.05.2016	-	No	No	-	12 per statuto	No	No	No	No	No	No	10 su invito	2	No	2		
Vice Direttore Generale Affari	Maurizio Balabio	24.08.1960	18.07.2016	-	No	No	-	15 per statuto	12 per statuto	No	No	No	No	No	No	2	No	2		

M= Lista di Maggioranza

m= Lista di Minoranza

DURATA MEDIA RIUNIONI CDA E COMITATI 2019

Quorum richiesto per la presentazione della lista da parte della minoranza per l'elaborazione di uno o più membri (ex art. 147-ter TUF): 2,5%

3 h e 55 minuti circa

30 minuti circa

1 h

50 minuti circa

3 h e 10 minuti circa

25 minuti circa

(*) tale Amministratore viene considerato esecutivo in relazione all'appartenenza al Comitato Esecutivo, tenuto conto dell'attività dello stesso in termini di frequenza delle riunioni ed estensione della competenza di detto Comitato.

(**) tale Amministratore partecipa al Comitato A.L. e W.M. con un ruolo di coordinamento

(***) con decorrenza 19.07.2017

TABELLA 2 - STRUTTURA E FUNZIONAMENTO DEL COLLEGIO SINDACALE
 (Nominato dall'Assemblea del 6 aprile 2017 e in scadenza con l'approvazione del bilancio al 31 dicembre 2019)

Carica	Nome e Cognome	data di nascita	data di prima nomina	lista	Indipendenza da Codice di Autodisciplina	N. altri incarichi **	N. presenze alle attività del Collegio Sindacale (tot. 63)* (di cui n. 16 in funzione di COV 231)	N. presenze alle Assemblee (tot. 2)	N. presenze alle riunioni del CdA (tot. 15)	N. presenze alle riunioni del CE (tot. 13)	N. presenze alle riunioni del CCR (tot. 15)	N. presenze alle riunioni del CR (tot. 6)	N. presenze alle riunioni del CN (tot. 10)	N. presenze alle riunioni del COPC (tot. 5)
Presidente	Giulia Pusterla	12/02/1960	29/04/2014	maggioranza	SI	11	56 (di cui n. 16 in funzione di OOV 231)	2	15	12	12	4	9	4
Sindaco Effettivo	Rodolfo Angileri	28/02/1948	30/04/2002	maggioranza	SI	10	53 (di cui n. 15 in funzione di OOV 231)	2	14	12	15	6	9	4
Sindaco Effettivo	Franco Fumagalli Romario	17/08/1962	06/04/2017	maggioranza	SI	19	55 (di cui n. 16 in funzione di OOV 231)	2	15	12	15	5	9	5
Sindaco Supplente	Negondia Elena	08/06/1977	29/04/2014	maggioranza	SI	N/A	=	=	=	=	=	=	=	=
Sindaco Supplente	Giovanni Cuchiani	04/08/1933	14/04/1978	maggioranza	SI	N/A	=	=	=	=	=	=	=	=
Sindaco Supplente	Paolo Pasqui	15/07/1956	29/04/2014	maggioranza	SI	N/A	=	=	=	=	=	=	=	=

Durata media riunioni collegiali del Collegio	2,00
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Quorum richiesto per la presentazione delle liste da parte delle minoranze per l'elezione di uno o più membri (ex art. 148 TUF): 2,5%

* Inclusi gli accertamenti ispettivi (individuali o collettivi) presso la Sede o le Filiali del Banco.

CdA: Consiglio di Amministrazione

CE: Comitato Esecutivo

CCR: Comitato Controllo e Rischio

CN: Comitato Nomine

CR: Comitato Remunerazione

COPC: Comitato per le Operazioni con Parti Correlate e Soggetti Collegati

**In questa colonna è indicato il numero di incarichi di amministratore o sindaco (esterni al Gruppo) ricoperti dal soggetto interessato.

TABELLA 3 - PRINCIPALI CARICHE RICOPERTE DAGLI ESPONENTI DI BANCO DI DESIO E DELLA BRIANZA SPA AL 31 DICEMBRE 2019

Nome e Cognome	Cariche ricoperte nella Capogruppo Banco di Desio e della Brianza SpA	Cariche ricoperte nella controllante Brianza Unione di Luigi Gavazzi e Stefano Lado Sapa	Cariche ricoperte in società controllate - collegate - partecipate - altre società quotate - altre società vigilate (Banche, SIM, SGR, finanziarie, ecc.) Italiane					
			Controllate		Collegate/Partecipate		Altre	
			Società	Cariche	Società	Cariche	Società	Cariche
Stefano Lado	Presidente CdA Membro CR	Amministrazione (Accomandatario)			Cedaci SpA C-Global Cedaci Global Services SpA	Consigliere Presidente	Fondo Interbancario di Tutela dei Depositi	Consigliere e Membro del Comitato di Gestione.
Tommaso Cartone	Vice Presidente e AI SCI* Membro CCR							
Graziella Bologna	Consigliere Membro CE							
Marina Brogi	Consigliere Presidente COPC Membro CN						Mediaset SpA (Gruppo Mediaset) Clessidra SGR SpA (Gruppo Italmobiliare SpA)	Consigliere, Presidente del Comitato Parti Correlate, membro del Comitato Remunerazione e del Comitato Controllo, Rischi e Sostenibilità. Presidente CS.
Valentina Casella (nominata per cooptazione in data 28 marzo 2019)	Consigliere Membro COPC Membro CR						Italmobiliare SpA	Consigliere, Presidente COPC e membro Comitato Rischi e Sostenibilità.
Nicolo Dubini	Consigliere Presidente CR Membro COPC						Sorgeria SpA Zephyro SpA Gabelli Value For Italy SPAC	Consigliere e membro del Comitato Remunerazioni. Consigliere, componente unico del Comitato Operazioni Parti Correlate Membro Advisory Board
Cristina Pinocchi Malme	Consigliere Presidente CN Membro CCR						Trevi-Finanziaria Industriale SpA (Trevi Group) BIF SpA Elica Group Fondo Urbe Retail, Generali Real Estate Sgr	Consigliere, membro del CCR, e del Comitato per la Nomina e Remunerazione degli Amministratori. Consigliere: Consigliere e membro Comitato Controllo Rischi e Sostenibilità Presidente Comitato Consultivo
Agostino Gavazzi	Consigliere Presidente CE	Presidente (Accomandatario)						
Egidio Gavazzi	Consigliere Membro CR							
Paolo Gavazzi	Consigliere Membro CE							

Tito Gavazzi	Consigliere Membro CE	Amministratore (Accomandatario)	Fides SpA	Consigliere				
Gerolamo Pellicano*	Consigliere Presidente CCR Membro CN							
Angelo Antoniazzi	Direttore Generale		Fides SpA	Consigliere				
Mauro Walter Colombo	Vice Direttore Generale Vicario							
Maurizio Ballabio	Vice Direttore Generale Affari							
Giulia Pasterla	Presidente CS					Tod's SpA Risanamento SpA VIII SpA	Presidente CS. Consigliere, Presidente del CCR, membro del CR e del Comitato per le Operazioni con Parti Correlate. Presidente CS	
Rodolfo Anghileri	Sindaco Effettivo	Presidente Collegio Sindacale	Fides SpA	Sindaco Effettivo				
Franco Pumagalli Romario	Sindaco Effettivo							
Erminio Benitta	Sindaco Supplente	Sindaco Effettivo	Fides SpA	Sindaco Supplente				
Massimo Celli	Sindaco Supplente							
Pienna Negonda	Sindaco Supplente							

Note: CDA: Consiglio di Amministrazione - CE: Comitato Esecutivo - CCR: Comitato Controllo e Rischi - COPC: Comitato Operazioni Parti Correlate e Soggetti Collegati - CS: Collegio Sindacale - CN: Comitato Nomine e CR: Comitato Remunerazione

* Amministratore Incaricato del Sistema di Controllo Interno e di Gestione dei Rischi

TABELLA 4 - SINTESI SULL'ADESIONE ALLE SINGOLE DISPOSIZIONI DEL CODICE DI AUTODISCIPLINA DELLE SOCIETÀ QUOTATE

Lo schema riassume lo stato di adesione alle disposizioni del Codice, in coerenza con il Format di Relazione indicato da Borsa Italiana e adottato dal Banco Desio
Le informazioni sono fornite anche ai sensi dell'art. 123-DIS del TUF

Argomento	SI/NO	Sintesi delle motivazioni dell'eventuale scostamento dalle raccomandazioni del Codice (o rinvio alla Relazione nonché altre annotazioni)
CONFORMITA' / COMPLIANCE Indicare se è stato adottato il Codice di Autodisciplina (Aggiornamento 2018)	SI	I criteri relativi ai requisiti d'indipendenza degli amministratori e dei sindaci sono stati recepiti con la seguente eccezione: NON si ritiene di applicare il requisito d'indipendenza consistente in un'anzianità di carica non superiore a 9 anni, in quanto tale parametro non è ritenuto significativo specie in una realtà come quella del Banco, laddove - viceversa - la durata anche lunga dell'esperienza maturata da un amministratore/sindaco che abbia sempre operato in posizione d'indipendenza, può essere motivo non già d'indebolimento, bensì di rafforzamento di tale caratteristica (laddove non intervengano altri fattori di segno contrario) e ciò a tutto vantaggio della società in termini di contributo dell'amministratore/sindaco al corretto svolgimento dei processi decisionali. Ciò, fatto salvo che i casi di supero dei 9 anni sono oggetto di analisi specifica secondo le raccomandazioni formulate dal Comitato Italiano per la Corporate Governance.
Indicare se il Banco o sue controllate aventi rilevanza strategica sono soggetti a disposizioni di legge non italiane che influenzano la struttura di governance del Banco	NO	Vedasi anche paragrafo 2 della Relazione
CONSIGLIO DI AMMINISTRAZIONE Indicare se il CdA ha definito criteri generali sul numero massimo di incarichi in altre società compatibile con la carica di amministratore del Banco	SI	Vedasi anche paragrafo 3 della Relazione
Indicare se al CdA sono riservati l'esame e l'approvazione: . dei piani strategici del Banco Desio e del Gruppo . del sistema di governo societario del Banco Desio . della struttura del gruppo	SI SI SI	
Indicare se il CdA ha valutato l'adeguatezza dell'assetto organizzativo, amministrativo e contabile, del Banco e delle società controllate, con particolare riferimento al sistema di controllo interno e alla gestione dei conflitti di interesse	SI	Vedansi anche paragrafi 5 e 7 della Relazione
Indicare se il CdA ha determinato, esaminate le proposte/pareri del Comitato Remunerazione e sentito il Collegio Sindacale, la remunerazione dell'Amministratore Delegato [se nominato], del Presidente e del Vice Presidente, nonché la suddivisione del compenso globale stabilito	SI	Vedasi anche paragrafo 6 della Relazione
Indicare se il CdA ha valutato il generale andamento della gestione, tenendo conto dell'informativa periodica degli Organi/Soggetti delegati, nonché confrontando i risultati conseguiti con quelli programmati	SI	Vedasi anche paragrafo 4 della Relazione
Indicare se al CdA sono riservati l'esame e l'approvazione preventiva delle operazioni del Banco Desio e delle controllate, che abbiano un significativo rilievo strategico, economico, patrimoniale, o finanziario	SI	Vedasi anche paragrafo 3 della Relazione
Indicare se al CdA sono riservati l'esame e l'approvazione preventiva delle operazioni con parti correlate e/o in cui uno o più amministratori siano portatori di interesse per conto proprio o di	SI	Alcune tipologie di operazioni con parti correlate (operazioni ordinarie diverse da quelle disciplinate dall'art. 136 TUB) possono essere delegate nei limiti previsti dall'apposita

Indicare se il CdA ha stabilito criteri generali per individuare le operazioni (anche con parti correlate) che abbiano un significativo rilievo strategico, economico, finanziario e patrimoniale	SI	Si tratta principalmente delle operazioni straordinarie (aumenti di capitale, conferimenti/cessioni di rami d'azienda, fusioni/scissioni) nonché di operazioni su partecipazioni, immobili e dipendenze
Indicare se il CdA ha effettuato una valutazione sulla dimensione, composizione e funzionamento del CdA stesso e dei suoi Comitati	SI	Tale valutazione viene effettuata annualmente (a conclusione di un processo di autovalutazione condotto con una metodologia basata principalmente sull'elaborazione delle risposte dei Consiglieri ad un apposito questionario) in concomitanza anche con l'approvazione della Relazione
Indicare se l'Assemblea ha autorizzato deroghe al divieto di concorrenza ex art. 2390 c.c	NO	
ORGANI DELEGATI		Vedasi anche paragrafo 4 della Relazione
Indicare se uno o più consiglieri hanno ricevuto deleghe gestionali	SI	L'Amministratore Delegato è stato in carica fino al 6 aprile 2017
Indicare se il Presidente del CdA: · ha ricevuto deleghe operative · riveste un ruolo specifico nell'elaborazione delle strategie aziendali · è il principale responsabile della gestione · è l'azionista di controllo del Banco Desio	NO NO NO NO	Il Presidente è esponente della società che controlla il Banco Desio
Indicare se è stato costituito un Comitato Esecutivo al quale il CdA ha delegato poteri	SI	
Indicare se gli Organi/Soggetti delegati hanno riferito al CdA circa l'attività svolta nell'esercizio delle deleghe conferite	SI	La rendicontazione sull'esercizio delle deleghe avviene nell'ambito di quanto previsto dal Regolamento dei Flussi informativi per gli Organi sociali
ALTRI AMMINISTRATORI ESECUTIVI		Vedasi anche paragrafo 4 della Relazione
Indicare se in CdA vi sono amministratori da considerarsi esecutivi perché: · ricoprono la carica di Amministratore Delegato o di Presidente Esecutivo in società controllate dall'Emittente aventi rilevanza strategica · ricoprono incarichi direttivi nel Banco Desio o in una società controllata avente rilevanza strategica, ovvero nella controllante e l'incarico riguardi il Banco Desio · sono membri del Comitato Esecutivo e per frequenza delle riunioni e oggetto delle materie trattate, sono sistematicamente coinvolti nella gestione corrente del Banco Desio	NO NO SI	
AMMINISTRATORI INIDIPENDENTI		Vedasi anche paragrafo 3 della Relazione
Indicare se il CdA: · ha valutato nella prima occasione utile dopo la loro nomina i requisiti di indipendenza in capo agli amministratori non esecutivi · ha valutato nell'esercizio la permanenza dei requisiti di indipendenza · nelle valutazioni ha applicato tutti i criteri di indipendenza previsti dal Codice	SI SI NO	Il criterio dei "9 anni" non viene applicato per i motivi sopra indicati sub 1), fatto salvo che i casi di supero dei 9 anni sono oggetto di analisi specifica secondo le raccomandazioni formulate dal Comitato Italiano per la Corporate Governance
Indicare se il Collegio Sindacale ha verificato la corretta applicazione dei criteri e delle procedure di accertamento adottati dal CdA per valutare i requisiti di indipendenza	SI	
Indicare se gli amministratori indipendenti si sono riuniti nel corso dell'esercizio in assenza degli altri Amministratori	SI	N. 2 riunioni nel corso del 2019 dedicate all'esame della Relazione e delle questioni connesse
INFORMAZIONE SOCIETARIA		Vedasi anche paragrafo 8 della Relazione
Indicare se il CdA ha approvato una procedura per la gestione interna e la comunicazione all'esterno di documenti ed informazioni societari, con particolare riferimento alle informazioni privilegiate	SI	La procedura in argomento è stata aggiornata nel corso del 2017 al fine di recepire le Linee Guida della Consob in materia di informazioni privilegiate di nuova emanazione

Indicare se sono state intraprese iniziative per accrescere la conoscenza da parte degli amministratori circa la realtà e le dinamiche aziendali	SI	
COMITATI INTERNI AL CDA		Vedasi anche paragrafi 6 e 4 della Relazione
Indicare se è stato costituito un Comitato che svolge le funzioni di due o più comitati previsti dal Codice	NO	
Indicare se sono stati costituiti Comitati diversi da quelli previsti dal Codice	SI	Comitato Esecutivo - Comitato Operazioni Parti Correlate e Soggetti Collegati (comitato consultivo previsto dalla normativa Consob/Banca d'Italia e costituito da 3 Amministratori Indipendenti) oltre ad alcuni comitati tecnico-operativi esterni al C.d.A.
COMITATO NOMINE		Vedasi anche paragrafo 6 della Relazione
Indicare se il CdA ha valutato se istituire al proprio interno un Comitato Nomine	SI	
Indicare se il Comitato è composto da almeno 3 amministratori, tutti non esecutivi e in maggioranza indipendenti	SI	Il CN è composto interamente da amministratori indipendenti
Indicare se le riunioni del Comitato sono state verbalizzate	SI	
Indicare se al Comitato è stato assegnato un budget di spesa per la propria attività	SI	Euro 25.000 annui
Indicare se al Comitato Nomine sono attribuite le seguenti funzioni:		L'attività consultiva del Comitato si svolge di prassi con il rilascio di pareri preventivi alla sottoposizione al Consiglio delle proposte di delibera/informativa
. formulare pareri al CdA in merito alla dimensione e alla composizione dello stesso e in merito alle figure professionali la cui presenza all'interno del Consiglio sia ritenuta opportuna, nonché in merito all'applicazione dei limiti al cumulo degli incarichi e del divieto di concorrenza/"interlocking"	SI	Il Comitato Nomine è coinvolto anche nell'iter di autovalutazione del C.d.A. e di definizione del "profilo teorico" anche ai fini del rinnovo delle cariche
. proporre al CdA i candidati nei casi di cooptazione, ove occorra sostituire amministratori indipendenti	SI	
. indicare i candidati alla carica di amministratore indipendente da sottoporre all'assemblea	NA	Non applicabile in quanto tale adempimento è assorbito dalle disposizioni statutarie sul voto di lista
. supportare il CdA nella nomina/revoca degli altri esponenti, nonché nella designazione degli esponenti nelle società controllate ed eventualmente collegate e/o partecipate di rilevanza strategica	SI	
COMITATO REMUNERAZIONE		Vedasi anche paragrafo 6 della Relazione
Indicare se il CdA ha istituito al proprio interno un Comitato Remunerazione	SI	
Indicare se il Comitato è composto da almeno 3 amministratori, tutti non esecutivi e in maggioranza indipendenti	SI	
Indicare se gli amministratori si devono astenere dal partecipare alle riunioni in cui vengono formulate le proposte relative alla propria remunerazione	SI	
Indicare se al Comitato Remunerazione sono attribuite le seguenti ulteriori funzioni:		L'attività consultiva del Comitato si svolge di prassi con il rilascio di pareri preventivi alla sottoposizione al Consiglio delle proposte di delibera/informativa
. presentare al CdA proposte per la definizione delle politiche per la remunerazione degli Amministratori esecutivi, degli altri Amministratori investiti di particolari cariche e dei Dirigenti con responsabilità strategiche	SI	

. valutare periodicamente l'adeguatezza, la coerenza complessiva e la concreta applicazione della suddetta politica, avvalendosi al riguardo delle informazioni fornite dall'Amministratore Delegato [se nominato], e formulare al Consiglio proposte in materia	SI	
. formulare al CdA proposte per il riparto del compenso globale stabilito dall'Assemblea, nonché sulla remunerazione degli Amministratori esecutivi e degli altri Amministratori che ricoprono particolari cariche, nonché sulla fissazione degli obiettivi di performance correlati alla componente variabile di tale remunerazione; monitorare l'applicazione delle decisioni adottate dal CdA stesso verificando in particolare l'effettivo raggiungimento degli obiettivi di performance	SI	
Indicare se le riunioni del Comitato sono state verbalizzate	SI	
Indicare se nello svolgimento dei propri compiti il Comitato ha la possibilità di accedere ad informazioni e funzioni aziendali, nonché di avvalersi di consulenti esterni (verificando preventivamente che il consulente non si trovi in situazioni che ne compromettano l'indipendenza di giudizio)	SI	
Indicare se al Comitato è stato assegnato un budget di spesa per la propria attività	SI	Euro 25.000 annui
REMUNERAZIONE DEGLI AMMINISTRATORI		Vedasi anche paragrafo 6 della presente Relazione, nonché "Relazione sulle Politiche di Remunerazione del Gruppo" redatta anche ai sensi dell'art. 123-ter t.u.f.
Indicare se una parte significativa della remunerazione dell'Amministratore Delegato [se nominato], del Direttore Generale e dei Dirigenti con responsabilità strategiche è legata a specifici risultati/obiettivi	SI	
Indicare se a favore dei soggetti sopra indicati sono previsti piani di incentivazione a base azionaria	NO	
Indicare se la remunerazione degli amministratori non esecutivi è legata in misura significativa ai risultati economici del Banco Desio	NO	
Indicare se a favore degli amministratori non esecutivi sono previsti piani di incentivazione a base azionaria	NO	
Indicare se sono stati stipulati accordi tra il Banco e gli amministratori, che prevedono indennità in caso di dimissioni, revoca senza giusta causa o cessazione del rapporto a seguito di OPA	NO	
COMITATO CONTROLLO E RISCHI		Vedasi anche paragrafo 7 della Relazione
Indicare se il CdA ha istituito al proprio interno un Comitato Controllo e Rischi	SI	
Indicare se il Comitato è composto da almeno 3 Amministratori, tutti non esecutivi e in maggioranza indipendenti	SI	A far data dal prossimo rinnovo delle cariche (Assemblea del 23 aprile 2020), l'esponente che ricopre la carica di AISCI non figurerà più tra i componenti del CCR.
Indicare se almeno un componente il Comitato possiede un'esperienza specifica in materia contabile e finanziaria, valutata adeguata dal CdA	SI	

Indicare se al Comitato sono attribute le seguenti ulteriori funzioni:		
. fornire al Consiglio un parere preventivo per l'espletamento dei compiti a quest'ultimo affidati dalla normativa di vigilanza in materia di controllo interno e di gestione dei rischi	SI	
. valutare, unitamente al Dirigente preposto alla redazione dei documenti contabili, sentiti il revisore legale e il Collegio Sindacale, il corretto utilizzo dei principi contabili e la loro omogeneità ai fini della redazione del bilancio consolidato	SI	Le attività consultive del Comitato inerenti il processo di revisione contabile si svolgono di prassi nell'ambito di riunioni congiunte con la società di revisione promosse nell'esercizio delle proprie funzioni dal Collegio Sindacale (con il quale nelle società con modello di governance tradizionale si identifica il c.d. "comitato per il controllo interno e la revisione contabile" ai sensi del D.Lgs. n. 39/2010 in materia di revisione legale dei conti)
. esprimere, anche su richiesta dell'Amministratore incaricato del sistema dei controlli interni e di gestione dei rischi (AISCI), pareri su specifici aspetti inerenti l'identificazione dei principali rischi aziendali	SI	
. esaminare le relazioni periodiche, aventi per oggetto la valutazione del sistema di controllo interno e di gestione dei rischi, e quelle di particolare rilevanza predisposte dalla funzione di internal audit	SI	
. chiedere alla funzione di internal audit - ove se ne ravvisi l'esigenza - lo svolgimento di verifiche su specifiche aree operative, dandone contestuale comunicazione al Presidente del Collegio Sindacale	SI	
. monitorare l'autonomia, l'adeguatezza l'efficacia e l'efficienza della funzione di internal audit	SI	
. riferire al CdA, almeno semestralmente in occasione dell'approvazione della relazione finanziaria annuale e semestrale, sull'attività svolta nonché sull'adeguatezza del sistema di controllo interno e di gestione dei rischi	SI	
Indicare se alle riunioni del Comitato ha partecipato il Presidente del Collegio Sindacale o un sindaco effettivo	SI	
Indicare se le riunioni del Comitato sono state verbalizzate	SI	
Indicare se nello svolgimento dei propri compiti il Comitato ha avuto la possibilità di accedere ad informazioni e funzioni aziendali, nonché avvalersi di consulenti esterni	SI	
Indicare se al Comitato è stato assegnato un budget di spesa per la propria attività	SI	Euro 50.000 annui
SISTEMA DEI CONTROLLI INTERNI		
Indicare se il CdA ha definito le linee di indirizzo del sistema dei controlli interni, in modo che i principali rischi afferenti il Banco Desio e il Gruppo siano identificati, misurati, gestiti e monitorati, ai fini della sana e prudente gestione	SI	Vedasi anche paragrafo 7 della Relazione
Indicare se il CdA ha valutato l'adeguatezza, l'efficacia ed il funzionamento del sistema dei controlli interni	SI	Tale valutazione viene di norma effettuata in occasione dell'approvazione della reportistica periodica del C.C.R. e delle funzioni di revisione interna, compliance e risk management
Indicare se il CdA ha individuato un Amministratore incaricato del sistema dei controlli interni e di gestione dei rischi (AISCI)	SI	Tale incarico è stato ricoperto dall'Amministratore Delegato fino a quando è stato in carica e cioè al 6 aprile 2017; attualmente la persona dell'AISCI coincide con quella del Vice Presidente e la stessa persona è anche componente del CCR (fino al prossimo rinnovo delle cariche come sopra precisato)
Indicare se l'AISCI: . ha curato l'identificazione dei principali rischi aziendali della Banca e del Gruppo e li ha sottoposti all'esame del CdA	SI	

. ha eseguito le linee guida del CdA, provvedendo alla progettazione, realizzazione e gestione del sistema dei controlli interni, verificandone costantemente l'adeguatezza, l'efficacia e l'efficienza	SI	
. si è occupato dell'adattamento di tale sistema alla dinamica delle condizioni operative e del panorama legislativo e regolamentare	SI	
. ha proposto al CdA la nomina, la revoca e la remunerazione del preposto al controllo interno	SI	
Indicare se il CdA ha nominato uno o più soggetti incaricati di verificare che il sistema dei controlli interni sia sempre adeguato, pienamente operativo e funzionante	SI	Si tratta principalmente del responsabile della funzione di revisione interna
Indicare se il preposto ai controlli interni è gerarchicamente svincolato da responsabilità di qualsiasi area operativa	SI	
Indicare se il preposto ai controlli interni ha:		
. avuto accesso diretto a tutte le informazioni utili per lo svolgimento del proprio incarico	SI	
. riferito del proprio operato al Comitato Controllo e Rischi, al Collegio Sindacale e all'Amministratore Delegato [se nominato] ovvero all'AISCI	SI	
Indicare se il Banco Desio ha istituito una funzione di <i>Internal Auditing</i> e se il preposto si identifica con il responsabile della funzione	SI	
Indicare se il Banco Desio e le società controllate hanno adottato il Modello Organizzativo ai sensi D.Lgs. N. 231/2001	SI	
Indicare se esistono sistemi di gestione dei rischi e di controllo interno in relazione al processo di informativa finanziaria, anche consolidata	SI	Tali sistemi sono ora estesi anche all'informativa non finanziaria ex D.Lgs. 254/2016
CONFLITTI D'INTERESSE - OBBLIGAZIONI DEGLI ESPONENTI - OPERAZIONI CON PARTI CORRELATE		Vedasi anche paragrafo 5 della Relazione
Indicare se il CdA ha stabilito una procedura per l'approvazione e l'esecuzione delle operazioni con parti correlate	SI	
Indicare se il CdA ha definito operazioni o criteri per individuare operazioni che devono essere approvate dal CdA previo parere del Comitato Controllo e Rischi e/o esperti indipendenti	SI	E' previsto il parere del Comitato Controllo e Rischi in caso di "Operazioni di Maggiore Rilievo" (c.d. "O.M.R.") ex Circ. 263 Banca d'Italia
Indicare se il CdA ha adottato soluzioni operative idonee ad agevolare l'individuazione e una adeguata gestione delle situazioni in cui un EspONENTE sia portatore di un interesse per conto proprio o di terzi	SI	
COLLEGIO SINDACALE		Vedasi anche paragrafo 9 della Relazione
Indicare se il Collegio Sindacale		
. ha valutato nella prima occasione utile dopo la loro nomina i requisiti di indipendenza in capo agli amministratori	SI	
. ha valutato nell'esercizio la permanenza dei requisiti di indipendenza	SI	
. nelle valutazioni ha applicato tutti i criteri di indipendenza previsti dal Codice	NO	Vedasi analoga annotazione riferita agli amministratori
Indicare se ai sindaci vengono applicate le medesime disposizioni applicate agli amministratori per le operazioni sulle quali abbiano un interesse diretto o indiretto	SI	
Indicare se il Collegio Sindacale ha vigilato sull'indipendenza della società di revisione, verificando la natura e l'entità di eventuali servizi extra resi dalla stessa (o dalla sua rete)	SI	
Indicare se il Collegio Sindacale nella propria attività si è coordinato con la Direzione Revisione Interna e con il Comitato Controllo e Rischi	SI	
RAPPORTI CON GLI AZIONISTI		

Indicare se il Banco Desio ha istituito un'apposita sezione del sito internet dedicata alle informazioni di rilievo per gli azionisti	SI	
Indicare se è stato nominato un <i>investor relator</i>	SI	Giorgio Federico Rossin - Tel. 0362/613469 - e.mail: G.Rossin@bancodesio.it
Indicare se è stata valutata la costituzione di una struttura aziendale incaricata di gestire i rapporti con gli azionisti	SI	Le diverse attività inerenti tali rapporti fanno capo all'Investor Relator e all'Ufficio Segreteria Generale e Societaria (in staff al Direttore Generale)
ASSEMBLEE		
Indicare se ai fini dell'intervento in Assemblea lo statuto prevede la comunicazione preventiva ai sensi dell'art. 2370 comma 2 c.c.	NO	
Indicare se le azioni per quali sia richiesta la comunicazione per l'intervento in assemblea restano vincolate sino a quando l'assemblea non si è tenuta	NO	
Indicare se sono state intraprese iniziative per agevolare l'intervento in assemblea e il diritto di voto (Es. voto per corrispondenza, voto telematico, videoconferenze)	NO	L'esercizio del diritto di voto in sala assemblee avviene comunque con modalità eltroniche tramite un sistema c.d. di "televoter"
Indicare se è stato adottato un Regolamento Assembleare	SI	Il Regolamento Assembleare, così come lo Statuto, sono oggetto di pubblicazione nel sito internet www.bancodesio.it alla pagina dedicata al "governo societario"
Indicare se il CdA ha riferito all'Assemblea sull'attività svolta e programmata e si è adoperato per assicurare agli azionisti adeguata informativa perché possano assumere con cognizione di causa le decisioni di competenza assembleare	SI	Tale informativa avviene nei modi di legge
Indicare se nel corso dell'esercizio si sono verificate variazioni significative nella capitalizzazione di mercato del Banco Desio o nella compagine sociale	NO	
Indicare se il CdA ha valutato l'opportunità di proporre modifiche statutarie sui quorum per l'esercizio delle azioni e dei diritti a tutela delle minoranze	NO	La compagine sociale ed il flottante sono tali da non giustificare quorum più bassi di quelli di legge
ULTERIORI PRATICHE DI GOVERNO SOCIETARIO		
Indicare se il Banco Desio applica ulteriori pratiche di governo societario al di là degli obblighi di legge o regolamentari	SI	Il Banco Desio adotta un Modello Organizzativo ai sensi del D.Lgs. 231/2001 e le funzioni di Organismo di Vigilanza in materia sono svolte dal Collegio Sindacale (vedasi Paragrafo 7 della Relazione)
CAMBIAMENTI DALLA CHIUSURA DELL'ESERCIZIO DI RIFERIMENTO		
Indicare se si sono verificati cambiamenti nella struttura di corporate governance a far data dalla chiusura dell'esercizio 2019	NO	Alcuni cambiamenti non strutturali sono indicati nel Paragrafo 13 della Relazione