



Report on the 2020 Remuneration Policy and remuneration paid in 2019

(Ordinary Shareholders' Meeting of 24 April 2020)

This is a translation into English of the original in Italian. The Italian text shall prevail over the English version

CREVAL S.P.A.

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Letter from the Chairman of the Remuneration Committee

Dear Shareholders,

In my role of Chairman of the Remuneration Committee, together with the other Directors Teresa Naddeo and Massimiliano Scrocchi, I am pleased to introduce the Annual Report on Remuneration of the Credito Valtellinese Banking Group for 2020.

2019 was a year marked by positive results for the Bank and the Group, demonstrating the strong commitment to achieving the important strategic objectives set in June by the new *2019-2023 Business Plan: Sustainable Growth*. The Plan assigns a strategic importance to the relaunch of the Bank's business model as a solid commercial bank with a low risk profile, focused on households and small and medium-sized enterprises in the areas served, with the main objectives of achieving sustainable and attractive growth and profitability for stakeholders. Remuneration policies are an integral part of the strategy of Creval.

In formulating the 2020 Remuneration Policy, in continuity with the virtuous process undertaken as from last year and in compliance with the changed regulatory framework, the Remuneration Committee and the corporate structures have been constantly committed to structuring remuneration policies that are effective, transparent, performance-oriented, sustainable and in line with market best practices.

In particular, as you will note, this year's Report has been developed with a view to increasing transparency and disclosure to the market, also taking account of elements related to business sustainability.

Also for 2020, the overall short and long term incentive plans remains at the centre of the Group's objectives for creating sustainable value over time, taking into consideration risk elements in ordinary operations, with a strong focus on fully enhancing the quality of the services offered to customers and to the territory in which our distribution network operates.

The main changes introduced and contained in the 2020 Report on Remuneration, also following a general alignment of the document to the regulatory framework, concern:

- an enhanced disclosure provided on the criteria underlying the disbursement of the long term incentive: in line with the requests made by the market when approving the long term incentive plan at the 2019 Shareholders' Meeting, the Committee decided to envisage clear and complete information not only on the criteria that decide the disbursement, but also on the performance targets upon which the disbursement is conditional. These targets are also perfectly in line with the contents of the "*2019-2023 Business Plan: Sustainable Growth*", the effects of which began as early as 2019;
- consistent with the need to maintain a correct alignment between pay and performance, a review of the Remuneration Policy with the proposal, to be submitted to the Shareholders, to increase the ratio of variable to fixed components of the remuneration up to the limit of a ratio of 2:1 for all Material Risk Takers at Group level, excluding the Material Risk Takers belonging to the Control Functions.

This choice is part of an overall review of the Remuneration Policy and is aimed at assuming a correct positioning with the values resulting from the benchmarking analyses carried out by the independent consultant Willis Towers Watson, considering:

- the important and positive business performance, which was also highlighted and summarised in the presentation of the results at 31 December 2019, including the increase in net profit, the reduction in costs and the strengthening of the Group's capital requirements;
- the high professional commitment required to complete the turnaround operation launched by the new Board of Directors and already evident in the results achieved in 2019;
- the needs to guarantee an adequate retention effect with regard to the Managing Director and General Manager and the particularly capable and appreciated top management;
- the advisability of maintaining a close alignment between payable remuneration and excellent and sustainable performance in the long term.

All the measures were implemented to continue to improve the Group's Remuneration Policy and incentive plans, with a view to paying close attention to personnel policies, enhancing the value of the Group and its human capital and protecting customers and investors, all in line with the numerous regulatory changes introduced at European and national level.

I conclude by thanking you, also on behalf of the Committee, for the attention and support that I hope you will give to the 2020 policies set out in our Report, to the transparent approach, with a view to continuous improvement, which we have adopted in representing them to you and all stakeholders.

Paola Bruno
Chairman of the Remuneration Committee

Regulatory framework of reference

Credito Valtellinese Banking Group (hereinafter also referred to as "Creval" or the "Issuer" or the "Bank") is constantly engaged in updating remuneration and incentive policies and normal practices, complying with current regulations, as they may apply.

Therefore, the current document "*Report on the 2020 Remuneration Policy and remuneration paid in 2019*" illustrates the remuneration and incentive policies and practices defined by Creval in the changed reference context of the Bank of Italy's supervisory provisions, Circular no. 285 of 17 December 2013 ("*Supervisory Provisions for Banks*") as amended and supplemented, which implements European Parliament Directive 2013/36/EU ("*CRD IV*").

Therefore, the Remuneration Policy was defined as part of the complex regulatory framework and the recent guidelines defined at European level on remuneration and incentive plans, outlined by:

- at EU level:

- 2013/36/EU Directive of the European Parliament and of the Council of 26 June 2013 on the access to the activity of credit institutions and on prudential supervision on credit institutions and on investment companies (known as CRD IV) and subsequent update (CRD V), where applicable;
- EU Delegated Regulation no. 575/2013 of the European Parliament and of the Council on public disclosure (known as CRR);
- Delegated regulation of the European Commission no. 604 of 4 March 2014, which includes the technical standards for "*Material Risk Takers*" ("*MTR*");
- EU Delegated Regulation no. 527/2014 relating to the required regulatory standards for the classes of instruments useful for variable remuneration;
- 2017/828 Directive of the European Parliament and of the Council of 17 May 2017 on promoting a long term commitment of shareholders;

- at national level:

- Title IV, Chapter I, of the 25th update of Circular 285, relating to remuneration and incentive policies and practices adopted in order to align national regulatory provisions with the remuneration and incentive guidelines issued by EBA already effective as from 1 January 2017 and reported below;
- articles 123-*ter*, as updated by Legislative Decree 49/2019, and 114-*bis* of the Consolidated Finance Act, which regulate the contents of the "Report on remuneration policy and remuneration paid" and the "Information to the market on the allocation of financial instruments to company representatives, employees and collaborators", respectively;
- articles 84-*bis*, 84-*quarter* and Annexe 3A of the Issuers' Regulation;
- joint Bank of Italy - CONSOB communication of 29 January 2014 "*Implementation of ESMA guidelines relating to remuneration policies and practices (MiFID)*";
- update published by the Bank of Italy on 19 March 2019 on the transparency of banking and financial transactions and services with a special reference to the correctness of relations between intermediaries and customers;
- CONSOB communication of 19 June 2014 relating to information available to the public on indemnities and benefits for Executive Directors and General Managers;

- the amendment to joint Bank of Italy - CONSOB Regulation "*Remuneration plans for the managed savings sector*" of 27 April 2017 relating to the organisation and procedures for intermediaries offering investment financial or collective investment management services;
- "*Guidance to banks on non-performing loans (NPL)*" issued by the ECB in March 2017, which indicates the relevance of remuneration policies and the validation tools of the results in relation to defined objectives for NPLs;
- Code of Self-Discipline¹ of Listed Companies, which envisages the approval of a Remuneration Policy for Directors and Key Management Personnel.

With reference to the proportionality criterion contained in the Bank of Italy's Circular no. 285, for the purposes of applying the rules on remuneration, note that Credito Valtellinese is considered a "large bank or bank with complex transactions" (also in that a bank with shares listed on a regulated market - Borsa Italiana) and therefore the stricter criteria envisaged by the provisions are to be applied to Material Risk Takers, in particular with regard to the variable remuneration of "Material Risk Takers" (as per EBA regulations), as will be seen below.

With reference to the procedures regulated in Circular 285, note also that Creval, even if it is considered as a "large bank or bank with complex transactions", is classified as "less significant" by the ECB and is therefore subject to supervision by the Bank of Italy.

¹ Note that the new Code of Self-Discipline was published in January 2020 and will apply from the first financial year beginning after 31 December 2020.

Framework of the Report

This "Report on the 2020 Remuneration Policy and remuneration paid in 2019" is prepared by the Credito Valtellinese Banking Group (pursuant to Legislative Decree no. 58/1998, "Consolidated Finance Act"), updated with the amendments made by Legislative Decree no. 49 of 10 May 2019 - Articles 114-*bis* and 123-*ter* -, of the "Issuers' Regulations" - Article 84-*quater* -, as well as in compliance with the Supervisory Provisions for Banks, as set out in the 25th update of Bank of Italy Circular no. 285 of 17 December 2013 on remuneration ("Circular 285") and consists of two sections.

The First Section (Report on the 2020 Remuneration Policy) shows:

- the company's Policy on the remuneration of the members of the Board of Directors, the Control Bodies (without prejudice to the provisions of article 2402 of the Italian Civil Code), the General Managers and Key Management Personnel, the Material Risk Takers and other personnel;
- the procedures adopted for the implementation of this Policy.

Section One also explains how the Remuneration Policy contributes to the Bank's business strategy, the pursuit of long term interests and sustainability.

The Second Section (Report on Remuneration Paid in 2019), in turn divided into two parts, provides by name for members of the Board of Directors and Control Bodies, General Managers and, in aggregate form, for Key Management Personnel:

- an adequate representation of each of the items forming the remuneration, including the salaries contemplated in case of termination of office or termination of the employment relationship, pointing out its consistency with the Policy of the company on remuneration relating to the 2019 financial year;
- an analytical illustration of the remuneration paid in the 2019 financial year for any reason and in any form by Creval and the companies of the Group and information on the equity investments held in the Issuer by members of the Administrative and Control Bodies, the Managing Director, Key Management Personnel, as well as by their non-legally separated spouses and minor children, in compliance with Article 84-*quater*, paragraph 4, of the Issuers' Regulations.

Moreover, Second Section illustrates the qualitative and quantitative disclosures required by Article 450 of the CRR concerning the application of the 2019 Remuneration Policy.

The Report was approved by the Board of Directors during the meeting of 10 March 2020, at the suggestion of the Remuneration Committee. The First and Second Sections are then submitted to the vote (binding, for the First Section and advisory, for the Second Section) of the Shareholders' Meeting called to approve the 2019 Financial Statements.

Finally, note that the Remuneration Policy was also drawn up pursuant to and for the purposes of the Related Party Transaction Procedure adopted by the Company.

SECTION I - REMUNERATION POLICY

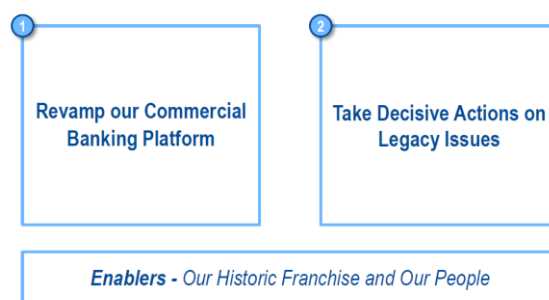
At a time of important relaunch like the one Creval is experiencing, the Remuneration Policy is one of the fundamental pillars to guide the Group towards achieving the challenging objectives of the *2019-2023 Business Plan: Sustainable Growth*; in fact, it is necessary for the Remuneration Policy to be competitive, transparent and effective in attracting, motivating and retaining the resources that - due to their technical and managerial skills and their different profiles of origin, gender and experience - represent a key factor for the success of the Group and for the implementation of its Business Plan.

The key points of Creval's 2020 Remuneration Policy are the following ones:

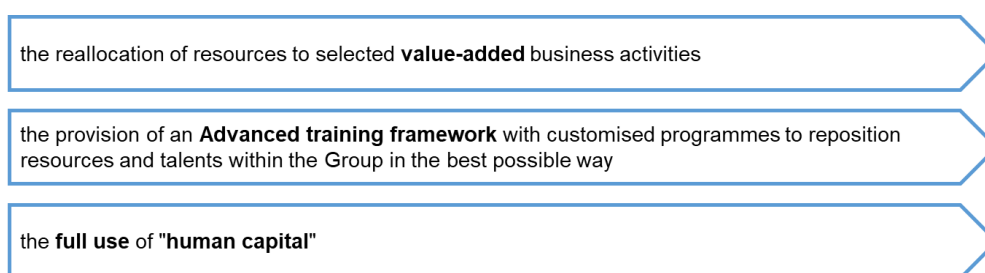
- **enhancement of human capital**, with a special attention to talents and resources considered strategic, through greater involvement of personnel in all the initiatives envisaged by the Business Plan, with the aim of encouraging, selectively rewarding, attracting and retaining in the company highly professional and skilled resources and reinforcing a culture related to performance and merit;
- **clear and transparent governance**, through effective organisational and corporate governance structures as well as clear and rigorous governance rules;
- **sustainable remuneration for sustainable performance**, through strict consistency between remuneration and performance (known as *pay for performance*) and between remuneration and creation of value, aiming at a balanced ratio of fixed to variable components and foreseeing balanced and sustainable pay-mix levels also in terms of careful control of personnel costs;
- **compliance with regulatory requirements and principles of good professional behaviour**, as well as with the Code of Ethics and internal regulations, implementing a Remuneration Policy structured according to regulations and aimed at preventing and managing potential conflicts of interest between roles within the Group and towards our customers;
- **continued alignment of best market practices**, in order to ensure more competitive, fair and appropriate remuneration.

Creval's Remuneration Policy and the "Sustainable Growth 2019-2023 Business Plan": the pursuit of long term interests with a view to business sustainability

The *2019-2023 Business Plan: Sustainable Growth*, of which the Remuneration Policy is an integral part, is based on two specific priorities:



People are placed at the centre of the company strategy and represent the main lever to achieve solid business performance, with a view to creating sustainable value for all stakeholders. This strategy involves targeted actions, such as:



In this context, and in line with the Plan's objectives, the Remuneration Policy for 2020 specifically envisages:

- a variable remuneration strategy based on a short and a medium to long term component, in order to align the time horizon of the Beneficiaries with that of the Business Plan. In fact, in 2019, in conjunction with the launch of the new Business Plan, a medium to long term incentive plan ("2019-2021 LTI" Plan) was approved, which includes objectives closely related to the priorities identified and such as to ensure alignment between the interests of management and those of all stakeholders;
- the presence of entry gates related to capital strength, liquidity and profitability indicators such as to guarantee the sustainability of the systems from an economic and financial point of view and in terms of risks;
- the loyalty of key resources, whose contribution has a decisive impact on the execution of the Business Plan, through their involvement in short and medium long term incentive plans;
- envisaging a short term incentive plan ("2020 Bonus Pool") with objectives related to qualitative and quantitative indicators that implement the Business Plan strategy over an annual time horizon;
- the definition of a clear and structured process for defining and assigning the bonus pool (i.e. the overall bonus payable), so that it is closely related to the profitability achieved by the Group and, at the same time, takes due and prudent consideration of the risks assumed also prospectively and the appropriate compliance and sustainability drivers.

The elements of the short and medium-long term Remuneration Policy are fully represented in this Report.

GOVERNANCE PROCESS

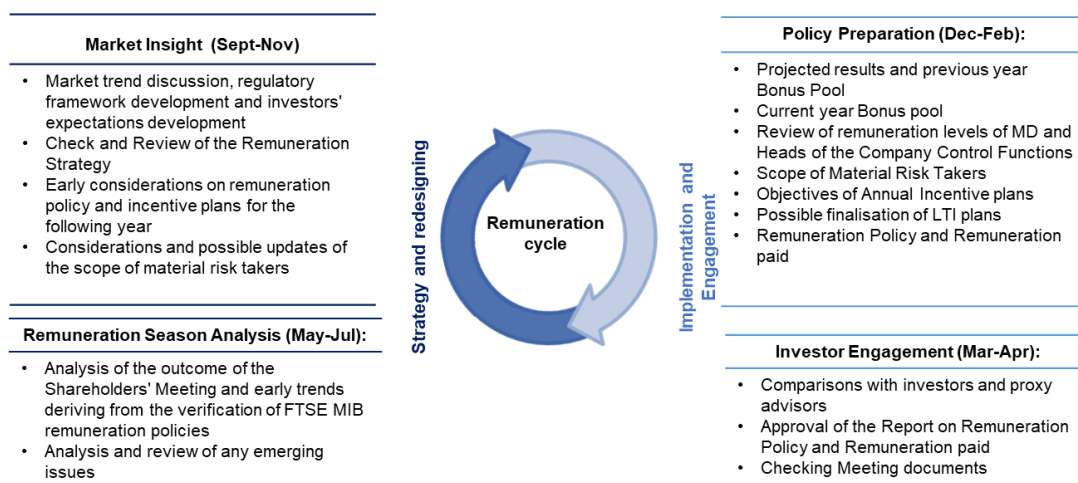
Process of defining the Remuneration Policy

Creval adopted a solid system of governance in order to regulate internally the activities of definition, implementation and management of remuneration policies by identifying the actors involved and the various phases that make it up.

These phases, as part of the so-called "remuneration cycle", are carried out throughout the financial year and involve, at different levels and according to their areas of competence, multiple corporate bodies and functions.

The many actors involved contribute, each insofar as it concerns them and in line with the current regulatory framework, to the definition, management and verification of the Remuneration Policy. This makes sure that decisions are taken independently, reduces the risk of possible conflicts of interest and ensures proper internal reporting.

The remuneration cycle, according to the process defined by the Group, is illustrated below:



Actors involved in preparing, approving and implementing the Policy

Within the process of the defining the Remuneration Policy, the Human Resources department sets up the Report, with the involvement of the Risk Management department and, for the purposes of compliance validation, the Compliance Department for each aspect of direct concern before being submitted to the Remuneration Committee.

In this context, the Managing Director² and the General Management exercise powers of proposal, supervision and initiative and also constantly manage and monitor the progress of

² The Managing Director does not participate in board discussions concerning his remuneration structure.

activities on the matter, to ensure the necessary consistency between the guidelines and the concrete management practices and initiatives.

Specifically, the compliance Policy adopted by the Group attributes to the Compliance Department the duty of checking *ex ante* the consistency of the remuneration plans with regulations, the Articles of Association and the code of conduct and of monitoring their correct functioning and application *ex post*.

The Auditing Department carried out an annual audit of the methods used to ensure compliance of the remuneration practices with the reference regulations.

In addition to the functions indicated above, the Risk and Control Department is also involved in this process to ensure compliance of the remuneration policies with the *Risk Appetite Framework* (known as "RAF") and with the governance and risk management policies.

The contribution of the Accounting, Planning & Control Area is not less important: together with Risk Management, it helps to identify comparison indicators and values relating to risk parameters and performance objectives, and verifies that remuneration policies are consistent with short and medium to long term planning objectives and with the Group's capitalisation, profitability and liquidity levels.

The Investor and Media Relations Service, as part of the process described, maintains relations with the main shareholders, including with regard to remuneration policies, and provides, once the report and related documents have been deposited, information and references useful for expressing opinions during the Shareholders' Meeting.

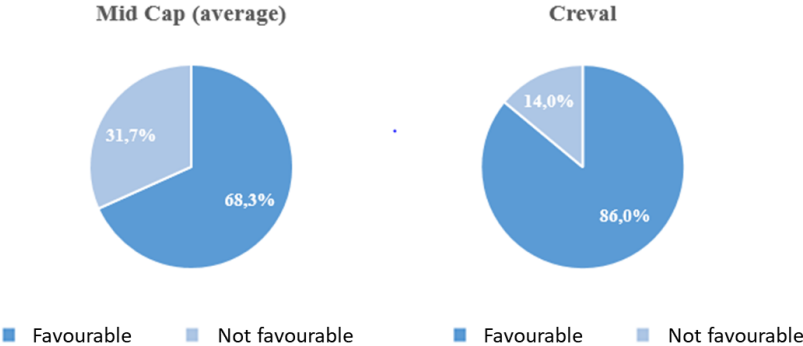
Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- gives a binding vote on the approval of the "Report on Remuneration Policy" pursuant to paragraph 3-*ter* of Article 123-*ter* of the Consolidated Finance Act;
- gives a non-binding vote on the approval of the "Report on Remuneration Paid" pursuant to paragraph 6 of Article 123-*ter* of the Consolidated Finance Act;
- determines the amount of remuneration to be paid to the Directors, in compliance with the relevant law and regulatory provisions, and to the Statutory Auditors;
- approves, at the suggestion of the body with strategic supervision function, the limit on the ratio of variable to fixed components of the individual remuneration that exceeds the ratio of 1:1 (in any case not exceeding 200%), in compliance with the qualified majorities envisaged by the supervisory provisions in force;
- approves the remuneration plans based on financial instruments;
- approves the criteria for determining any amounts to be granted in the event of early termination of employment or early termination of office of all personnel, including the limits set for such amounts in terms of annual fixed remuneration and the maximum amount resulting from their application.

The Board of Directors submits to the Shareholders' Meeting, at the suggestion of the Remuneration Committee and after consulting the Risk Committee, clear and complete information on the Remuneration Policy.

At the Shareholders' Meeting held on 30 April 2019, Creval's Remuneration Policy received 86% of favourable votes of the shares represented at the Shareholders' Meeting, above the average of companies of comparable size belonging to the FTSE Mid-Cap Index, as represented below.



Board of Directors

With regard to remuneration issues, the Board of Directors, in compliance with its strategic supervision powers, is responsible for preparing the Group's remuneration policies with the support of the Remuneration Committee and the competent Company functions.

As part of its remuneration activities, the Board of Directors is responsible for:

- defining, with the support of the Remuneration Committee, after consulting the Board of Statutory Auditors, the fees and, therefore, the remuneration and incentive plans for executive Directors and/or Directors holding special offices, General managers, joint General managers, deputy General managers and the like, as well as the managers of the Company's Control Functions and the Manager in charge of financial reporting. In particular, it ensures that these systems are consistent with the Bank's overall choices in terms of risk taking, strategies, long term objectives, corporate governance structure and internal controls;
- approving, with the support of the Remuneration Committee and Board of Statutory Auditors, the process of identifying the Material Risk Takers by verifying their full compliance with the relevant regulatory provisions, and the list of roles included in this category as a result of the process itself;
- approving and reviewing the Group's Remuneration and incentive Policy, with a special reference to Material Risk Takers, ensuring that the "Report on Remuneration Policy and remuneration paid" to be submitted to the Shareholders' Meeting is prepared;
- approving the incentive plans based on financial instruments to be submitted for subsequent approval by the Shareholders' Meeting;
- checking the correct implementation of the Group's remuneration policies.

As envisaged by Article 123-ter, paragraph 3-bis of the Consolidated Finance Act updated in 2019, in the presence of exceptional circumstances - i.e. exclusively situations in which the waiver of the Remuneration Policy is required to pursue the long term interests and sustainability of the Company as a whole or to ensure its ability to stay on the market - the

Board of Directors, after consulting the Remuneration Committee, can temporarily waive its remuneration policies, without prejudice to compliance with legal and regulatory constraints and in line with the Procedure relevant to transactions with related parties and associated parties of Creval. These cases are further specified in the paragraph called "Procedures for any revision of the Plan"below..

Remuneration Committee

The Remuneration Committee has a central role in the governance of remuneration and incentive plans and supports the Board of Directors in defining and verifying the overall consistency, adequacy and concrete implementation of remuneration policies with respect to sound and prudent management and long term strategies.

The Remuneration Committee is composed of three non-executive Directors, the majority of whom meet the independence requirements set out in Article 148, paragraph 3, of the Consolidated Finance Act. The Board of Directors appoints the three members and, among them, identifies the Chairman of the Board.

Specifically, the Remuneration Committee:

- has the task to put forward proposals on the remuneration of Directors, the remuneration package of the Managing Director and the remuneration of personnel whose remuneration and incentive plans are decided by the Board of Directors;
- has consultancy duties pertaining to the determination of the criteria for remuneration of Material Risk Takers;
- expresses its opinion, also making use of the information received from the competent company functions, on the results of the process of identifying the Material Risk Takers, including any exclusions;
- directly supervises the correct application of the rules concerning the remuneration of managers of Company Control Functions and the Manager in charge of financial reporting, working closely with the body with risk control function;
- prepares the documents to be submitted to the body with strategic supervision function for the related decisions;
- works with the other Internal Board Committees, and specifically with the Risk Committee, the Appointment Committee and the Related Party Transactions Committee;
- ensures the involvement of the competent company functions in preparing and controlling the remuneration policies and practices;
- expresses its opinion, also making use of the information received from the competent company functions, on the achievement of performance targets to which the incentive plans are related and on the assessment of the other conditions set for the disbursement of the remuneration related to short and medium to long term incentive plans for Material Risk Takers;
- provides adequate feedback on its activities to the corporate bodies, including the Shareholders' Meeting.

The activity of the Remuneration Committee for the year 2019 is detailed in Second II of this report.

With reference to the first months of 2020, the Committee meetings focused on defining the principles underpinning the Remuneration Policy for the year 2020 (including the definition of

the new "2020 Bonus Pool" short term incentive plan), on benchmarking analyses to ensure adequate alignment of Creval practices to the best industry standards and on the assessment of the proposal to raise the variable remuneration limit with respect to fixed remuneration beyond 1:1, in accordance with current regulations.

Note that in preparing this document, the Committee and the Human Resources departments availed themselves of the support provided by Willis Towers Watson, an independent external consultant, and by Georgeson, a qualified consultant experienced in corporate governance.

Risk Committee

In performing its advisory functions on remuneration, the Risk Committee ascertains that the incentives underlying the remuneration and incentive plan of the Bank and of the Group comply with the RAF without prejudice to the responsibilities of the Remuneration Committee, and in particular examines whether the incentives provided by the remuneration plan take account of risks, capital and liquidity and do not conflict with the Bank's sound and prudent management.

Board of Statutory Auditors

The Board of Statutory Auditors has the task to express a view on the remuneration of Directors holding special offices; such views are also offered with regard to the remuneration of the Board of Directors. Furthermore, the Board also expresses its opinion on the remuneration of persons responsible for the Control Functions.

Human Resources Department

The Human Resources Department instructs and manages, with the support of Risk Management, the Accounting, Planning & Control Area and Compliance, the process of preparing the Remuneration Policy to be submitted to the Remuneration Committee, ensuring compliance with applicable regulations and implementing it after approval. It is also responsible for coordinating the process of identifying the Material Risk Takers in the light of regulatory requirements and internally defined Guidelines.

Compliance Department

The Compliance Department checks compliance with the regulatory framework and internal regulations (Articles of Association and Code of Conduct), of the Remuneration Policy, the incentive plans and the guidelines relating to the identification of Material Risk Takers, so as to adequately limit the legal and reputational risks that are mainly incident to customer relations.

Risks and Control Department

The Risk and Control Department ensures the compliance of the Remuneration Policy and the incentive plans with the Risk Appetite Framework (RAF), which identifies the reference framework for determining the risk appetite of the Bank, also with reference to the indicators to be used for the correction mechanisms (*ex ante* and *ex post*) and for the set of individual KPIs.

Auditing Department

The Auditing Department checks, at least once a year, the compliance of the remuneration practices with the incentive Remuneration Policy of the Creval Group and the reference regulations. The results of the checks carried out are brought to the attention of the Shareholders' Meeting and, where deemed necessary, to the Supervisory Authorities.

In particular, the Auditing Department is also carrying out an annual compliance check of the Report on Remuneration paid in 2019 with the approved policies when preparing this document.

PROCESS OF IDENTIFICATION OF THE MATERIAL RISK TAKERS

Creval, in line with the provisions of Bank of Italy Circular 285, the EBA guidelines and Regulation (EU) no. 604/2014, identified the Group's Material Risk Takers, i.e. the category of subjects whose professional activity has, or may have, a significant impact on the Group's risk profile.

To this end, the Bank's Board of Directors approved, after consulting the Remuneration Committee, internal guidelines setting out:

- a. the procedure adopted for identifying (and possibly excluding or redefining the scope) of Material Risk Takers that describes the contribution of each business function and corporate bodies to the management, monitoring and supervision of the process of identification of Material Risk Takers;
- b. the criteria set out in Regulation (EU) no. 604/2014 and the resulting assessments carried out for the inclusion of roles within the scope of Material Risk Takers classified in:
 - qualitative criteria: concerning the nature and complexity of the role played, the organisational context, decision-making power and responsibilities;
 - quantitative criteria: referring to the assigned salary thresholds;
- c. the practical application of the entire process with evidence of the results and internal audits.

The most stringent mechanisms envisaged by the regulations on incentives are applied to the personnel identified according to this process in order to bring their behaviour in line with the risk profile of the Bank described in the remuneration policies.

The analysis was carried out taking account of the workforce at 31 December 2019, terminations at the date of preparation of this document and any changes in role. Creval, in its capacity as Parent Company, identifies the personnel who have substantial impact on the Group's risk profile by considering the companies of the Group according to a criterion of prevalence of Creval's business over the other companies at consolidated level.

The Parent Company guarantees, for all Group companies, the consistent application of the defined process and compliance with sector-specific regulations that may be applicable to subsidiaries.

The process of identifying Material Risk Takers is at least annual and, in line with regulatory requirements, is subject to updating according to possible changes in the workforce or organisation during the year, where these are relevant to the adopted criteria. An update of the process will be carried out by the month of October in order to verify any changes in the scope of Material Risk Takers.

The identification process was completed in March 2020 also with the contribution of the Risk and Control Department. The outcome was verified by the Compliance Department and subsequently submitted to the Remuneration Committee, the Risk Committee and the Board of Directors.

Specifically, the Group considers the following persons as Material Risk Takers for the Group, as summarised in the attached table:

- n. 14 Members of the Board of Directors (non-executive directors are not beneficiaries of incentive policies) of Creval;
- n. 3 Material Risk Takers belonging to Senior Management (known as "Senior MRTs") which include: the Managing Director and General Manager, the two Deputy General Managers (one of whom also holds the position of CLO - *Chief Lending Officer*) of Creval;
- n. 5 Heads of the Company Control Functions (i.e. the Heads of the Auditing, Compliance, Anti-Money Laundering Departments, as well as the CRO - *Chief Risk Officer*);
- n. 11 Managers responsible for monitoring risks considered significant for the Group and the so called Support Functions specifically indicated in the regulations, i.e. belonging to the functions of management of legal affairs, financial statements, compliance with the Supervisory Authority, Human Resources, strategic planning, budget and cost control, information systems and data management, IT and physical security;
- n. 32 persons can have a significant impact on the Group's main risks with regard to operational, strategic and reputational risk, including with regard to customers (this category includes the Heads of the local areas of business activities);
- n. 3 other heads with managerial functions responsible for monitoring the risks specifically indicated in the regulations.

Note that the analysis carried out based on the quantitative criteria did not lead to the identification of additional resources that could have a significant impact on the Group's risks, nor to the need to initiate exclusion procedures according to a specific request to be submitted to the Supervisory Authority.

In the light of the above, at the end of the analysis, the scope of Material Risk Takers was updated, identifying a total number of 54 resources (compared to a total of 67 roles); 2 fewer names than in 2019.

The impact on total employees is 1.48% (compared to 1.52% in 2019).

This last figure, which follows the review of the process of identifying the Material Risk Takers as pointed out above, is substantially in line with sector benchmarks, considering other comparable institutions.

Identification of Material Risk Takers	2019
Number of resources	54
- by qualitative criteria	54
- by quantitative criteria	11*
Impact on the total	
% of total workforce at the end of 2019	1.48%

(*These resources are also included in the quality criteria)

More details relating to Material Risk Takers are shown in Section II of this document.

2020 REMUNERATION AND INCENTIVE POLICY

Purposes of the remuneration Policy

The remuneration policies of Creval, as already indicated, are aimed at aligning the behaviour of management and personnel with the interests of all stakeholders, guiding their behaviour with respect to the strategies planned in the Business Plan within the framework of prudent risk taking. The remuneration policies adopted by the Group are characterised by a proper balance between fixed and variable components in line with best market practices.

Fixed and variable components of the remuneration

"Remuneration" is any form of payment in cash, financial instruments, services/assets in kind (fringe benefits) or other benefits (such as, for example, discretionary pension and severance benefits) provided - directly or indirectly - as consideration for work or professional services rendered in favour of Creval and/or its subsidiaries.

In line with regulatory provisions, the remuneration structure - divided into a fixed component and a variable component, clearly separated from each other - is defined in order to ensure an appropriate balance between the two elements, carefully assessed in relation to the characteristics of the Group and the different categories of personnel (in particular, with reference to the Material Risk Takers).

Fixed remuneration

The fixed remuneration is stable and irrevocable, is determined and paid based on the pre-established and non-discretionary criteria and pursues the objectives of attracting and retaining key resources.

Reflects technical, professional, managerial skills and related responsibilities. Creval pays constant attention to the value of fixed remuneration, avoiding a reliance on the variable component to encourage the assumption of particularly high risks, while paying attention to the adequacy in relation to the market context.

Variable remuneration

The purpose of the variable component of the total remuneration is to reward the achievement of "excellence" performance and/or other strategic indicators not included in fixed remuneration, by directly linking the payment of incentives with the achievement of objectives set in the short and medium to long term, taking due account of the risks and compliance drivers.

In order to guide everyone's contribution, performance is measured at Group, departmental and individual level in consideration of the position held.

The evaluation time horizon can be short term if related to the annual (characteristic of the Short Term Incentive plans) or multi-year budget, consistent with the objectives of the Strategic Plan (in case of Long Term Incentives).

The variable remuneration, the disbursement of which is established in line with the regulatory framework of reference, is made up, by way of example, of the following components: short term incentive plan for Material Risk Takers (known as "2020 Bonus Pool"), medium to long term incentive plan ("2019-2021 LTI"), bonus system for personnel not falling within the MRTs category, "severance" or additional remuneration paid on termination of employment (other than sums disbursed under legal or contractual provisions and exclusively for the portion exceeding the previously defined formula and/or non-competition agreements up to a maximum of one fixed annual remuneration).

The variable remuneration is generally paid only after checking that the "gate" indicators (hereinafter also referred to as "access gate" or *entry gate*) have been exceeded, related to conditions of capital stability, liquidity and profitability in addition to specific conditions and objectives defined for individual incentive plans.

It is also subject to deferral and payment mechanisms - part in cash and part in financial instruments - in line with the more stringent regulatory provisions for Material Risk Takers and, prudentially, for "Top management roles". The variable component of remuneration is also subject to *Malus* and *Claw back* mechanisms - the latter can be activated in the case of remuneration already disbursed - in the manner governed by the reference regulations.

Finally, the entire variable to fixed remuneration, with the exception of the components explicitly indicated (e.g. any "entry bonuses" paid upon hiring or non-competition agreements whose remuneration does not exceed the last fixed annual remuneration), is subject to the maximum limits of incidence approved by the Shareholders' Meeting and differentiated by category of personnel, as described in the following paragraph.

Note that the same Shareholders' Meeting called to resolve on this remuneration Policy, Creval will pronounce, in accordance with the provisions of the Articles of Association and regulations, also with reference to the proposal to increase the ratio of variable to fixed components of the remuneration up to the limit of a ratio of 2:1 for Material Risk Takers at Group level, , as described in the following paragraph.

Ratio of variable to fixed remuneration

The Group maintains a balanced ratio of fixed to variable remuneration components, envisaging balanced pay-mix levels.

In line with reference regulations, the limits of the incidence of variable to fixed remuneration are established *ex ante*. Subject to the approval of the Shareholders' Meeting of 24 April 2020, starting from the current year Creval has defined up to a maximum of 2:1 the limit of incidence of variable to fixed remuneration for the Managing Director and the other scope of Material Risk Takers³, with the exception of Material Risk Takers belonging to the Control Functions and other Functions for which the prudential regulations define a lower impact.

In particular, with reference to 2020, the scope of Material Risk Takers interested in raising the maximum incidence of variable to fixed remuneration beyond 1:1 and, in any case, within 2:1, will be related to a limited number of resources not exceeding 15.

The incentive policies that will be submitted from year to year to the approval of the Shareholders' Meeting will show the number of Material Risk Takers actually affected by the increase beyond 1:1 of the limit of variable to fixed remuneration, within the maximum number authorised by the Shareholders' Meeting.

This provision stems from the need to:

- activate a remuneration structure in which the variable component prevails, in order to encourage the gradual achievement of the challenging objectives of the Plan, as part of prudent risk management in line with the *Risk Appetite Framework* of the Group, limiting the impact on fixed costs;
- increase the attractiveness and retention of key resources for the achievement of the Group's strategic objectives by defining a competitive remuneration structure to the reference market, leveraging a variable to fixed remuneration of up to 2:1, consistent with the gradual consolidation of the results set out in the business plan and, therefore, favouring a flexible cost structure in a highly competitive market.

The limit between variable and fixed remuneration within the maximum authorised levels is adopted in such a way as not to have an impact on the soundness of the capital nor on the Group's ability to continue to comply with all the applicable prudential rules, in that it is part of a Remuneration and incentive Policy that reflects and promotes sound and effective risk management based on the fact that the highest levels of variable remuneration are recognised only when objectives consistent with the strategic and sustainable long term guidelines of the *Risk Appetite Framework* (RAF) are achieved.

Within the maximum incidence submitted for approval by the Shareholders' Meeting, the limits of variable to fixed remuneration defined for 2020 for the various categories of personnel are as follows:

- 2:1 for Managing Director;
- up to 2:1 for a limited number⁴ of Top Management and Heads of Business Departments;
- up to 1:1 for other Material Risk Takers⁵;
- up to 0.33:1 for the Heads of the Company Control Functions.

³ Up to a maximum of 60 total positions for the Group.

⁴ Not greater than 15 Material Risk Takers, included MD

⁵ For the Head of the Human Resources Area and for the Manager in charge of signing the accounting documents, the fixed component of remuneration prevails.

With regard to the economic impact of this increase, note that the incentive plans for Material Risk Takers are not activated in the absence of post bonus profit (condition of financing of the so called “bonus pool”), as well as mechanisms are set out that guarantee the economic, financial and risk sustainability of the bonus pool related to short and medium to long term incentive plans. Without prejudice to the limit represented by the maximum amount attributable in the event of full achievement of the objectives, the maximum impact on the CET 1 ratio of the higher costs related to the transition in question considering the potential maximum scope of 15 Risk Takers included MD for 2020, would in any case be marginal, i.e. a maximum of 3 bps (capital impact, net of taxes) compared to the fully loaded value recorded in December 2019.

Beneficiaries of the Remuneration Policy

The Remuneration Policy, differentiated by category of personnel, distinguishes:

- members of the Board of Directors;
- Managing Director and General Manager;
- other Material Risk Takers;
- personnel belonging to Company Control Functions;
- members of the Board of Statutory Auditors;
- other personnel not belonging to the category of Material Risk Takers (Executives, Middle Managers and employees in the Professional Categories).

Remuneration of the members of the Board of Directors

The remuneration of Corporate Bodies is defined in accordance with the current regulatory framework and in line with the Articles of Association. It is aimed at attracting the best skills and takes account of commitment and time taken, as well as market competitiveness.

Directors not holding special offices

The remuneration of Directors not holding special offices consists exclusively of a fixed remuneration defined until 2021 by the Shareholders' Meeting pursuant to Article 2389, paragraph 1 of the Italian Civil Code with the aim of rewarding the skills, experience and responsibilities entrusted to them within the scope of the assigned office; this remuneration is EUR 45,000 per year.

An attendance fee of EUR 750 is envisaged in addition to the fixed remuneration. There is no form of variable remuneration.

A D&O insurance policy that insures against civil and financial liability is taken out in favour of all Directors, members of the Board of Statutory Auditors and Key Management Personnel or executives holding special offices.

Remuneration for attendance at Committee meetings

The Directors who attend the committee meetings set up within the Board of Directors receive a fixed remuneration commensurate with the commitment required, resolved by the Board of Directors, after consulting the Board of Statutory Auditors and the Remuneration Committee, pursuant to Article 2389, paragraph 3 of the Italian Civil Code. This fixed remuneration is shown in the following table.

REMUNERATION OF INTERNAL BOARD COMMITTEES*

COMMITTEE/OFFICE	CHAIRMAN	MEMBER
Remuneration Committee	15,000	10,000
Appointment Committee	15,000	10,000
Risk Committee	50,000	30,000
Related Party Transactions Committee	15,000	10,000

* Amounts in EUR

An attendance fee of EUR 750 is envisaged in addition to the fixed remuneration. If several meetings are convened on the same day, including the ones of the Board of Directors, there is only one attendance fee.

Directors holding special offices

Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors envisages, in addition to the remuneration as Director, a fixed remuneration defined by the Board of Directors pursuant to Article 2389, paragraph 3 of the Italian Civil Code equal to EUR 250,000 per year.

In line with regulatory provisions, the Chairman abstains from voting on his own remuneration and abstains from the Board discussion on the matter.

Deputy Chairman of the Board of Directors

The remuneration of the Deputy Chairman of the Board of Directors envisages, in addition to the remuneration as Director, a fixed remuneration defined by the Board of Directors pursuant to Article 2389, paragraph 3 of the Italian Civil Code, equal to EUR 90,000 per year.

In line with regulatory provisions, the Deputy Chairman abstains from voting on his own remuneration and abstains from the Board discussion on the matter.

Managing Director and General Manager

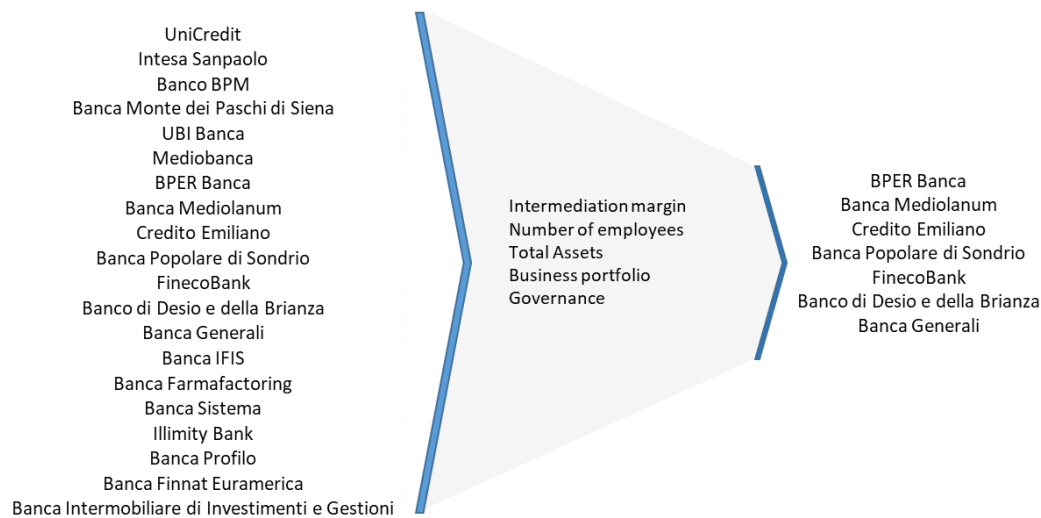
The remuneration of the Managing Director and General Manager (hereinafter also "MD/GM") consists of a fixed component, a short term variable component and a medium to long term variable component.

Creval's objective is to position the fixed component, including the remuneration as Director, between the median value and the third quartile value of the reference market, in order to ensure the attractiveness of the proposed remuneration structure during the execution phase of the "*Sustainable Growth*" Plan and, at the same time, to position the maximum total

remuneration in line with the third quartile of the market, in order to ensure the alignment of pay for performance and encourage the achievement of the challenging objectives set for the Business Plan.

In order to identify the reference market, with the support of Willis Towers Watson, it is selected, starting from the Italian Banking Groups, a Peer Group composed of institutions comparable with the Creval Group in at least 3 of the following aspects:

- Intermediation margin*;
- Number of employees*;
- Total Assets*;
- Business portfolio;
- Governance.



*Comparability of the reference dimensional range.

The Peer Group whose remuneration policies are considered as a reference⁶ for defining the overall remuneration of the MD/GM is therefore composed of BPER, Banca Mediolanum, Credito Emiliano, Banca Popolare di Sondrio, FinecoBank, Banco di Desio e della Brianza, Banca Generali.

The remuneration package is clearly defined in such a way as to ensure a balance between fixed and variable component of remuneration, as well as to promote the achievement of long term sustainable results, taking due account of the strategic nature of the role and the level of competitiveness of the overall remuneration with reference to the Peer Group defined. Therefore, as a result of the above-mentioned evaluations and principles, for 2020 the total fixed remuneration of the MD/GM is defined in EUR 1,000,000, composed as follows:

- EUR 45,000, pursuant to Article 2389, paragraph 1, Italian Civil Code – remuneration as Director;
- EUR 955,000, pursuant to Article 2389, paragraph 3, Italian Civil Code – remuneration as Managing Director.

⁶ The positioning is considered in line with the market identified as a reference if ranging from +/-10% with respect to the target quartile.

The amount actually received during 2019 is shown in Section II of this document.

Following the same guidelines, as mentioned in the paragraph "Ratio of variable to fixed remuneration", a proposal was submitted to the Shareholders' Meeting to raise the limit of the ratio of variable to fixed remuneration of MRTs up to a maximum of 2:1. In the event that the Shareholders' Meeting approves the above proposal, for the year 2020 the limit of the ratio of variable to fixed remuneration for the Managing Director is 2:1.

Variable remuneration plans

The variable remuneration of the MD/GM is determined on the basis of clear and measurable performance parameters and consists of two components:

- a short term incentive plan (hereinafter also referred to as "2020 Bonus Pool" incentive Plan);
- a medium to long term incentive plan (hereinafter also referred to as the "2019-2021 LTI" Plan") in line with the medium/long term forecasts of the Business Plan. For this Plan, entirely envisaged in Phantom Shares, the partial or total allocation of financial instruments will depend in any case on the achievement of the objectives at the end of 2021.

The variable remuneration is subject to disbursement mechanisms in line with the regulatory framework (deferrals, cash and financial instruments, retention periods) and to *Malus* and *Claw back* clauses as described in the following paragraphs.

Finally, as mentioned above, a D&O policy that insures against civil and financial liability is also taken out for the MD/GM. With the exception of the compulsory insurance envisaged by law, in no case may the MD/GM use its own hedging strategies with regard to remuneration and liability, which could neutralise the measures taken against the beneficiaries of the variable incentive plans.

Short term incentive plan: "2020 Bonus Pool"

The "2020 Bonus Pool" incentive plan is focused on an annual horizon and developed in line with the objectives defined in the planning processes taking in to the due account the logic of sound and prudent risk management.

Moreover, to ensure the sustainability of the plan and make sure that variable remuneration is paid in a context of capital and financial adequacy, the activation of the "2020 Bonus Pool" is subject to the achievement of certain levels of the following "gate" indicators (entry gates), in line with the risk limits set out in the *Risk Appetite Framework (RAF)*⁷:

⁷ The CET1 (Common Equity Tier 1) Ratio is the Group Common Equity Tier 1 Ratio calculated as the ratio between the Common equity tier 1 capital and Risk-weighted assets. The calculation is made based on the provisions of EU Regulation no. 575/13 (CRR) by applying the transitional regime. The Liquidity Coverage Ratio or LCR represents the ratio between the stock of high-quality liquid assets and the net outflows of the 30 calendar days following the date of recognition. The Net Stable Funding Ratio or NSFR is the 12-month structural liquidity indicator introduced by the Council of Basel, expressing the ratio between the available amount of stable funding and the compulsory amount of stable funding. The Net Profit is the Profit for the year pertaining to the Parent Company (consolidated).

ENTRY GATE	INDICATOR	EXPECTED LEVEL
<i>Capital strength</i>	CET 1	<i>Risk tolerance</i>
<i>Liquidity</i>	NSFR	<i>Risk tolerance</i>
	LCR	<i>Risk tolerance</i>
<i>Economic and financial sustainability</i>	Net Profit	> 0

These entry gates are to be achieved jointly: if even only one of them is not achieved, the variable incentive plan is not activated⁸.

The "2020 Bonus Pool" incentive Plan aims to achieve annual objectives and support the Group's ability to generate value over time, rewarding, through a selective mechanism, appropriate actions and positive results. The purpose of this Plan is to set out the Group's strategies in a set of objectives that can significantly influence the overall banking Group's performance, taking careful account of company risks.

Without prejudice to the needed approval by the Shareholders' Meeting about the incidence of variable to fixed remuneration up to 2:1 the maximum bonus opportunity related to the "2020 Bonus Pool" incentive Plan is envisaged for the MD/GM, equal to 200% of the fixed remuneration and it is subject to the deferral mechanisms set out in the following paragraphs.

After checking whether the levels envisaged by the entry gates that enable the possibility of paying the "2020 Bonus Pool" have been reached, the Plan envisages the definition of the total amount of bonuses for all Beneficiaries (known as "bonus pool") and, after this, the definition of the Individual Bonus accrued (as described in detail in the paragraph "Mechanism for defining the bonus pool and the Individual Bonus").

The objectives for the MD/GM are defined by the Board of Directors and assigned annually by means of an individual scorecard.

The individual scorecard of the Managing Director and General Manager is based on objectives (KPIs) that take account of the prevailing aspects of management, such as profitability and risk sustainability as defined in the Business Plan for 2020, and qualitative elements related to key projects for the Group's strategy, together with compliance and ESG drivers.

Specifically, in order to assess individual performance, the 2020 objectives assigned to the Managing Director and General Manager are as follows

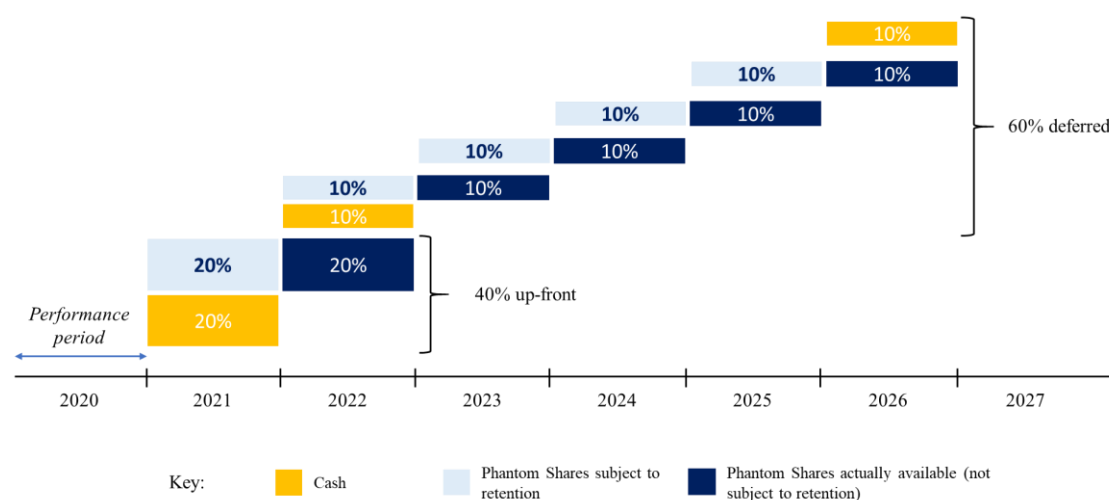
⁸ For personnel belonging to the Control Functions, only the first three entry gates apply in order to avoid, in line with the regulations, the connection to economic results.

STRATEGIC DRIVER	AREA WEIGHT	KPI WEIGHT	INDICATOR (KPI)
<i>Profitability/Development</i>	80%	40%	<ul style="list-style-type: none"> ▪ Profit from continuing operations before taxes ▪ Total funding
<i>Risk/efficiency</i>		40%	<ul style="list-style-type: none"> ▪ Cost/Income ▪ Expected Loss PE
<i>Quality</i>	20%	10%	<ul style="list-style-type: none"> ▪ «19-23 Sustainable Growth» plan projects ▪ Compliance projects
		10%	<ul style="list-style-type: none"> ▪ ESG Gender inclusive young talent pool

Qualitative KPIs are related both to the projects planned to implement the "Sustainable Growth" Business Plan, such as "Run-down NPE & UTP" and other strategic projects, and to the "ESG Gender inclusive Young Talent Pool" project, which consists of promoting the managerial growth of a group of young people - identified taking due account of gender-related elements - also serving to identify resources for the Group's medium to long term succession plans.

Once the process described above, has been completed and the Individual Bonus actually accrued has been defined (see the paragraph "Mechanism for defining the bonus pool and the individual bonus"), it is disbursed according to the rules set out in the regulatory framework and explained below.

With reference to the Managing Director and General Manager, as well as the members of General Management and the other Material Risk Takers who are Beneficiaries of a variable bonus under the "2020 Bonus Pool" of more than EUR 400,000⁹, the accrued Individual Bonus is paid, with a deferral of 60% over a 5 year time horizon and a payment method for 40% in cash and 60% in financial instruments (*Phantom Share*), according to the diagram below:



⁹ This amount is the lower of the two benchmarks identified by the regulations (25% of the average total remuneration of Italian high earners according to the latest available EBA report, and 10 times the average total remuneration of the bank's employees) rounded down to hundreds of thousands of euro.

Phantom Shares are a "virtual" financial instrument that grants the Beneficiary the right to receive an amount in cash corresponding to the value of the share for the number of *Phantom Shares* accrued

All portions paid in *Phantom Shares* are subject to a retention period of one year (holding period); for deferred *Phantom shares*, the retention period begins when the deferred remuneration accrues.

The deferred portions will be disbursed each year on condition that, at the end of the year preceding the year in which the deferred portion is to be disbursed, the levels of risk tolerance are observed with reference to the entry gates of capital strength and liquidity and in the absence of losses.

The "2020 Bonus Pool" plan is subject, like all variable components of remuneration, to *Malus* and *Claw back* clauses as well as to "compliance assessments"¹⁰ in the manner described in the dedicated paragraph "*Ex post* risk alignment mechanisms".

Detailed information on Phantom Shares is defined in the Information Document prepared pursuant to Article 114-bis of the Consolidated Finance Act and to Article 84-bis of the Issuers' Regulations "*2020 Bonus Pool incentive plan, based on the allocation of Phantom Shares*" that the Company will submit to the Shareholders' Meeting of 24 April 2020.

"2019-2021 LTI" medium to long term incentive plan

In 2019, Creval approved the Medium to long term incentive plan called "2019-2021 LTI" entirely disbursed in virtual financial instruments (*Phantom Shares*) with a view to creating sustainable value over time and aligning the interests of management with those of Shareholders. This plan is intended for the Managing Director, the members of General Management and a limited number of high-potential employees in managerial roles with an impact on the achievement of the Group's results and the consolidation of the guidelines set out in the Business Plan, up to a total of 20 resources and excluding the Control Functions.

The performance objectives and targets defined in 2019 in accordance with the "*Sustainable Growth*" Business Plan are set out below:

¹⁰ The assessment of the most serious violations resulting from findings by Supervisory Authorities and/or audit inspection reports can affect the accrual of the right to participate in the variable remuneration plan. Such violations may refer - in general - to the compliance of the Beneficiary's actions with the laws, recommendations of external authorities, internal regulations, policies and code of conduct that apply in the Bank and generally with the Bank's duties, including deontological duties. For the specific cases, in relation to which the compliance assessment is carried out, reference is made to the regulations on *Claw back*. The compliance assessment with regard to the final payment of the bonus, including its reduction or cancellation, is submitted to the Board of Directors with the favourable opinion of the Remuneration Committee and with the involvement of the other functions of the Bank (e.g. the Risk Committee or the Board of Statutory Auditors, where deemed necessary). Such assessments are carried out at any time, from the time the Beneficiary is informed that he or she has been placed among the beneficiaries of the Plan until the time the first portion of the bonus is paid out (subject to any subsequent assessment of *Claw back* clauses).

STRATEGIC DRIVER	INDICATOR	WEIGHT	2021 Plan Target	Performance	Payout
<i>Creation of value</i>	ROAC	50%	≈11% estimated value (*)	≥11%	100%
				8.5% ≤ perf. < 11%	Linear from 0% to 100%
				<8.5%	0%
<i>Efficiency</i>	Cost/Income	25%	65%	≤65%	100%
				65% < perf. ≤ 69%	Linear from 0% to 100%
				>69%	0%
<i>Risk</i>	NPE Ratio	25%	7%	≤ 7%	100%
				7% < perf. ≤ 8%	Linear from 0% to 100%
				> 8%	0%

(*) ROAC= Return on Allocated Capital (Annualised Net Profit / Allocated Capital) . Allocated Capital = RWA * CET1 ratio SREP. The estimated value for 2021 is subject to confirmation subordinately to budgeting activities for the three-year period.

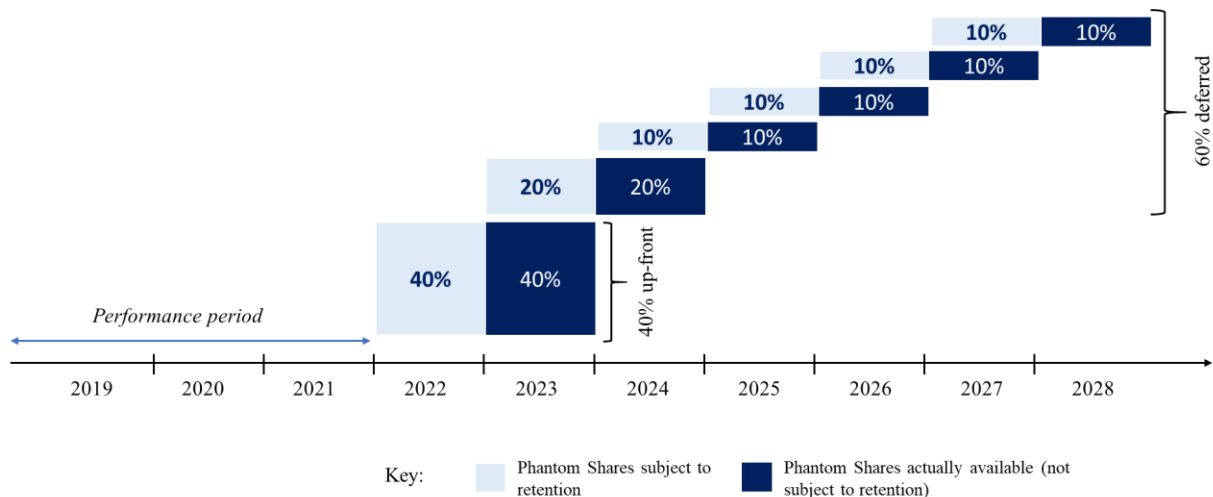
Therefore, the "2019 - 2021 LTI" plan has the following characteristics:

- a three year performance measurement period (vesting period) and a 60% deferral of the accrued incentive;
- the payment of the incentive entirely in financial instruments (*Phantom Shares*);
- the use of indicators related to the Business Plan that take account, in the medium long term, of strategic drivers such as the creation of value, efficiency and risk;
- the application of an additional holding period (retention period) of one year, to be applied to both up-front and deferred portions;
- *Malus* and *Claw back* clauses.

The bonus opportunity envisaged for the "2019 - 2021 LTI" Plan is equal to 100% of the fixed remuneration on the allocation date; for the purposes of checking the impact on the limit of the ratio of variable to fixed remuneration, the allocated opportunity is fully calculated in 2021, i.e. the last year of the performance appraisal period as regulated in Circular 285 and the EBA guidelines.

After checking the level of achievement of the objectives described above and the passing of the entry gate levels¹¹, the incentive accrued is paid, with reference to the Managing Director, as well as members of General Management and other business area managers who receive a variable bonus under "2019-2021 LTI" of more than EUR 400,000, entirely in financial instruments (*Phantom Share*) with a deferral of 60% over a 5 year time horizon, according to the diagram below:

¹¹ As already approved in the document of 2019 remuneration policies, the entry gates for the "2019-2021 LTI" Plan to be implemented for the year 2021 are as follows: group "phased in" CET1 at least equal to the minimum RAF, NSFR and LCR at least equal to the minimum RAF levels, Net profit > 0, to be jointly achieved.



All *Phantom Shares* are subject to a one year retention period (holding period); for deferred *Phantom Shares*, the retention period begins when the deferred remuneration accrues.

The deferred portions will be disbursed each year on condition that, at the end of the year preceding the year in which the deferred portion is to be disbursed, the entry gates levels are observed¹².

The “2019 – 2021 LTI” plan is subject, like all variable components of remuneration, to *Malus* and *Claw back* clauses as well as to “compliance assessments”¹³ in the manner described in the dedicated paragraph “*Ex post* risk alignment mechanisms”.

Detailed information on *Phantom Shares* is defined in the Information Document prepared pursuant to Article 114-bis of the Consolidated Finance Act and to Article 84-bis of the Issuers’ Regulations “2019-2021 LTI medium to long term variable incentive plan, based on the allocation of *Phantom Shares*” approved by the Shareholders’ Meeting of 30 April 2019.

Remuneration of Other Material Risk Takers

The remuneration of Other Material Risk Takers (“Other MRTs”) consists of a fixed component, a short term variable component (hereinafter also “2020 Bonus Pool”) and, where allocated, a medium to long term variable component (hereinafter also “LTI”).

The fixed remuneration is defined on the basis of pre-established criteria in the light of the position held and the responsibilities performed by each Beneficiary.

The objective of variable remuneration is to direct behaviour towards the achievement of annual and multi-year objectives in accordance with the guidelines identified in the Business Plan.

As mentioned in the paragraph “Ratio of variable to fixed remuneration”, a proposal was submitted to the Shareholders’ Meeting to raise the limit of the ratio of variable to fixed remuneration up to a maximum of 2:1 for MRTs. This maximum limit, if approved, for 2020

¹² See previous footnote n. 7.

¹³ See previous footnote n. 10.

would concern a limited number of Top Management and heads of business functions up to a maximum of 15 (including the MD for which the incidence is set at 2:1).

Short term incentive plan: "2020 Bonus Pool"

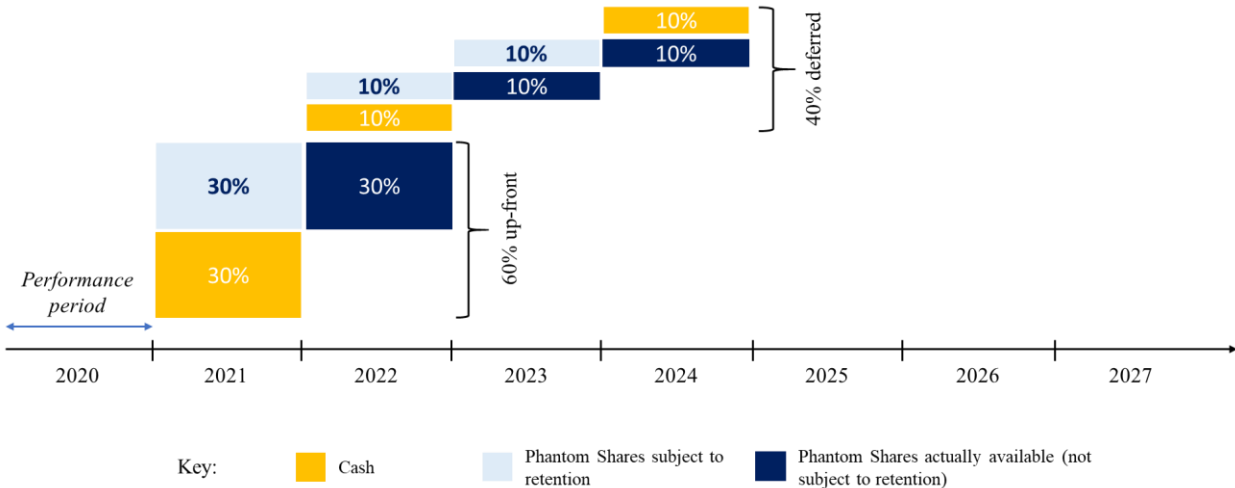
The "2020 Bonus Pool" short term incentive plan for Other Material Risk Takers is subject to the same entry gates described above in the paragraph related to Managing Director and General Manager.

Also for the Other MRTs, the payment of the Individual Theoretical Bonus, accrued according to the level of achievement of the performance, is related to the availability of the total amount of bonuses (known as bonus pool), whose definition process is described in the paragraph "Mechanism for defining the bonus pool and the Individual Bonus" and subject to the absence of punishable behaviour (known as compliance breach) as well as to the application of the *Malus* and *Claw back* clauses.

Individual objectives (KPIs) are broken down according to individual responsibilities and contribution to the targets of the 2020 Business Plan.

For the other MRTs known as "Senior" - i.e. the MRT members of the General Management - and all the MRTs for which the Individual Bonus actually accrued is higher than EUR 400,000 (an amount identified in compliance with supervisory regulations¹⁴, as "particularly high amount",) - the disbursement scheme is the same as that already described for the Managing Director and General Manager in the dedicated paragraph.

For all Other MRTs other than those indicated above (provided that the Individual Bonus accrued does not exceed the amount of EUR 400,000) the disbursement scheme envisages the deferral of 40% over a 3 year time horizon and a payment method for 50% in cash and 50% in financial instruments (*Phantom Share*), according to the diagram shown below:



The same conditions for the disbursement of the deferred portions envisaged for the MD/GM are valid also for the Other MRTs, specifically:

¹⁴ See previous footnote n. 9 on this point.

- all portions paid in *Phantom Shares* are subject to a retention period of one year (holding period); for deferred *Phantom Shares*, the retention period begins when the deferred remuneration accrues;
- the deferred portions will be disbursed each year on condition that, at the end of the year preceding the year in which the deferred portion is to be disbursed, the entry gates are observed (capital strength, liquidity and absence of losses);
- The "2020 Bonus Pool" plan is subject to *Malus* and Claw back clauses in the manner described in the dedicated paragraph "*Ex post* risk alignment mechanisms".

In case of annual variable remuneration allocated (considering the bonus for the year and any other components classified as variable remuneration) for an amount of less than EUR 10,000 (known as "materiality threshold"), a principle of proportionality is considered applicable in order to simplify payment mechanisms and the variable remuneration is paid entirely in cash and up-front.

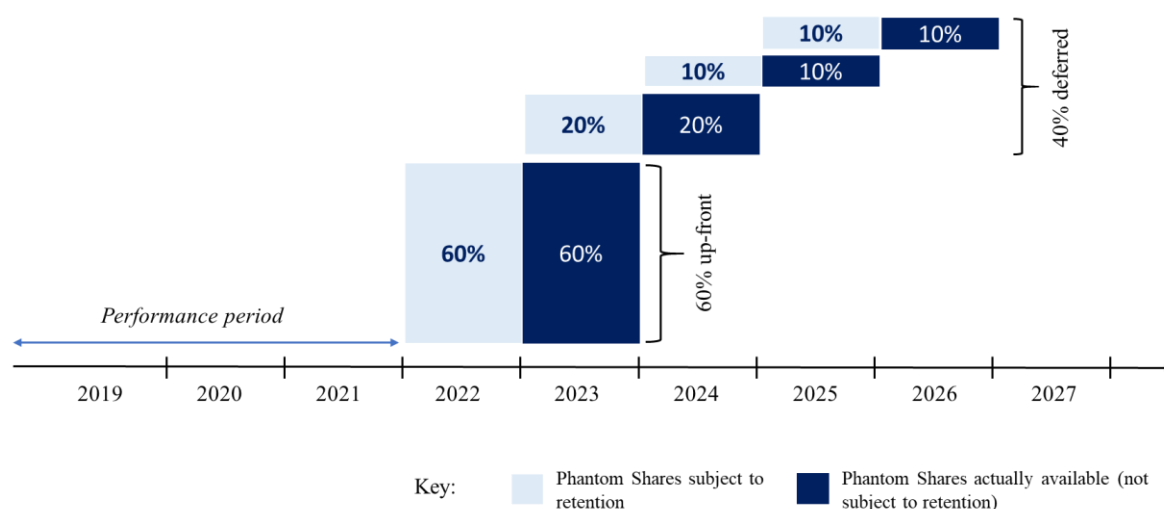
Detailed information on *Phantom Shares* is defined in the Information Document prepared pursuant to Article 114-*bis* of the Consolidated Finance Act and to Article 84-*bis* of the Issuers' Regulations "*2020 Bonus Pool incentive plan, based on the allocation of Phantom Shares*" that the Company will submit to the Shareholders' Meeting of 24 April 2020.

"2019-2021 LTI" medium to long term incentive plan

The "2019 - 2021 LTI" plan has the same characteristics already described for the Managing Director, including the objectives assigned and related targets, to which reference should be made.

For the other MRTs known as "Senior" - i.e. the MRT members of the General Management - and all the MRTs for which the Individual Bonus actually accrued is higher than EUR 400,000, the disbursement scheme is the same as that already described for the Managing Director in the dedicated paragraph.

On the other hand, for all other Beneficiaries of the "2019-2021 LTI" plan, the pay-out scheme envisages an incentive disbursed entirely in financial instruments (*Phantom Shares*) with a 40% deferral over a 3 year time horizon, according to the following scheme:



The same conditions for the disbursement of the deferred portions remain valid also in this case for the Managing Director, specifically:

- all portions paid in *Phantom Shares* are subject to a retention period of one year (holding period); for deferred *Phantom Shares*, the retention period begins when the deferred remuneration accrues;
- the deferred portions will be disbursed each year on condition that, at the end of the year preceding the year in which the deferred portion is to be disbursed, the entry gates are observed (capital strength, liquidity and absence of losses);
- The "2019 – 2021 LTI Plan" is subject to *Malus* and *Claw back* clauses in the manner described in the dedicated paragraph "*E post* risk alignment mechanisms".

The bonus opportunity envisaged for the "2019 - 2021 LTI" plan is equal to 100% of the fixed remuneration on the allocation date; for the purposes of checking the impact on the limit of the ratio of variable to fixed remuneration, the allocated opportunity is fully calculated in 2021, i.e. the last year of the performance appraisal period as regulated in Circular 285 and the EBA guidelines.

In case of annual variable remuneration allocated (considering the "2019-2021 LTI" bonus for the year and any other components classified as variable remuneration) for an amount of less than EUR 10,000 (known as "materiality threshold"), a principle of proportionality is considered applicable also for the Beneficiaries of the "2019-2021 LTI" plan in order to simplify payment mechanisms and the variable remuneration is paid entirely up-front.

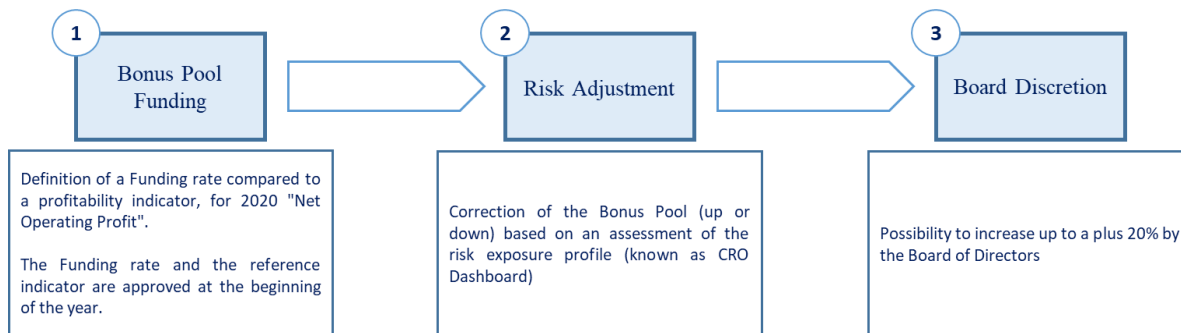
Detailed information on *Phantom Shares* is defined in the Information Document prepared pursuant to Article 114-bis of the Consolidated Finance Act and to Article 84-bis of the Issuers' Regulations "*2019-2021 LTI medium to long term variable incentive plan, based on the allocation of Phantom Shares*" already approved by the Shareholders' Meeting of 30 April 2019.

Mechanism for defining the bonus pool and the individual bonus under the "2020 Bonus Pool" plan

Bonus pool (total amount of bonuses)

The 2020 short term annual incentive plan ("2020 Bonus Pool") is based on a predefined and structured process of defining the bonus pool (maximum total amount of bonuses payable or total amount of bonuses).

In particular, the bonus pool is defined through the following steps:



- 1) the Funding rate is defined with respect to the Net Operating Profit (post bonus) in order to consider the incidence on the total value of the profitability generated by the Group;
- 2) the bonus pool determined in this way can be revised upwards or downwards on the basis of a risk adjustment mechanism measured through the "CRO Dashboard". This mechanism, which takes account of credit, liquidity and capitalisation risks, operates as shown below.

RISK ADJUSTMENT OF «2020 BONUS POOL»										
SIZE	RAF INDICATORS	APPETITE	TOLERANCE	CAPACITY	2020 FINAL FIGURES	RESULT ACHIEVED IN %	ASSIGNED RAF CORRECTIVE %			
SHARE CAPITAL	CET1 Ratio (%)									
LIQUID ASSETS	LCR (%)									
	NSFR (%)									
CREDIT	COVERAGE RATE ADJ (%)									
	EXPECTED LOSS									
GENERAL AVERAGE (average of the % of RAF correction calculated on the basis of the % of implementation)										

RAF CORRECTIVE %
125%
110%
100%
90%
80%
50%

The risk adjustment is implemented through the application of multipliers¹⁵, compared to the final positioning of the RAF indicators of the *CRO Dashboard*, with a maximum bonus pool correction level of 125% and a minimum of 50%.

- 3) the Board of Directors, at its discretion, can increase the bonus pool (total amount of bonuses) by 20% or reduce it to zero, considering additional internal and external factors.

Individual Bonus

The bonus allocated to the Beneficiaries is strictly correlated to the result of the individual performance, taking account of the assigned KPIs, the opportunity bonus for the specific role and the total amount of bonuses available, determined as described in the above paragraph "Bonus pool (total amount of bonuses)".

The individual objectives are broken down according to individual responsibilities and contribution to the achievement of the targets set in the 2020 Business Plan and are based on a number of objectives from a minimum of 5 to a maximum of 8 KPIs related to the performance and management of the Group as a whole (economic and financial performance, profitability,

¹⁵ The model indicated envisages the determination of the following quantities: **Result Achieved in %**: calculated as a measure of performance of the indicator through the application of the following formula: (Final Risk)/(Risk Appetite); **General average**: defined as the **general average** of the result achieved % for the different indicators. This last quantity defines the **% RAF correction** proposed for the bonus pool of the year (between 50-125%).

efficiency, risk management), as well as, where possible, differentiated according to the functional or geographical areas for which the individual Beneficiaries are responsible.

In addition to the quantitative or operational KPIs, qualitative aspects are also assessed that concern the management of specific projects related to the Business Plan, function holding, resource management, compliance with current regulations and elements in line with the business sustainability strategy.

No indicators linked to economic results are used for the Control Functions and, in order to avoid conflicts of interest, indicators independent of the results of the areas subject to control are used.

In the individual scorecard, the quantitative/operational KPIs are assigned a weight of 80%, 40% referring to profitability/development targets and 40% related to risk/efficiency targets; while qualitative KPIs are assigned a weight of 20% (known as drivers).

For each objective, the expected target is then defined together with the range within which the target is considered to have been reached (known as Range Target as per the performance matrix illustrated below). In application of this mechanism, each KPI will be considered not reached (B=Below), reached (M= Meet) or exceeded (E=Exceed) respectively, depending on the final result after a careful evaluation process¹⁶.

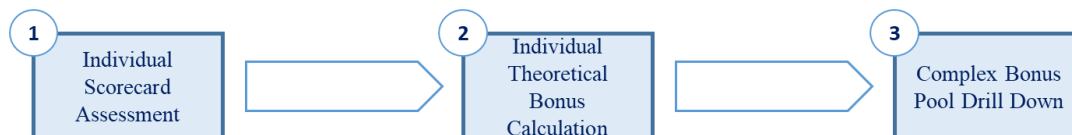
PERFORMANCE RATING (assessment)			
RESULT VS PERFORMANCE RATING	BELOW	MEETS	EXCEED
Range (> Target)			█
Range Target		█	
Range (< Target)	█		

The overall performance percentage is determined by applying a matrix in which the performance of each KPI, crossed with each other and weighted by the weight assigned to each driver, determines the relative final score. This score applied to the Opportunity Bonus determines the Individual Theoretical Bonus.

For some categories of MRTs, a solidarity factor is foreseen to define the Individual Theoretical Bonus, i.e. the achievement of a quantitative solidarity objective related to the Plan will also be checked. Failure to achieve this objective may result in a reduction in the individual result by up to 20%, where applicable.

The Individual Theoretical Bonus can be reduced in the event that the sum of the opportunity bonuses is higher than the available bonus pool (total amount of bonuses), as well as in consideration of any violations of company regulations or provisions (known as compliance breach); it is also subject to "Ex post risk alignment mechanisms" as described below.

¹⁶ The assessment of the results achieved and the subsequent determination of the Individual Theoretical Bonus for MRTs is the responsibility of the Managing Director and General Manager, supported by the Human Resources Area, with the exception of those functions that fall within the competence of the Board of Directors with the support of the relevant Board Committees (MD/GM, Company Control Functions and Manager in charge of financial reporting).



Ex post risk alignment mechanisms

Malus clauses

The allocation of Individual Bonuses for all MRTs and the payment of deferred portions are subject to the verification of the capital, liquidity and sustainability requirements envisaged as entry gates, recorded at the end of the reference year, and to the verification of individual behaviour in the same period.

Therefore, the actual disbursement of the allocated or deferred variable component is subject to an *ex post* correction mechanism that may lead to its reduction to zero (*Malus*) in the following cases:

Malus conditions at Group level with reference to the "2020 Bonus Pool" Plan:

- CET 1 < tolerance level;
- NSFR < tolerance level;
- LCR < tolerance level;
- Net profit (loss) < 0 (presence of loss).

Malus condition on an individual level:

- behaviour in the reference period punishable by the application of *Claw back* clauses.

Claw back clauses

The variable remuneration is subject to *Claw back* clauses, or the return of any form of variable remuneration that has already been paid (whether up-front or deferred, up to 100% of the amount attributed, depending on the severity of the behaviour), in the event that, within five years of the last payment, the employee adopted behaviour that:

- violated the obligations envisaged in Articles 26 and 53 of the Consolidated Banking Act, Italian legislative decree no. 385 of 1 September 1993, where applicable, or obligations related to remuneration and incentives, or finds himself/herself in circumstances expressly indicated in Bank of Italy's Circular no. 285;
- contributed, with intent or gross negligence, to significant Group financial losses, or his/her behaviour resulted in a negative effect on the risk profile or other regulatory requirements;
- engaged in conduct and/or actions that significantly contributed to damage the Bank's reputation or that resulted in sanctions from authorities;
- has been the subject of disciplinary measures envisaged for fraudulent behaviour or behaviour characterised by gross negligence;
- does not comply with legal, regulatory or statutory provisions or with the code of ethics or behaviour or work duties resulting in a significant loss for the Bank or the Customers;
- receiving complaints and/or disciplinary measures against fraudulent behaviour or behaviour characterised by gross negligence (excluding, therefore, the disciplinary

measures of verbal or written reprimands).

The *Claw back* may also be activated following the termination of the employment relationship and/or end of the term of office, and is subject to related legal, social security and tax considerations.

In any case, it is resolved by the Board of Directors with the opinion of the Remuneration Committee, which also expresses its opinion on forms of settlement of the amounts.

Pending the final results of the internal inspections or disciplinary procedures initiated, the Bank reserves the right to suspend the disbursement and/or the vesting periods of the variable remuneration and/or the deferred portions due to serious clues that may result in the application of the *Claw back* clauses or the *Malus* criteria.

Ex post correction mechanisms cannot lead to an increase in variable remuneration initially paid, nor in variable remuneration previously reduced or set at zero as a result of the application of *Malus* or *Clawback* clauses.

The Bank reserves the right to offset/adjust the amounts subject to the request for return with any amounts due to the Beneficiary for any reason whatsoever, and in this case the setting-off/adjustment will take place from the moment the Beneficiary is notified of the exercise of the power to set off, without prejudice to any other action envisaged by law to protect the entity itself.

Procedures for any revision of the Plan

In case of extraordinary and unforeseeable events during the course of the "2020 Bonus Pool" Plan such as to entail a change in the Group's scope of consolidation (including but not limited to demergers, non-intra-group mergers, acquisitions and/or sales of equity investments and/or company branches, changes in accounting standards, etc.), and/or likely to alter the entry gates and/or Individual Objectives (KPIs), the Board of Directors, after consulting the Remuneration Committee - without prejudice to compliance with legal and regulatory constraints and in line with the Procedure relevant to transactions with related parties and associated parties of Creval - may consider the possibility of making the necessary or appropriate changes to the "2020 Bonus Pool" Plan. In case of corporate events, these changes may eliminate the effects of these operations on the entry gates and/or Individual Objectives (KPIs).

Regulations in case of termination of employment

In case of termination of employment between the Beneficiary and Creval or a company of the Group before the payment of the Individual Bonus or of part of it, the Beneficiary will automatically lose all the rights (cash portions or *Phantom Shares* already allocated or accrued where not paid) that will become ineffective and it will not be entitled to receive any indemnity for any reason whatsoever by the Bank or other company of the Group.

As an exception to the foregoing, the Board of Directors, according to the severance provisions, may consider making payments in cases of consensual termination of the relationship, retirement, death or health conditions that do not permit the continuation of the employment relationship (known as "*good leaver*").

Under no circumstances may any disbursement be made in the event of dismissal for disciplinary reasons and other cases not related to the termination of the relationship, such as indictment for facts that may harm the company (known as “bad leaver”).

Remuneration of Material Risk Takers belonging to the Company Control Functions

The Company Control Functions, in line with the regulations, are the Risk and Control Department, the Auditing Department and the Head of the Compliance and Anti-Money Laundering Department. For the managers and the MRTs in charge of these functions the limit to the ratio of variable to fixed component is set at 33%.

The remuneration of the personnel belonging to the Company Control Functions consists of:

- a fixed remuneration in line with the position held and the responsibilities performed, which is the prevailing component;
- a "2020 Bonus Pool" variable incentive plan that has the same characteristics as those described above, assigning objectives that are consistent with the tasks assigned but independent of the results achieved by the areas subject to control. Entry gates must also be assessed in relation to the regulatory provisions and therefore, in their case, only the first three defined conditions must be met. Operational/qualitative objectives are allocated to the MRTs belonging to the Control Functions based on the supervision of their functions.

The relevant bonus is related solely to the level of achievement of the objectives described in the individual scorecard and is independent of the Group's Financial Results.

The MRTs belonging to these functions are not beneficiaries, by explicit exclusion, of the "2019-2021 LTI" medium to long term variable incentive plan.

Remuneration of the members of the Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors, including that of the Chairman, is determined by the Shareholders' Meeting at the time of appointment and for the entire duration of their office. By virtue of the role and responsibilities of this body, the members of the Board of Statutory Auditors are precluded from receiving variable remuneration.

The remuneration of the members of the Board of Statutory Auditors is defined as follows:

REMUNERATION OF THE BOARD OF STATUTORY AUDITORS*

OFFICE	ANNUAL BASE REMUNERATION
Chairman of the Board of Statutory Auditors	100,000
Standing Auditors	60,000

* Amounts in EUR

In addition to the annual base remuneration, is foreseen an attendance fee for Board of Directors and or Internal Board Committee meetings equal to EUR 750.

If several meetings are convened on the same day, including the ones of the Board of Directors, there is only one attendance fee.

Remuneration of the other personnel not included in the scope of MRTs

The remuneration of the other personnel not included in the scope of MRTs also consists of a short and medium to long term fixed and variable component.

For this category of personnel, the variable incentive plans (short and medium to long term) where activated by the Group have, in general terms, the same characteristics as the plans described above, with the exception (unless otherwise specified¹⁷) of the disbursement methods that envisage the payment of incentives entirely in cash and at the end of the performance period (up-front) which is a peculiarity defined by the regulations for Material Risk Takers.

Remuneration of the sales "network"

With regard to other personnel, the incentive plans provided for network personnel, where activated, meet the objective of aligning network performance to the Group's strategic objectives motivating resources to achieve and maintain excellent performance levels of the activities and aligning the interests of network personnel with those of customers. In order to come into line with the regulations in force on the recently issued "Transparency of banking and financial transactions and services", suitable controls will be activated during the course of the year to measure customer satisfaction and define any impact on bonus systems.

In particular, in order to avoid unfair commercial practices, bonuses for personnel offering banking products and services and for their managers, where applicable, are not linked to the offer of specific financial products or specific policies that condition the obtaining of loans.

There are also special precautions that may lead to the non-payment of the bonus to ensure compliance with regulations on anti-money laundering, transparency and fairness in relations with customers and the Group's code of ethics and conduct, as well as in the presence of complaints from customers assessed as part of disciplinary proceedings.

Likewise, the variable remuneration of complaints personnel, where applicable, also takes account of the level of customer satisfaction and loyalty.

The network personnel are made up of the following professional figures:

- Affluent, Base, Corporate, Large Corporate, Family and Family investments, Enterprises and POE managers;
- Bancaperta Commercial Contacts;
- Operational Coordination Contacts;
- Foreign Commercial Contacts;
- Corporate Finance Contacts;
- Global Relationship Manager;
- Business development specialists;
- Private consultants;
- Corporate Analysts, Retail Analysts and Large Corporate Analysts;
- Auxiliary Service and Various network service Employees.

¹⁷ The Beneficiaries of the medium to long term incentive plan approved in 2019 and called "2019-2021 LTI" not belonging to the scope of MRTs are an exception.

All in all, the "risk takers", i.e. "persons who offer banking products and services and their managers" are those who have direct contact with customers (branch employees, private bankers, etc.) and their respective hierarchical references. The Managers of the Business Areas and Business Departments of the territories, included among the Other MRTs, are not considered for the purposes of this analysis.

In terms of numbers, at the date of preparation of this document, the "risk takers" as defined above are 2,359 network resources, 318 of which are branch managers.

External contractors

As regards workers not employed by the company, i.e. external contractors, the Bank and the Group has always limited the use of this type of professionals, deeming them useful only for support to specific projects, within a limited time frame. The Group intends to apply this management approach to its business also in the future, in light of regulations on the matter.

Financial advisors, credit brokers and other professionals

The Credito Valtellinese Group does not use networks of internal or external financial advisors. However, on a personal basis, numerous employees are enrolled in the specific Registers of Financial Advisors set up on the basis of current regulations, but do not use this qualification in carrying out their work. As part of ordinary commercial development and management, an extremely limited use is made of professionals and institutions that can be classified as credit brokers or other similar professionals.

Obligation to report on financial investments e prohibition on hedging

In compliance with the provisions contained in Circular 285 (Title IV, Chapter 2, Section I, paragraph 5) Creval, in order to monitor compliance with this prohibition, will require Material Risk Takers to report - in addition to the existence or opening of custody and administration accounts with other intermediaries - any financial investments made that could affect the risk alignment mechanisms and, more generally, the pursuit of prudent management, in order to take them into account in specifying the risk alignment mechanisms of incentive plans.

Group personnel are required not to use personal hedging strategies or remuneration insurance that could alter or affect the effects of risk alignment inherent in the remuneration mechanisms regulated by this Policy (prohibition on hedging).

Severance pay

In accordance with the provisions of the Supervisory Provisions regarding remuneration, the remuneration agreed for any reason and/or form in view or on the occasion of early termination of the employment relationship or for early termination of office, for the amount exceeding the

provisions of the National Collective Labour Agreement (CCNL) regarding the indemnity in lieu of notice (with the exclusion, therefore, of the amounts paid by way of post-employment benefits), constitute the severance.

In general, no additional fees or individual discretionary pension benefits are envisaged for early termination of employment or early termination of office (known as *Golden parachutes*). The legal and collective agreement criteria in force are mainly adopted (both for executives employed by credit, financial and instrumental companies and for middle managers and professional categories employed by credit, financial and instrumental companies).

The Supervisory Provisions on severance require that the limits and criteria to be submitted to the Shareholders' Meeting for approval for the payment of this type of remuneration be defined *ex ante*.

It is also established that these sums must be calculated, with the exceptions illustrated below, for the purposes of calculating the maximum limit for variable remuneration, unless a formula is expressly established for the calculation of severance payments.

Maximum limits

The remuneration agreed upon with a view to or on the early termination of the employment relationship or for early termination of office (severance) does not exceed 24 months' total remuneration¹⁸ and in any case does not exceed the limits envisaged by laws and/or contracts applicable in the event of dismissal. The adoption of this limit may lead to a maximum disbursement of EUR 3,230,000 if the 2020 results are achieved at the maximum level.

Possibility of drawing concurrently severance with variable remuneration

As envisaged by Circular 285/2013 of the Bank of Italy and in accordance with the EBA Guidelines, severance payments are included in the calculation of the ratio of variable remuneration accrued to fixed remuneration for the last year of stay in the company. In particular, in accordance with the Bank of Italy's Supervisory Provisions, the severance payments are drawn concurrently with the bonus for the last year of stay in the company, excluding the amounts agreed and recognised:

- on the basis of a non-competition agreement, for the portion that does not exceed the last fixed annual remuneration for each year of duration of the agreement;
- as part of an agreement to settle an existing or potential dispute (whether before a court or not), if calculated according to the following formula:

$$[1 \text{ Total Annual Remuneration}] \times [\text{Individual Factor for Creating Value}]$$

The Individual Factor for Creating Value can vary from "0" to "2", depending on historical data and/or objective facts measured through the impact of the following factors:

- individual performance;
- risks;

¹⁸ The value of the single annual Total Remuneration is defined considering the current fixed remuneration plus the average of the incentives actually received, with a "cash" approach over the last three years preceding the termination (considering the up-front portions of the year and the deferred portions of previous years for short term variable remuneration plans). Note that the incentives actually received in the three-year period from 2019 to 2021 do not include long term incentive plans.

- behaviour;
- social impacts (family burdens and age);
- holding pension requirements;
- making non-standard/additional commitments;
- company interest.

In line with current regulations, severance payments are made as envisaged for variable remuneration (deferral, in cash and financial instruments, retention) and are subject to the same rules of *Malus* and *Claw back*, as described above.

SECTION II – REMUNERATION PAID 2019

Introduction

This Section describes the implementation of the Remuneration Policy of the Bank and the Credito Valtellinese Group, described in Section I of the "2018 Report on Remuneration" approved by the Shareholders' Meeting on 30 April 2019.

Specifically, Section Two provides information on the remuneration paid in 2019 (the financial year under review) by name for Directors and Statutory Auditors and in aggregate for Key Management Personnel. It also provides the qualitative and quantitative information required by Italian and European banking regulations for remuneration of all Group employees.

Section II has, therefore, been prepared pursuant to:

- article 123-*ter* of the Consolidated Finance Act, updated by Italian Legislative Decree 49/2019;
- article 84-*quarter* and Annexe 3A, Diagram 7-*bis* of the Issuers' Regulations;
- article 114-*bis* of the Consolidated Finance Act and 84-*bis* of the Issuers' Regulations;
- article 450 of the CRR;
- the Provisions on "Remuneration and incentive policies and practices" issued by the Bank of Italy and contained in Circular no. 285 of 17 December 2013 and subsequent updates.

Specifically:

- the **first part** provides an adequate representation of each of the items forming the remuneration, including the salaries contemplated in case of termination of office or termination of the employment relationship;
- the **second part** illustrates analytically the remuneration paid in 2019 for any reason and in any form by the Creval Group, indicating any components that refer to activities carried out in previous years and pointing also out remuneration to be paid in one or more subsequent years for activities carried out in the financial year under review, possibly indicating an estimate value for components that cannot be objectively quantified in the year in question.

Finally, the investments held in Creval by members of the administrative and control bodies as well as by their non-legally separated spouses and minor children, either directly or through subsidiaries, trust companies or by proxy, resulting from the shareholders' register, communications received and other information acquired by the same members of the administrative and control bodies are indicated in accordance with the criteria set out in Annexe 3A, Diagram 7-*ter* of the Issuers' Regulations.

Main facts in 2019

The event that most characterised 2019 for the Credito Valtellinese Group was the approval, in June, of the "2019-2023 Business Plan: Sustainable Growth".

The plan, as widely represented in Section I, redesigned the Bank's business priorities, outlining a clear strategy for Creval as a solid commercial bank with a low risk profile, focused on households and SMEs in its territories.

The business line defined by the Plan also had an immediate impact on the company's organisation, through the structuring from 1 July 2019 of four new business areas and their positioning, together with the other areas of greater importance, directly reporting to the Managing Director and General Manager, Luigi Lovaglio.

This has led to the need, for the purposes of the Remuneration Policy, to update the scope of Material Risk Takers during the year to take account of the new structure.

During the second half of the year just ended, some elements of the remuneration policies were also more clearly defined, in line with the annual "remuneration cycle" launched by the new governance and illustrated in the Report on remuneration policies 2020.

Activities of the Remuneration Committee in 2019

The Remuneration Committee of Credito Valtellinese at the date of preparation of this document is composed as follows: Paola Bruno (Chairwoman), Teresa Naddeo and Massimiliano Scrocchi (Standing Auditors).

During the year, the Chairman of the Board of Statutory Auditors (and/or some members of the Board) and the Head of the Human Resources Department took part in the Committee's work.

The Committee was constantly informed about the issues within its competence, the main regulatory updates and was continuously involved in the decision-making processes.

During the year, five meetings of the Remuneration Committee were held, for the specific purpose of accurately performing its functions.

The main issues addressed by the Remuneration Committee were the following:

- regulatory updates regarding the new provisions of the Bank of Italy and European Directives on remuneration and incentive policies and practices;
- benchmarking analysis (with the support of independent consultants) on best market practices on remuneration;
- identification process of Material Risk Takers for 2019 (and updating of the scope after July);
- discussion of the 2019 remuneration guidelines and definition of the Group Remuneration Policy document for the year 2019;
- definition of short term and long term incentive plans ("2019 Bonus Pool" and "2019-2021 LTI");
- assessment, as part of these plans, of the objectives assigned to the Managing Director and General Manager, as well as the heads of Company Control Functions and the Manager in charge of financial reporting;
- final assessments in relation to the provisions on severance with reference to Material Risk Takers; final assessment of the achievement of the performance objectives and the assessment of the other conditions of application with regard to the previous "2018 MBO" and "2018-2020 LTI" incentive plans and with a special reference

to the latter, assessment following to the "*2018-2020 Business Plan: RUN² - Restart Under New Normality*" superseding.

In the year just ended, the Remuneration Committee was supported by Mercer, a leading consulting firm in the field of remuneration, health and benefits, and was also supported by Georgeson, a qualified consultant experienced in corporate governance.

As already said in Section I, for the 2020 financial year, the Committee is assisted by Willis Towers Watson, an international consulting firm with specific expertise in remuneration, remuneration policies and models and consolidated experience in the main Italian listed banks; moreover it is supported by Georgeson, a qualified consultant experienced in corporate governance.

FIRST PART - IMPLEMENTATION OF THE 2019 REMUNERATION POLICY

Remuneration of Corporate bodies

The Remuneration of the Corporate bodies is defined by the Shareholders' Meeting that establishes the total amount of remuneration due to the Board of Directors and the members of the Board of Statutory Auditors, as well as any attendance fees due to the Directors and the members of the established Board Committees.

In favour of Directors, members of the Board of Statutory Auditors and Key Management Personnel or executives with special duties, a D&O policy that insures against civil and financial liability is taken out.

Remuneration of the members of the Board of Directors

The remuneration of Directors is defined with the aim of rewarding the skills, experience and responsibilities entrusted to them as part of the task assigned.

The remuneration of non-executive Directors is entirely fixed at EUR 45,000 per year, in addition to an attendance fee.

For members of the Board of Directors with executive powers, an additional fixed remuneration (additional remuneration) may be envisaged, set by resolution of the Board of Directors, after consulting the Board of Statutory Auditors. Moreover, for the aforementioned members with executive powers, a variable remuneration component may be envisaged, i.e. linked to performance objectives, the assignment of which involves the application of an incentive plan that replicates the mechanisms adopted for Material Risk Takers.

For board offices that involve particular commitment and responsibility, according to the current provisions, specific benefits are granted referring to the following offices: Chairman, Deputy Chairman, Managing Director, Chairman and member of specific Board Committees.

In accordance with regulations, it was established that the remuneration of the Chairman does not exceed the fixed remuneration received by the top management of the body with management function (Managing Director).

During 2019, the following changes occurred in the composition of the Board of Directors: on 21 January 2019, Massimo Massimilla resigned from his position as Director. The Board of Directors, meeting on 21 January 2019, having acknowledged the resignation of Massimilla, co-opted at the same time Jacob Franz Kalma as a Director of the Bank.

On 24 February 2019, Mauro Selvetti resigned from his office as Director and General Manager. At the same time, the Board of Directors resolved to appoint Luigi Lovaglio, former Chairman of Creval, as Managing Director and General Manager of the Bank.

Therefore, the Board of Directors appointed Alessandro Trotter, formerly Substitute Deputy Chairman, as Chairman of the Bank.

Following the resignation of Mauro Selvetti, the Board of Directors co-opted Maria Giovanna Calloni as Director of the Bank.

REMUNERATION OF THE BOARD OF DIRECTORS*

OFFICE	ANNUAL BASE REMUNERATION	UPD. REMUNERATION Until 24/02/2019	UPD. REMUNERATION Since 25/02/2019
Managing Director	45,000	100,000**	850,000
Chairman of the BoD	45,000	600,000	250,000
Deputy Chairman of the BoD	45,000	50,000	90,000
Substitute Deputy Chairman of the BoD	45,000	90,000	(absent)
Directors of the BoD	45,000	0	0

* Amounts in EUR

** Note that the Managing Director in office until 24/2/2019 received remuneration as an employee. See "Table 1 - details of fixed remuneration" in the 2018 Remuneration Report and the "Report on remuneration paid in 2019".

In addition to the fixed remuneration, is foreseen an attendance fee for the meetings equal to EUR 750. If several meetings are convened on the same day, there is only one attendance fee.

As things stand, in addition to the Chairman and Deputy Chairman, there are 13 non-executive Directors (with the exception of the Managing Director). There are 13 independent Directors out of 15.

Remuneration for attendance at Committee meetings

The Directors who attend the committee meetings set up within the Board of Directors receive a remuneration commensurate with the commitment required pursuant to Article 2389, paragraph 3, of the Italian Civil Code. This benefit represents a fixed element of remuneration.

REMUNERATION OF INTERNAL BOARD COMMITTEES*

COMMITTEE/OFFICE	CHAIRMAN	MEMBER
Remuneration Committee	15,000	10,000
Appointment Committee	15,000	10,000
Risk Committee	50,000	30,000
Related Party Transactions Committee	15,000	10,000

* Amounts in EUR

The Attendance fee for the meetings of the Board of Directors and the meetings of the Board Committees is EUR 750. If several meetings are convened on the same day, there is only one attendance fee.

The **Appointment Committee** is composed of 3 members: Teresa Naddeo (Chairwoman), Paola Bruno, Anna Doro (members) and it met 8 times during 2019.

The **Risk Committee** is composed of 5 members: Fausto Galmarini (Chairman), Livia Aliberti Amidani, Elena Beccalli, Carlo Crosara, Anna Doro (members), appointed from 8 May 2019.

Until 7 May 2019, the members were the following: Elena Beccalli (Chairwoman), Fausto Galmarini, Carlo Crosara.

Noted that as from 2019, the Risk Committee no longer plays the role of Supervisory Body (SB) pursuant to Italian Legislative Decree 231/2001, since this role was entrusted to an independent SB chaired by Lecis.

The Risk Committee met 15 times during 2019.

The **Related-Party Transactions Committee (RPT)** is composed of 3 members: Stefano Gatti (Chairman), Livia Aliberti Amidani, Serena Gatteschi (members). The Related-Party Transactions Committee met 13 times during 2019.

Information about the activities and composition of the **Remuneration Committee** was already provided in the previous paragraph.

Remuneration of the members of the Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors, including that of the Chairman, is determined by the Shareholders' Meeting at the time of appointment and for the entire duration of their office. By virtue of the role and responsibilities of this body, the members of the Board of Statutory Auditors are precluded from receiving variable remuneration.

REMUNERATION OF THE BOARD OF STATUTORY AUDITORS*

OFFICE	ANNUAL BASE REMUNERATION
Chairman of the Board of Statutory Auditors	100,000
Standing Auditors	60,000

* Amounts in EUR

In addition to annual base remuneration, is foreseen an attendance fee for Board of Directors and or Internal Board Committee meetings equal to EUR 750.

If several meetings are convened on the same day, including the ones of the Board of Directors, there is only one attendance fee.

Remuneration of the Managing Director and General Manager

The remuneration of the Managing Director and General Manager of Credito Valtellinese is composed of a fixed component and a variable component that for 2019 was defined in accordance with the limit on the ratio of variable to fixed remuneration approved by the Shareholders' Meeting and equal to 1:1.

Fixed remuneration includes, in addition to the non-monetary components corresponding to D&O and personal accident insurance policies, the payments for the year resolved by the Shareholders' Meeting as Director (equal to EUR 45,000) and the remuneration for the position of Managing Director (equal to EUR 850,000).

Details of the remuneration components paid during 2019 are analytically reported in the tables below in the second part.

The variable component is determined, on the basis of clear and measurable performance parameters assigned *ex ante*, through a weighted assessment of two quantitative/or operational and qualitative areas, and therefore no discretionary bonuses are granted.

This assessment is made after making sure that the access conditions (known as entry gates) for all Material Risk Takers for each incentive plan have been met.

With reference to the "2019 Bonus Pool" short term plan, the individual scorecard of objectives of the Managing Director and General Manager included objectives (KPIs) that took account of the prevailing aspects of management, such as profitability, operational efficiency, risk, development, as defined in the budget 2019, and also considered qualitative components, such as the coverage of function objectives and the management of strategic projects.

The achievement of the performance objectives of the Managing Director and General Manager was then assessed by the Board of Directors, after consulting the Remuneration Committee. The remuneration package defined for the MD/GM is designed to ensure an adequate balance between fixed remuneration and variable remuneration and tailored with the objective of allocating a variable remuneration in proportion to the results achieved, in compliance with the criteria and maximum limits set by the incentive plan.

The Managing Director and General Manager is also admitted to the "2019-2021 LTI" medium to long term incentive plan with reference to which the individual scorecard is shared with the other potential Beneficiaries of the Plan. This incentive plan envisages the entire disbursement in financial instruments (*Phantom Shares*). The achievement of the objectives is subject to the opening of the entry gates at the end of the plan, i.e. the verification of the results at 31 December 2021¹⁹. More information about the characteristics of this plan is provided in Section I of this document.

Short term incentive plan

For 2019, the Group activated an incentive plan called "2019 Bonus Pool" in line with the strategic objectives of the Business Plan (then being defined, but specified after the approval of the Business Plan of 18 June 2019). The plan aimed to achieve annual objectives and support the Group's ability to generate value over time, in a context of prudent risk management and capital and financial strength.





The system envisaged a remuneration method in cash and financial instruments, time deferral mechanisms and *Malus* and *Claw back* clauses, in compliance with regulatory provisions²⁰.

In order to ensure that variable remuneration is paid in a context of capital and financial adequacy, the activation of the system is subject to the achievement of certain levels of the following "gate" indicators, known as **access gate** or **entry gate**, which ensure the existence and quality of income results achieved in compliance with the risk limits envisaged in the *Risk Appetite Framework* (RAF) of the Group.

For the year in question, the Board of Directors, in its meeting of 10 March 2020, verified that the entry gates were all reached at the same time and consequently the condition of access for the payment of bonuses for the year 2019 was met.

¹⁹ The bonus opportunity envisaged for the "2019 - 2021 LTI" Plan is equal to 100% of the fixed remuneration; for the purposes of checking the impact on the limit of the ratio of variable to fixed remuneration, this bonus opportunity is fully considered in 2021, i.e. the last year of the performance appraisal period as regulated in Circular 285 and the EBA guidelines.

²⁰ And after checking with the competent company functions that no situations of "compliance breach" have occurred.

ENTRY GATE	INDICATOR	LEVEL OF ACHIEVEMENT
<i>Capital strength</i>	CET 1	
<i>Liquidity</i>	NSFR	
	LCR	
<i>Economic and financial sustainability</i>	Net Profit	

«Open» variable incentive plan

Calculation of the bonus pool (total amount of bonuses)

The first element for the application of the "2019 Bonus Pool" short term plan is the calculation of the potential bonus pool (total amount of bonuses), i.e. the maximum total amount of bonuses cumulatively payable to all possible Beneficiaries, taking account of the Bank's strategy and market conditions.

This amount is defined at the time of approval of the financial statements for the year in which the bonus accrues (i.e. 2019) by applying the *Funding Ratio* to the approved final figures (the Ratio corresponds to a percentage of the post bonus Bank's net operating profit recorded in the budget, taking account of the number of participants in the plan and their maximum theoretical bonus).

The application of the entry gates, as well as the application of the *CRO Dashboard*, confirms or reduces even to zero the amount of the bonus pool.

In fact, in order to ensure the consistency of the results with the *Risk Appetite Framework*, the bonus pool can be revised upwards or downwards on the basis of an assessment of the risk exposure profile measured through the weighted average of the indicators relating to the main *RAF* areas such as credit, liquidity and capitalisation (*CRO Dashboard*). The potential multipliers for the adjustment of the Bonus pool are derived from this assessment.

An increase of up to 20% of the Board of Directors' discretion is also allowed, on the basis of a specific resolution on the matter.

At the end of the indicated process, having carried out the assessments for which it was responsible, the Board of Directors in its meeting of 10 March 2020, then confirmed the maximum total amount of bonuses available for the payment of bonuses with reference to the "2019 Bonus Pool" plan in the amount approved *ex ante* at the time of approval of the plan.

Calculation of the Individual Bonus

Once the achievement of the entry gates has been verified and the Bonus Pool has been defined, the plan specifies that the Individual Bonus must be calculated on the basis of the performance achieved in relation to the objectives included in the company *scorecard*.

In the 2019 individual *scorecard*, the quantitative/operational KPIs correspond to a weight of 80%, 40% referring to profitability/development targets and 40% related to risk/efficiency targets; while qualitative KPIs are assigned a weight of 20%.

For each objective, the expected target was defined together with the range within which the target is considered to have been reached. In application of this mechanism, each KPI can be considered not in line with the expectations (B=Below), reached (M= Meet) or exceeded (E=Exceed) respectively, depending on the achievement of the final result after a careful assessment process. Therefore, the overall performance percentage is determined by applying a matrix in which the performance of each KPI, crossed with each other, determines the relative final score.

The maximum possibility of bonuses for the Managing Director and General Manager with reference to the "2019 Bonus Pool" plan was set at 100% of the fixed annual remuneration.

On the basis of the described process, the performance actuals for the MD/GM measured for each KPI were all broadly in excess of the allocated target (Exceed). From the application of the performance matrix, the final result corresponds to a weighted level of actual achievement of annual results above the maximum and equal to 150%.

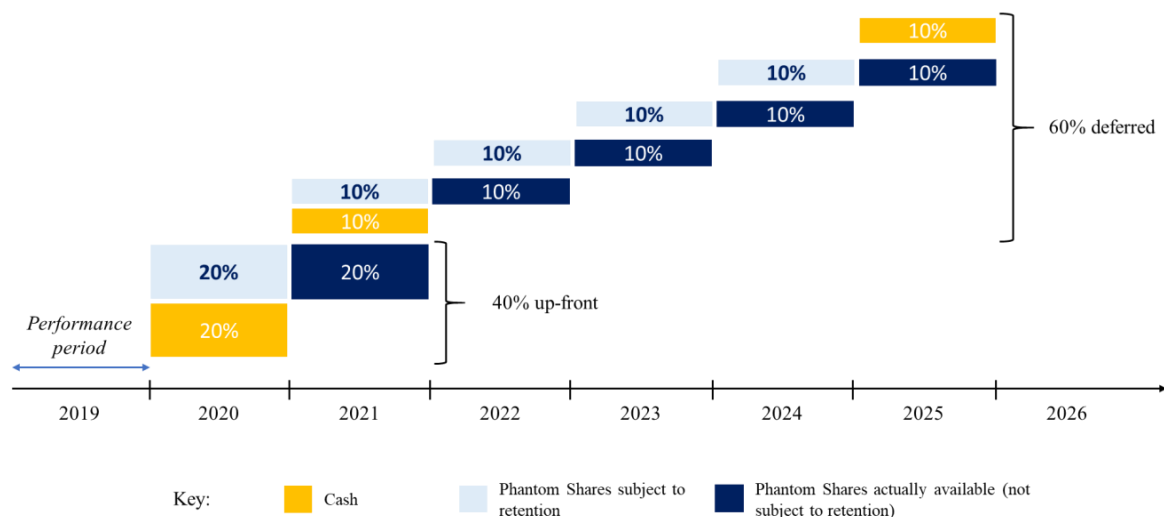
DRIVER	INDICATOR	WEIGHT	LEVEL OF ACHIEVEMENT
<i>Profitability/Development</i>	Pre-tax profit from continuing operations before taxes	40%	
	Total funding*		
<i>Risk/Efficiency</i>	Cost/Income	40%	
	Expected Loss PE		
<i>Quality</i>	Project Management	20%	
	Managerial growth of employees		

* This item includes "Sight deposits, term deposits and indirect funding"

Level of overall achievement of objectives: the final results of the MD/GM are all well above the targets and equal to 150%.

In compliance with the provisions of the regulations and as a result of the assessment process, considering the positive performance of all the allocated objectives compared to the challenging expectations of the Business Plan, the Board of Directors determined for the Managing Director and General Manager the allocation of the bonus for a total of EUR 895,000, the payment of which will be made as follows:

- 5 year deferral of the bonus with a percentage to be deferred is 60%;
- payment of 40% in cash and 60% in financial instruments (*Phantom Shares*);
- a retention period of one year for all allocated *Phantom Shares*.



Applying the deferral plan shown above, the bonus pay-out is as follows:

MD/GM "2019 BONUS POOL"							
PAYMENT SCHEME	2020	2021	2022	2023	2024	2025	Total*
CASH (40%)	179,000	89,500	-	-	-	89,500	358,000
FINANCIAL INSTRUMENTS (60%)**	-	179,000	89,500	89,500	89,500	89,500	537,000

* Amounts in EUR

(**) The number of financial instruments is not yet available at the time of preparation of this document in that it is to be calculated as a simple arithmetic average of the official Creval share prices recorded in the 4 weeks prior to the date of the Shareholders' Meeting called to approve the Bank's financial statements at 31 December 2019

Medium to long term variable incentive plan

In 2019, the Group defined a medium to long term variable incentive plan called "2019-2021 LTI" and disbursed entirely in virtual financial instruments (*Phantom Shares*) intended for the Managing Director, members of General Management and a limited number of selected managerial roles, as well as some high-potential employees in the overall maximum number of 20. The main characteristics of the plan are summarized in Section I²¹.

Remuneration of Other Material Risk Takers

With regard to Other Material Risk Takers (therefore excluding the Managing Director and General Manager)²², the remuneration actions pertaining to the year at the level of the Banking Group and the operational workforce of Credito Valtellinese are summarised below.

²¹ For the purposes of checking the impact on the limit of the ratio of variable to fixed remuneration, this bonus opportunity related to the "2019-2021 LTI" plan is fully considered in 2021, i.e. the last year of the performance appraisal period as regulated in Circular 285 and the EBA guidelines.

²² The scope of "Other Material Risk Takers" refers to the definition updated on 1 July 2019 excluding terminations of employment occurred in 2019.

Fixed and variable component of total remuneration and number of Beneficiaries (employees)

Functional area(*)	CREDITO VALTELLINESE BANKING GROUP				OF WHICH CREDITO VALTELLINESE			
	no. of Risk Takers	fixed amount(**)	variable amount (***)	no. of Beneficiaries variable amount	no. of Risk Takers	fixed amount(**)	variable amount (***)	no. of Beneficiaries variable amount
Management Body	2	536,239			2	536,239		
Investment Banking	2	354,064			2	354,064		
Retail Banking	16	1,953,516			16	1,953,516		
Company functions	23	3,127,543			23	3,127,543		
Company Control Functions	8	1,211,886	6,721	6	8	1,211,886	6,721	6
TOTAL	51	7,183,248	6,721	6	51	7,183,248	6,721	6

Amounts in EUR

(*) Classification based on the functional areas used by EBA (GL 2014/8)

(**) Amounts referring to employees at 31/12/2019 excluding Other Material Risk Takers who terminated their employment during 2019.

(***) Total amounts referring to up-front cash related to the "2018 MBO" plan. The portions in financial instruments allocated in 2019 and to be paid in 2021 amounted to EUR 6,721 (for a total of 96,709 Phantom Shares).

In the Credito Valtellinese Group, average fixed remuneration of Material Risk Takers at the end of 2019, including contributions paid to welfare and healthcare funds, amounted to approximately EUR 140,850.

Short term variable remuneration plan

"2019 Bonus Pool" incentive plan

The Other Material Risk Takers were the beneficiaries of a short term incentive plan, called "2019 Bonus Pool".

The maximum possibility of bonuses was determined within a maximum of 100% of the fixed remuneration, with the exception of Material Risk Takers belonging to the Control Functions for which this maximum percentage is 33%.

The table below shows the estimate for Material Risk Takers, other than the Managing Director and General Manager, calculated on the basis of pre-actuals and subject to possible changes in terms of number of Beneficiaries and performance-related amounts, broken down by type of population and areas of activity. This is therefore the maximum amount of bonuses payable. The actual amount will be available once the final results of individual performance has been completed and will be disclosed in the Report on remuneration paid in 2020.

Categories of Personnel	2019 Other MRTs * Estimate of no. of beneficiaries *	Estimate of theoretical 2019 Bonus Pool**
"First line" Managers (reporting directly to General Management) including Deputy General Managers***	9	1,346
Control Functions and Manager in charge of financial reporting	8	384
Other MRTs	33	3,175
TOTAL	50	4,905

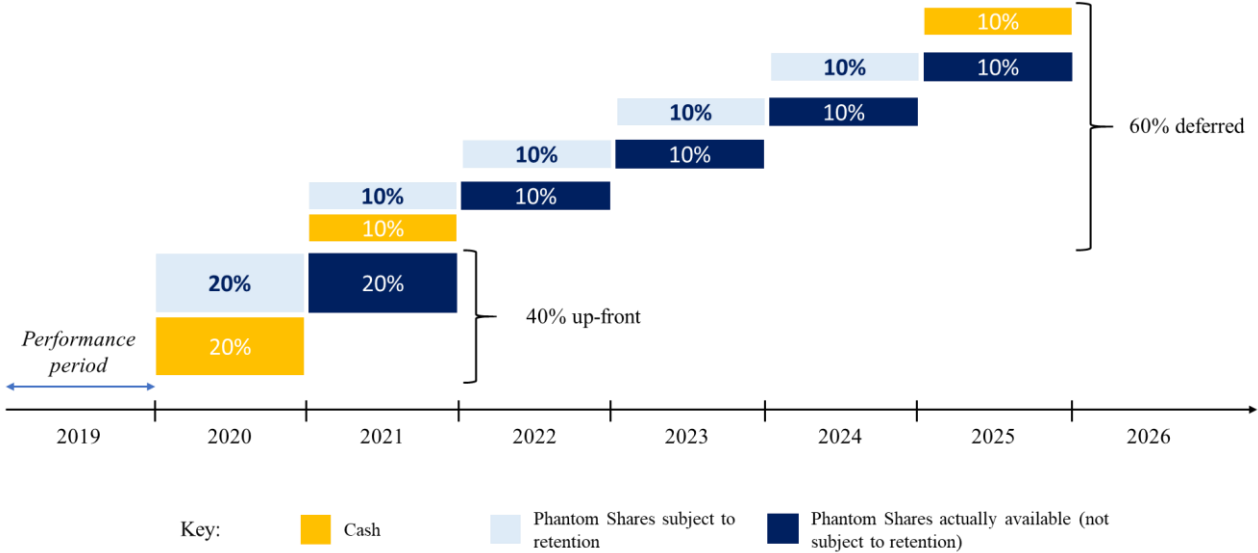
(*) MRTs scope, last approved, as defined on 1 July 2019, after the terminations occurred in 2019 and in 2020 (up to 10 March);; this scope does not take account of the MD/GM of which separate information has been provided

(**) Amounts in thousands of EUR

(***) With the exception of those included in the Company Control Functions.

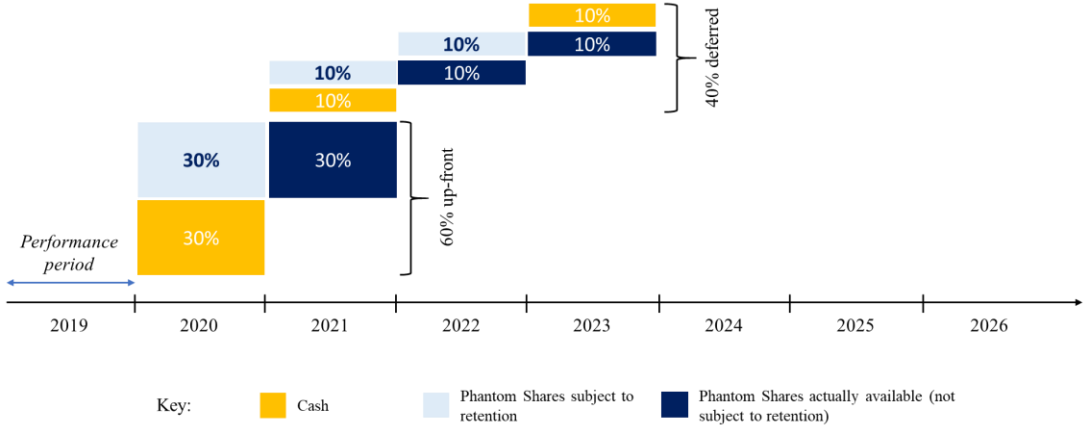
As regards the payment of the variable bonus, in compliance with the provisions of the regulations, the Bank established for Other MRTs belonging to Senior Management (i.e. the Deputy General Managers of Creval with the exception of the Control Functions) and for the recipients of a variable bonus of more than EUR 400,000:

- 5 year deferral of the bonus with a percentage to be deferred of 60%;
- payment of 40% in cash and 60% in financial instruments (*Phantom Shares*);
- a retention period of one year for all allocated *Phantom Shares*.



For all Other MRTs, the following is envisaged:

- 3 year deferral of the bonus with a percentage to be deferred of 40%;
- payment of 50% in cash and 50% in financial instruments;
- a retention period of one year for all allocated *Phantom Shares*;



"2018 MBO" incentive plan

For the year 2018 (with disbursement in 2019), with reference to the "2018 MBO" incentive plan, the envisaged system access gates are not exceeded, therefore no remuneration component linked to this incentive system will be paid, with the exception of the Control Functions, for which a bonus amount was recognised, according to the envisaged mechanisms with reference to the shares disbursed in financial instruments and the methods of deferral. The Board of Directors, at its meeting of 12 March 2019, verified the achievement of results

and the related allocation of variable bonuses linked to the "2018 MBO" plan. These amounts are shown in aggregate form in the table below.

Categories involved	no. of resources	"2018 MBO" Plan		Remaining part to be paid in cash/financial instruments
		Cash payment in 2019	Phantom shares allocated in 2019 - deferred in 2021-	
MRTs of Control Functions*	6	6,721 €	6,721 € (corresponding to 96,709 <i>Phantom Shares</i>)	8,959 €

(*according to the definition resulting from the analysis of the scope of 2018 MRTs)

"2019-2021 LTI" incentive plan

On 6 February 2019, the Board of Directors, by approving the preliminary consolidated results for the 2018 financial year, decided to prepare a new Business Plan (2019-2023) communicated to the market in June 2019 and called "*Sustainable Growth*".

As a result, the previous "*2018-2020 Business Plan: RUN² - Restart under new normality*" did not longer apply before the end of the 2019 financial year and the three-year "2018-2020 LTI" incentive plan was superseded by the "2019-2021 LTI" incentive plan also based on the allocation of *Phantom Shares*. Therefore, there are no disbursements either up-front or deferred under the "2018-2020 LTI" incentive plan.

With reference to the "2019-2021 LTI" plan, the maximum bonus possibility set for the Beneficiaries was 100% of the fixed remuneration with a maximum bonus amount of EUR 5 million. The Beneficiaries of this incentive plan are the Managing Director, the members of General Management and a limited number of selected managerial roles, as well as some high-potential employees in the maximum number of 20.

For the purposes of checking the impact on the limit of the ratio of variable to fixed remuneration, the allocated opportunity is fully calculated in 2021, i.e. the last year of the performance appraisal period as regulated in Circular 285 and the EBA guidelines.

Amounts of deferred remuneration, distinguishing between portions previously agreed upon and those not agreed upon

For 2018, the MBO incentive system for Material Risk Takers was not applied, with the exception of the Control Functions. Therefore, for most of the Material Risk Takers, there will be no remuneration effects either for the financial year of reference or for the following years. Whereas, for the Control Functions, the deferred portions of the "2018 MBO" incentive plan will remain in place; there are no deferred portions from previous years disbursed in 2019.

Total remuneration of employees

The aggregate quantitative information on remuneration broken down by areas of activity and among the various categories of employees and separated between fixed and variable components pursuant to Article 450 CRR (Regulation 2013/575 EU), paragraph 1 and the disclosure requirements of Circular 285/2013 (25th update) is shown below. The information is provided at the level both of banking Group and of Credito Valtellinese as the parent

company. In particular, the companies belonging to the Group are Creval PiùFactor S.p.A. and Stellite Real Estate S.p.A., the latter without employees.

The figures refer to the registered workforce as at 31 December 2019²³.

Functional area	CREDITO VALTELLINESE BANKING GROUP				OF WHICH CREDITO VALTELLINESE			
	Executives	Middle Managers	Professional Categories	Total Resources	Executives	Middle Managers	Professional Categories	Total Resources
Management Body	2			2	2			2
Investment Banking	2	14	23	39	2	14	23	39
Retail Banking	10	1,013	1,709	2,732	10	1,008	1,709	2,727
Company functions	15	268	329	612	15	268	327	610
Company Control Functions	7	75	66	148	7	75	66	148
Other functions		25	85	110		23	76	99
TOTAL	36	1,395	2,212	3,643	36	1,388	2,201	3,625

Employees of the Group decreased by 35 during the year.

The ratio of Executives to Total personnel of the Credito Valtellinese Banking Group showed the trend illustrated below over the years:

Ratio of executives to total personnel	2015	2016	2017	2018	2019
Total (%)	1.29%	1.34%	1.19%	1.14%	0.99%

The total figure for the banking system indicates a 2.3% percentage of executives on total workforce²⁴.

Fixed remuneration

The gross annual salary (RAL) for employees, which includes the fixed remuneration received including the contribution paid by the company to the supplementary pension plans and healthcare, gross of taxes and pension costs, is summarised in the table below.

The data shown refers to personnel on the workforce as at 31 December 2019, net of terminations during the year.

Functional area	CREDITO VALTELLINESE BANKING GROUP Fixed remuneration	OF WHICH CREDITO VALTELLINESE Fixed remuneration
Management Body	538	538
Investment Banking	2,036	2,036
Retail Banking	129,874	129,418
Company functions	31,853	31,771

²³ The figure represents the number of registered workers compared to a figure at the end of 2018 of 3,678. The operating workforce, which excludes 9 collaborators seconded to companies or entities not falling within the consolidation scope of the Group - Fondazione Gruppo Credito Valtellinese and Fondo Pensione per i Dipendenti del Gruppo Credito Valtellinese - amounted to 3,634 collaborators compared to 3,668 at the end of 2018.

²⁴ 2018 Report on the labour market in the financial industry, ABI, data collected at 31/12/2018

Company Control Functions	8,479	8,479
Other functions	4,625	4,195
TOTAL	177,405	176,437

Total amounts in thousands of EUR

With regard to promotions and classifications pertaining to activities performed during 2019, decisions on merit-based increases involved approximately 183 resources at Group level (5.02% of personnel).

The table below summarises the breakdown by functional area.

Functional area	CREDITO VALTELLINESE BANKING GROUP		OF WHICH CREDITO VALTELLINESE	
	no. of merit-based increases	Total employees	no. of merit-based increases	Total employees
Management Body		2		2
Investment Banking		39		39
Retail Banking	140	2,732	140	2,732
Company functions	33	612	33	612
Company Control Functions	7	148	7	148
Other functions	3	110	3	110
TOTAL	183	3,643	183	3,643

Variable remuneration

The variable remuneration relating to the actions for 2019 has a trend strictly correlated with the operational performance of the Bank and the Group.

The following is a summary of the amounts paid as a variable remuneration to the employees on the basis of the annual assessment of services reserved²⁵.

2019 Bonus system

The bonus system adopted in 2019 is the system of fixed and variable economic awards for personnel belonging to the areas of Middle Managers and Professional categories, for Creval and other Group companies. These awards are represented by promotions and amounts *ad personam* (fixed component) or one-off payments (variable component). The proposals, inserted by the Managers, were verified by the higher hierarchical levels and assessed by the Human Resources Department.

In particular, the following main criteria were analysed, among others: management consistency, alignment with assessment parameters and commercial performance, salary consistency with the population, uniform distribution of awards. Fixed awards took effect on 1 June, while variable awards were paid together with the salary for the month of June.

²⁵ These amounts do not include the "2018 MBO" bonuses for the Company Control Functions

All in all, the bonus system involved 183 resources with reference to area and level changeovers or *ad personam* awards and 777 resources with reference to one-off awards, for an amount of EUR 1,072,850 (variable remuneration).

	CREDITO VALTELLINESE BANKING GROUP	Number of beneficiaries	OF WHICH CREDITO VALTELLINESE
Functional area	Variable bonus system		Variable bonus system
Management Body			
Investment Banking	10,000	8	10,000
Retail Banking	851,850	602	851,850
Company functions	162,250	129	162,250
Company Control Functions	30,250	24	30,250
Other functions	18,500	14	18,500
TOTAL (*)	1,072,850	777	1,072,850

*total amounts in EUR disbursed (gross employee amount) in 2019 on the basis of the 2018 assessment process (gross of terminations occurring after approval of the bonus system).

2019 incentive plans

With reference to the year 2018, the Company formalised the Incentive Plan for the sales network. Since the system's entry gates were not exceeded during 2019, no such disbursements were made.

Total remuneration

As shown in the table below, the 2019 remuneration, in terms of the percentage of the variable component compared to the fixed component, gives an account of the first results of the initiatives taken in 2019 in relation to the new Business Plan.

Functional area	CREDITO VALTELLINESE BANKING GROUP						OF WHICH CREDITO VALTELLINESE					
	2018 Variable (*)	2018 Fixed	2018 V/F %	2019 Variable (**)	2019 Fixed	2019 V/F %	2018 Variable (*)	2018 Fixed	2018 V/F %	2019 Variable (**)	2019 Fixed	2019 V/F %
Management Body	12	1,074	1.12%	0,00	538	0.00%	12	1,074	0.00%	0,00	538	0.00%
Investment Banking	3	1,852	0.16%	10	2,036	0.49%	3	1,688	0.00%	10	2,036	0.49%
Retail Banking	1,603	141,606	1.13%	929	129,874	0.72%	1,603	139,607	1.15%	929	129,418	0.72%
Company functions	123	21,919	0.56%	170	31,853	0.53%	123	11,668	1.05%	170	31,771	0.54%
Company Control Functions	21	8,619	0.24%	53	8,479	0.63%	21	8,131	0.26%	53	8,479	0.63%
Other functions	30	5,135	0.58%	21	4,625	0.45%	30	4,948	0.61%	21	4,195	0.50%
TOTAL	1,792	180,205	0.99%	1,183	177,405	0.67%	1,792	167,116	1.07%	1,183	176,437	0.67%

Total amounts in thousands of EUR

(*) Total amounts of variable remuneration paid in cash (pertaining to the previous year). The figure includes the contribution to the Internal health insurance of the Credito Valtellinese Group (where applicable). They do not include the portions relating to the "2018 MBO" plan, which is reported separately

(**) total amounts of variable remuneration paid in cash (pertaining to the previous year). The figure includes the contribution to the Internal health insurance of the Credito Valtellinese Group (where applicable). Variable remuneration portions relating to the "2019 Bonus Pool" incentive plan are not included and are disclosed separately. For 2019, the figures for the "Welfare Plan" are not calculated in that it relates to the use of services and cannot be monetised.

Other information

Termination of employment relationships of General Management representatives and MRTs during 2019

In 2019, Mauro Selvetti ceased to hold the office of Managing Director and General Manager, for which appropriate information was provided to the investors, to the press and to the competent authorities. With regard to the agreements reached, the Bank paid Mauro Selvetti, in addition to the amounts already accrued by way of fixed remuneration, severance indemnity accruals and fees, the following:

- with reference to the termination of the executive position and the office of Director, the total gross sum of EUR 1,700,000, including notice, without prejudice to specific *Claw back* clauses;
- with reference to the six-month non-competition commitment, the gross amount of EUR 300,000.

The Related-Party Transactions Committee and the Remuneration Committee, each in relation to those matters falling within their competence, expressed a positive opinion with regard to the terms and conditions identified for the definition of relations with Mauro Selvetti.

Moreover, during the same financial year 2019, two Key Management Personnel terminated employment. Severance was paid in their favour - net of the amount corresponding to the indemnity in lieu of notice for cases of termination of the relationship at the Company's initiative - contained within the limit of EUR 100,000 set forth in Part One, Title IV, Chapter 2, Section III, point 2.2.3 of Circular Bank of Italy 285/2013 and subsequent amendments and supplements, in accordance with the regulations in force from time to time and with the Group's Remuneration Policies, including the provision of specific *Clawback* clauses.

Also note the termination of employment of two additional resources included within the scope of the 2019 Material Risk Takers, for whom amounts not exceeding the payments and indemnities provided for by law and collective agreement in the event of termination are recognised.

SECOND PART - IN-DEPTH QUANTITATIVE INFORMATION

The tables below examine the remuneration of members of the Board of Directors, the Control Body, the General Manager and other Key Management Personnel of Creval in aggregate form.

The tables below show in detail the remuneration for 2019, and in particular table 1 and tables 3A and 3B pursuant to Article 84-*quarter* of the Issuers' Regulations adopted by CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments.

Table 3A shows information about plans based on financial instruments other than stock options. In particular, the following elements are represented:

- the reference incentive plan (column 1);
- the number of shares accrued in 2018 and 2019, but not yet disbursed in that they are subject to retention and deferral mechanisms and the related vesting period (columns 2 and 3);
- the fair value for the year (column 12).

Table 3B, similarly to the above, provides information on monetary incentive plans. Column 4 relating to "other bonuses" also shows the bonuses for the year not explicitly included in specific *ex ante* defined plans.

Table 1, Annexe 3 of Issuers' Regulations

 Remuneration paid to members of the Administrative and Control Bodies, General Managers and other Key Management Personnel of listed companies
 (art. 84-*quater* CONSOB resolution n. 11971 of 14 May 1999 and subsequent amendments)

(A)	(B)	(C)	(D)	1	2	3		4	5	6	7	8
Surname and name	Office	Period in which the office was held	Term of office	Fixed rem.	Rem. for attending committees	Non-equity variable rem.		Non-monetary benefits	Other rem.	Total	Fair value of equity rem.	Employee or office termination benefits
						Bonuses and other incentives	Profit-sharing (*)					
LOVAGLIO LUIGI	Chairman of the Board of Directors Managing Director and General Manager	01/01/2019-24/02/2019 25/02/2019-31/12/2019	24/02/2019 Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				870.078,77	-	-	-	16.744,25	-	886.823,02	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				870.078,77	-	-	-	16.744,25	-	886.823,02	-	-
TROTTER ALESSANDRO	Substitute Deputy Chairman of the Board of Directors Chairman of the Board of Directors	01/01/2019-24/02/2019 25/02/2019-31/12/2019	24/02/2019 Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				283.640,41	-	-	-	15.694,85	-	299.335,26	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				283.640,41	-	-	-	15.694,85	-	299.335,26	-	-
CASELLI STEFANO	Deputy Chairman of the Board of Directors	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				140.972,61	-	-	-	15.694,85	-	156.667,46	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				140.972,61	-	-	-	15.694,85	-	156.667,46	-	-
AMIDANI ALIBERTI LIVIA	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.750,00	42.979,45	-	-	15.694,85	-	116.424,30	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750,00	42.979,45	-	-	15.694,85	-	116.424,30	-	-
BECCALLI ELENA	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.000,00	46.763,70	-	-	15.694,85	-	119.458,55	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.000,00	46.763,70	-	-	15.694,85	-	119.458,55	-	-
BRUNO PAOLA	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.750,00	34.000,00	-	-	15.694,85	-	107.444,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750,00	34.000,00	-	-	15.694,85	-	107.444,85	-	-
CALLONI MARIA GIOVANNA	Director	25/02/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				47.219,18	-	-	-	15.694,85	-	62.914,03	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				47.219,18	-	-	-	15.694,85	-	62.914,03	-	-
CROSARA CARLO	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.750,00	39.750,00	-	-	15.694,85	-	113.194,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750,00	39.750,00	-	-	15.694,85	-	113.194,85	-	-
DORO ANNA	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.750,00	39.228,16	-	-	15.694,85	-	112.673,01	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750,00	39.228,16	-	-	15.694,85	-	112.673,01	-	-
GALMARINI FAUSTO	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				56.250,00	52.736,30	-	-	15.694,85	-	124.681,15	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				56.250,00	52.736,30	-	-	15.694,85	-	124.681,15	-	-
GATTESCHI SERENA	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.750,00	18.250,00	-	-	15.694,85	-	91.694,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750,00	18.250,00	-	-	15.694,85	-	91.694,85	-	-
GATTI STEFANO	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.000,00	23.250,00	-	-	15.694,85	-	95.944,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.000,00	23.250,00	-	-	15.694,85	-	95.944,85	-	-
KALMA JACOB FRANS	Director	21/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				53.630,14	-	-	-	14.779,27	-	68.409,41	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				53.630,14	-	-	-	14.779,27	-	68.409,41	-	-
MASSIMILLA MASSIMO	Director	01/01/2019-20/01/2019										
(I) Rem. in the company preparing the financial statements				2.465,75	-	-	-	915,58	-	3.381,33	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				2.465,75	-	-	-	915,58	-	3.381,33	-	-

(A)	(B)	(C)	(D)	1	2	3		4	5	6	7	8
Surname and name	Office	Period in which the office was held	Term of office	Fixed rem.	Rem. for attending committees	Non-equity variable rem.		Non-monetary benefits	Other rem.	Total	Fair value of equity rem.	Employee or office termination benefits
						Bonuses and other incentives	Profit-sharing (*)					
NADDEO TERESA	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.750,00	33.250,00	-	-	15.694,85	-	106.694,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750,00	33.250,00	-	-	15.694,85	-	106.694,85	-	-
SCROCCHI MASSIMILIANO	Director	01/01/2019-31/12/2019	Approval of 2021 Financial Statements									
(I) Rem. in the company preparing the financial statements				57.750,00	15.250,00	-	-	15.694,85	-	88.694,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750,00	15.250,00	-	-	15.694,85	-	88.694,85	-	-
SELVETTI MAURO	Managing Director and General Manager	01/01/2019-24/02/2019	24/02/2019									
(I) Rem. in the company preparing the financial statements				118.426,02	-	-	-	49.080,93	-	167.506,95	-	(***) 2.000.000,00
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				118.426,02	-	-	-	49.080,93	-	167.506,95	-	-
GARAVAGLIA ANGELO	Chairman of Board of Statutory Auditors	01/01/2019-30/04/2019	30/04/2019									
(I) Rem. in the company preparing the financial statements				38.126,71	7.500,00	-	-	-	-	45.626,71	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	0,00	-	-
(III) Total				38.126,71	7.500,00	-	-	-	-	45.626,71	-	-
FRANCESCHI LUCA FRANCESCO	Standing Auditor	01/01/2019-30/04/2019	30/04/2019									
(I) Rem. in the company preparing the financial statements				24.976,03	750,00	-	-	-	-	25.726,03	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				24.976,03	750,00	-	-	-	-	25.726,03	-	-
PEDRANZINI GIULIANA	Standing Auditor	01/01/2019-30/04/2019	30/04/2019									
(I) Rem. in the company preparing the financial statements				25.726,00	-	-	-	-	-	25.726,00	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				25.726,00	-	-	-	-	-	25.726,00	-	-
DELLA CAGNOLETTA EDOARDO	Substitute Auditor	01/01/2019-30/04/2019	30/04/2019									
(I) Rem. in the company preparing the financial statements				-	-	-	-	-	-	0,00	-	-
(II) Rem. from subsidiaries and associates				6.650,00	-	-	-	-	-	-	-	-
(III) Total				6.650,00	-	-	-	-	-	0,00	-	-
SANGIORGIO GIORGIO	Substitute Auditor	01/01/2019-30/04/2019	30/04/2019									
(I) Rem. in the company preparing the financial statements				-	-	-	-	-	-	0,00	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	-	-	0,00	-	-
MAURELLI FRANCESCA MICHELA	ChairWoman of Board of Statutory Auditors	01/05/2019-31/12/2019	Approval of 2022 Financial Statements									
(I) Rem. in the company preparing the financial statements				74.166,67	12.000,00	-	-	15.694,85	-	101.861,52	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				74.166,67	12.000,00	-	-	15.694,85	-	101.861,52	-	-
CEVOLANI PAOLO	Standing Auditor	01/05/2019-31/12/2019	Approval of 2022 Financial Statements									
(I) Rem. in the company preparing the financial statements				46.000,00	8.250,00	-	-	15.694,85	-	69.944,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	0,00	-	-
(III) Total				46.000,00	8.250,00	-	-	15.694,85	-	69.944,85	-	-
STRADI ALESSANDRO	Standing Auditor	01/05/2019-31/12/2019	Approval of 2022 Financial Statements									
(I) Rem. in the company preparing the financial statements				46.750,00	6.000,00	-	-	15.694,85	-	68.444,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	0,00	-	-
(III) Total				46.750,00	6.000,00	-	-	15.694,85	-	68.444,85	-	-
BISSOLI SIMONETTA	Substitute Auditor	01/05/2019-31/12/2019	Approval of 2022 Financial Statements									
(I) Rem. in the company preparing the financial statements				-	-	-	-	15.694,85	-	15.694,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	0,00	-	-
(III) Total				-	-	-	-	15.694,85	-	15.694,85	-	-
FALLACARA FRANCESCO	Substitute Auditor	01/05/2019-31/12/2019	Approval of 2022 Financial Statements									
(I) Rem. in the company preparing the financial statements				-	-	-	-	15.694,85	-	15.694,85	-	-
(II) Rem. from subsidiaries and associates				-	-	-	-	-	-	0,00	-	-
(III) Total				-	-	-	-	15.694,85	-	15.694,85	-	-
KEY MANAGEMENT PERSONNEL (**)												
(I) Rem. in the company preparing the financial statements				1.759.527,36	0,00	2.305,00	-	167.413,01	-	1.929.245,37	-	185.000,00
(II) Rem. from subsidiaries and associates				1.030,14	-	-	-	-	-	1.030,14	-	-
(III) Total				1.760.557,50	0,00	2.305,00	-	167.413,01	-	1.930.275,51	-	(****) 185.000,00

Amounts in EUR (*) No profit-sharing is envisaged for members of the Administrative and Control bodies, General Managers or other Key Management Personnel (**) The total also includes Key Management Personnel terminating office during 2019 (***) For details of the amount paid, in the manner provided for by the Remuneration Policy in force at the time of employment termination, see Section II of this Report on page 53. (****) Any potential sums paid out, also as an equivalent value, by way of indemnity in lieu of notice, termination benefits, holidays, accruals are excluded.

Table 1 a)

Breakdown of fixed remuneration paid by Creval - Table 1, Annexe 3 of Issuers' Regulations

Name	Breakdown of remuneration	Total fixed remuneration
LOVAGLIO LUIGI	Chairman of the Board of Directors (until 24/02/2019) and Managing Director and General Manager (since 25/02/2019)	870.079
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	812.329
TROTTER ALESSANDRO	Substitute Deputy Chairman (until 24/02/2019) and Chairman of the Board of Directors (since 25/02/2019)	283.640
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	225.890
CASELLI STEFANO	Deputy Chairman	140.973
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.000
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	83.973
SELVETTI MAURO	Managing Director and General Manager (until 24/02/2019)	118.426
	employee remuneration	96.577
	payments for the year resolved by Shareholders' Meeting	6.781
	attendance fees	-
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	15.068
AMIDANI ALIBERTI LIVIA	Director	57.750
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
BECCALLI ELENA	Director	57.000
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.000
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
BRUNO PAOLA	Director	57.750
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
CALLONI MARIA GIOVANNA	Director (since 25/02/2019)	47.219
	payments for the year resolved by Shareholders' Meeting	38.219
	attendance fees	9.000
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
CROSARA CARLO	Director	57.750
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
DORO ANNA	Director	57.750
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
GALMARINI FAUSTO	Director	56.250
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	11.250
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
GATTESCHI SERENA	Director	57.750
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
GATTI STEFANO	Director	57.000
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.000
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-

Name	Breakdown of remuneration	Total fixed remuneration
KALMA JACOB FRANS	Director (since 21/01/2019)	53.630
	payments for the year resolved by Shareholders' Meeting	42.380
	attendance fees	11.250
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
MASSIMILLA MASSIMO	Director (until 21/01/2019)	2.466
	payments for the year resolved by Shareholders' Meeting	2.466
	attendance fees	-
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
NADDEO TERESA	Director	57.750
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
SCROCCHI MASSIMILIANO	Director	57.750
	payments for the year resolved by Shareholders' Meeting	45.000
	attendance fees	12.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
GARAVAGLIA ANGELO	Chairman of the Board of Statutory Auditors (until 30/04/2019)	38.127
	payments for the year resolved by Shareholders' Meeting	32.877
	attendance fees	5.250
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
FRANCESCHI LUCA FRANCESCO	Standing Auditor (until 30/04/2019)	24.976
	payments for the year resolved by Shareholders' Meeting	19.726
	attendance fees	5.250
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
PEDRANZINI GIULIANA	Standing Auditor (until 30/04/2019)	25.726
	payments for the year resolved by Shareholders' Meeting	19.726
	attendance fees	6.000
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
DELLA CAGNOLETTA EDOARDO	Substitute Auditor (until 30/04/2019)	-
	payments for the year resolved by Shareholders' Meeting	-
	attendance fees	-
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
SANGIORGIO GIORGIO	Substitute Auditor (until 30/04/2019)	-
	payments for the year resolved by Shareholders' Meeting	-
	attendance fees	-
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
MAURELLI FRANCESCA MICHELA	Chairwoman of the Board of Statutory Auditors (since 01/05/2019)	74.167
	payments for the year resolved by Shareholders' Meeting	66.667
	attendance fees	7.500
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
CEVOLANI PAOLO	Standing Auditor (since 01/05/2019)	46.000
	payments for the year resolved by Shareholders' Meeting	40.000
	attendance fees	6.000
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
STRADI ALESSANDRO	Standing Auditor (since 01/05/2019)	46.750
	payments for the year resolved by Shareholders' Meeting	40.000
	attendance fees	6.750
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
BISSOLI SIMONETTA	Substitute Auditor (since 01/05/2019)	-
	payments for the year resolved by Shareholders' Meeting	-
	attendance fees	-
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
FALLACARA FRANCESCO	Substitute Auditor (since 01/05/2019)	-
	payments for the year resolved by Shareholders' Meeting	-
	attendance fees	-
	reimbursement of lump-sum expenses	-
	pursuant to art. 2389 of the Italian Civil Code	-
KEY MANAGEMENT PERSONNEL (*)		
	employee remuneration	1.759.527
	Total	1.759.527

Amounts in EUR

(*)The total also includes Key Management Personnel terminating office during 2019

Table 1 b)

Breakdown of fixed remuneration paid by Subsidiaries and associated companies - Table 1, Annexe 3 of Issuers' Regulations

Name	Company		Period	End of term office	Remuneration	Total fixed remuneration
DELLA CAGNOLETTA EDOARDO	Creval PiùFactor	Standing Auditor	1/01/2019-31/12/2019	Approval of 2021 Financial Statements		6.650
		payments for the year resolved by Shareholders' Meeting			5.000	
		attendance fees			1.650	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	
COLLI UMBERTO	Creval PiùFactor	Deputy Chairman	26/07/2019-31/12/2019	Approval of 2021 Financial Statements		0,00
		payments for the year resolved by Shareholders' Meeting			-	
		attendance fees			-	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	
	Creval PiùFactor	Director	01/01/2019-25/07/2019	Approval of 2021 Financial Statements		0,00
		payments for the year resolved by Shareholders' Meeting			-	
		attendance fees			-	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	
	Stelline Real Estate	Managing Director	09/08/2019-31/12/2019	Approval of 2021 Financial Statements		0,00
		payments for the year resolved by Shareholders' Meeting			-	
		attendance fees			-	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	
PELLEGATTA VITTORIO	Creval PiùFactor	Chairman	25/01/2019-31/12/2019	Approval of 2021 Financial Statements		384
		payments for the year resolved by Shareholders' Meeting			384	
		attendance fees			-	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	
	Creval PiùFactor	Director	01/01/2019-24/01/2019	Approval of 2021 Financial Statements		132
		payments for the year resolved by Shareholders' Meeting			132	
		attendance fees			-	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	
	Stelline Real Estate	Chairman	09/08/2019-31/12/2019	Approval of 2021 Financial Statements		0,00
		payments for the year resolved by Shareholders' Meeting			-	
		attendance fees			-	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	
TARRICONE ROBERTO	Creval	Director	01/01/2019-11/06/2019	11/06/2019		515
		payments for the year resolved by Shareholders' Meeting			515	
		attendance fees			-	
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code			-	

Amounts in EUR

Tabella 1 c)

Remuneration due for Committee work of Creval - Table 1, Annexe 3 of Issuers' Regulations

Surname and name	Office	Risk Committee	Appointment Committee	Remuneration Committee	Related-Party Transactions Committee	Rem. for attending committees
LOVAGLIO LUIGI	Chairman of the Board of Directors (until 24/02/2019) and Managing Director and General Manager (since 25/02/2019)	-	-	-	-	-
TROTTER ALESSANDRO	Substitute Deputy Chairman (until 24/02/2019) and Chairman of the Board of Directors (since 25/02/2019)	-	-	-	-	-
CASELLI STEFANO	Deputy Chairman of the Board of Directors	-	-	-	-	-
SELVETTI MAURO	Managing Director and General Manager (until 24/02/2019)	-	-	-	-	-
AMIDANI ALIBERTI LIVIA	Director	24.729	-	-	18.250	42.979
BECCALLI ELENA	Director	46.764	-	-	-	46.764
BRUNO PAOLA	Director	-	13.750	20.250,00	-	34.000
CALLONI MARIA GIOVANNA	Director (since 25/02/2019)	-	-	-	-	-
CROSARA CARLO	Director	39.750	-	-	-	39.750
DORO ANNA	Director	25.478	13.750	-	-	39.228
GALMARINI FAUSTO	Director	52.736	-	-	-	52.736
GATTESCHI SERENA	Director	-	-	-	18.250	18.250
GATTI STEFANO	Director	-	-	-	23.250	23.250
KALMA JACOB FRANS	Director (since 21/01/2019)	-	-	-	-	-
MASSIMILLA MASSIMO	Director (until 21/01/2019)	-	-	-	-	-
NADDEO TERESA	Director	-	18.000	15.250	-	33.250
SCROCCHI MASSIMILIANO	Director	-	-	15.250	-	15.250
GARAVAGLIA ANGELO	Chairman of the Board of Statutory Auditors (until 30/04/2019)	3.000	-	2.250	2.250	7.500
FRANCESCHI LUCA FRANCESCO	Standing Auditor (until 30/04/2019)	-	-	-	750	750
PEDRANZINI GIULIANA	Standing Auditor (until 30/04/2019)	-	-	-	-	-
DELLA CAGNOLETTA EDOARDO	Substitute Auditor (until 30/04/2019)	-	-	-	-	-
SANGIORGIO GIORGIO	Substitute Auditor (until 30/04/2019)	-	-	-	-	-
MAURELLI FRANCESCA MICHELA	Chairwoman of the Board of Statutory Auditors (since 01/05/2019)	6.000	-	-	6.000	12.000
CEVOLANI PAOLO	Standing Auditor (since 01/05/2019)	5.250	-	-	3.000	8.250
STRADI ALESSANDRO	Standing Auditor (since 01/05/2019)	3.750	-	-	2.250	6.000
BISSOLI SIMONETTA	Substitute Auditor (since 01/05/2019)	-	-	-	-	-
FALLACARA FRANCESCO	Substitute Auditor (since 01/05/2019)	-	-	-	-	-

Amounts in EUR

For 2019, there is no remuneration for committee work of subsidiaries and associated companies.

Table 2

Investments of members of the Administrative and Control Bodies and General Managers of other Key Management Personnel (*)
(Annexe 3A, Diagram 7-ter, art. 84-quater CONSOB resolution n. 11971 of 14 May 1999 and subsequent amendments)

Surname and name	Credito Valtellinese Office	Investee Company	Number of shares held at 31/12/2018	Number of shares purchased	Number of shares sold/transferred	Number of shares held at 31/12/2019
LOVAGLIO LUIGI	Chairman of the Board of Directors (until 24/02/2019) and Managing Director and General Manager (since 25/02/2019)	Credito Valtellinese S.p.A.	-	4.000.000	-	4.000.000
TROTTER ALESSANDRO	Substitute Deputy Chairman (until 24/02/2019) and Chairman of the Board of Directors (since 25/02/2019)	Credito Valtellinese S.p.A.	1.000	-	-	1.000
CASELLI STEFANO	Deputy Chairman of the Board of Directors	Credito Valtellinese S.p.A.	-	-	-	-
SELVETTI MAURO	Managing Director and General Manager (until 24/02/2019)	Credito Valtellinese S.p.A.	1.274.726	-	274.726	1.000.000
AMIDANI ALIBERTI LIVIA	Director	Credito Valtellinese S.p.A.	-	-	-	-
BECCALLI ELENA	Director	Credito Valtellinese S.p.A.	187.704	-	-	187.704
BRUNO PAOLA	Director	Credito Valtellinese S.p.A.	-	-	-	-
CALLONI MARIA GIOVANNA	Director (since 25/02/2019)	Credito Valtellinese S.p.A.	-	-	-	-
CROSARA CARLO	Director	Credito Valtellinese S.p.A.	-	-	-	-
DORO ANNA	Director	Credito Valtellinese S.p.A.	-	-	-	-
GALMARINI FAUSTO	Director	Credito Valtellinese S.p.A.	-	-	-	-
GATTESCHI SERENA	Director	Credito Valtellinese S.p.A.	-	-	-	-
GATTI STEFANO	Director	Credito Valtellinese S.p.A.	-	-	-	-
KALMA JACOB FRANS	Director (since 21/01/2019)	Credito Valtellinese S.p.A.	-	-	-	-
MASSIMILLA MASSIMO	Director (until 21/01/2019)	Credito Valtellinese S.p.A.	1.380.000	-	-	1.380.000
NADDEO TERESA	Director	Credito Valtellinese S.p.A.	-	-	-	-
SCROCCHI MASSIMILIANO	Director	Credito Valtellinese S.p.A.	925.500	880.500	-	1.806.000
GARAVAGLIA ANGELO	Chairman of the Board of Statutory Auditors (until 30/04/2019)	Credito Valtellinese S.p.A.	403.038	200.000	200.000	403.038
FRANCESCHI LUCA FRANCESCO	Standing Auditor (until 30/04/2019)	Credito Valtellinese S.p.A.	1.264	-	-	1.264
PEDRANZINI GIULIANA	Standing Auditor (until 30/04/2019)	Credito Valtellinese S.p.A.	72.295	-	-	72.295
DELLA CAGNOLETTA EDOARDO	Substitute Auditor (until 30/04/2019)	Credito Valtellinese S.p.A.	173	-	-	173
SANGIORGIO GIORGIO	Substitute Auditor (until 30/04/2019)	Credito Valtellinese S.p.A.	-	-	-	-
MAURELLI FRANCESCA MICHELA	Chairwoman of the Board of Statutory Auditors (since 01/05/2019)	Credito Valtellinese S.p.A.	-	-	-	-
CEVOLANI PAOLO	Standing Auditor (since 01/05/2019)	Credito Valtellinese S.p.A.	37.000	-	-	37.000
STRADI ALESSANDRO	Standing Auditor (since 01/05/2019)	Credito Valtellinese S.p.A.	-	-	-	-
BISSOLI SIMONETTA	Substitute Auditor (since 01/05/2019)	Credito Valtellinese S.p.A.	-	-	-	-
FALLACARA FRANCESCO	Substitute Auditor (since 01/05/2019)	Credito Valtellinese S.p.A.	-	-	-	-
KEY MANAGEMENT PERSONNEL (**)		Credito Valtellinese S.p.A.	1.296.258	-	322.647	973.611

(*) The table shows the investments held in Credito Valtellinese S.p.A. (and its subsidiaries) by the members of the Administrative and Control Bodies and the General Managers and other Key Management Personnel. The figure includes the investments of non-legally separated spouses and minor children, either directly or through subsidiaries, trust companies or by proxy.

(**)The total also includes Key Management Personnel terminating office during 2019

Table 3A, Annexe 3 of Issuers' Regulations

Incentive plans based upon financial instruments other than stock-options, in favour of members of the Management body, General Managers and other Key Management Personnel (art. 84-*quater* CONSOB resolution n. 11971 of 14 May 1999 and subsequent amendments)

			financial instruments allocated in previous financial years not vested during the financial year		financial instruments allocated during the financial year					financial instruments vested during the financial year not allocated	financial instruments vested during financial year allocated		financial instruments pertaining to the financial year
A	B	1	2	3	4	5	6	7	8	9	10	11	12
Surname and name	Office	Plan*	no. and type of financial instruments	Vesting period	number and type of financial instruments	Fair Value at the allocation date	Vesting period	Allocation date	Market price on allocation	number and type of financial instruments	number and type of financial instruments	value at vesting date	fair value
LOVAGLIO LUIGI			-	-	-	-	-	-	-	-	-	-	-
(I) Rem. in the company preparing the financial statements	Chairman of the Board of Directors (until 24/02/2019) and Managing Director and General Manager (since 25/02/2019)	"2018 MBO" plan: Shareholders' Meeting resolution of 27/4/2018 (1)	-	-	-	-	-	-	-	-	-	-	-
		"2019 Bonus Pool" plan: Shareholders' Meeting resolution of 30/04/2019 (2)	-	-	n.d. - Phantom Share	537.000	2019-2025	2020	n.d.	-	n.d. - phantom share	179.000	179.000
		"2019-2021 LTI" plan : Shareholders' Meeting resolution of 30/4/2019 (3)	-	-	64.082 Phantom Share (3)	895.000	2019-2027	2019 (4)	0,0716	-	64.082 Phantom Share (3)	895.000	298.333
(II) Rem. from subsidiaries and associates			-	-	-	-	-	-	-	-	-	-	
(III) Total						1.432.000						1.074.000	477.333
SELVETTI MAURO			-	-	-	-	-	-	-	-	-	-	-
(I) Rem. in the company preparing the financial statements	Managing Director and General Manager (until 24/02/2019)	"2018 MBO" plan: Shareholders' Meeting resolution of 27/4/2018	-	-	-	-	-	-	-	-	-	-	-
		"2019 Bonus Pool" plan: Shareholders' Meeting resolution of 30/04/2019	-	-	-	-	-	-	-	-	-	-	-
		"2019-2021 LTI" plan : Shareholders' Meeting resolution of 30/4/2019	-	-	-	-	-	-	-	-	-	-	-
(II) Rem. from subsidiaries and associates			-	-	-	-	-	-	-	-	-	-	
(III) Total													
KEY MANAGEMENT PERSONNEL													
(I) Rem. in the company preparing the financial		"2018 MBO" plan: Shareholders' Meeting resolution of 27/4/2018	n. 33.171 Phantom Share	2018-2022	-	-	-	-	-	-	n.d. - phantom share	5.379	2.305
		"2019 Bonus Pool" plan: Shareholders' Meeting resolution of 30/04/2019	-	-	n.d. - Phantom Share	507.488	2019-2023/2025	2020	n.d.	-	n.d. - phantom share	152.913	220.829
		"2019-2021 LTI" plan : Shareholders' Meeting resolution of 30/4/2019	(5)	-	47.732 - Phantom Share (3)	666.646	2019-2025	2019 (4)	0,0716	-	47.732 Phantom Share (3)	666.646	222.215
(II) Rem. from subsidiaries and associates			-	-	-	-	-	-	-	-	-	-	
(III) Total						1.174.134						819.558	443.044

(1) The "2018 MBO" Plan has not been activated due to the system entry gate parameters not being reached except for the Company Control Functions.

(2) The final figures relating to the "2019 Bonus Pool" Plan are subject to approval by the Shareholders' Meeting on 24/4/2020.

(3) The number of Phantom Shares and the amount shown are purely indicative as they can only be determined at the end of the observation period (2021).

(4) The allocation date purely refers to one of the years of the three-year performance observation period.

(5) The "2018-2020 LTI" plan was superseded during 2019 by the "2019-2021 LTI" plan before portion allocation. Does not produce deferred portions.

Table 3B, Annexe 3 of Issuers' Regulations

Monetary incentive plans in favour of members of the Management Body, General Managers and other Key Management Personnel
(art. 84-*quater* CONSOB resolution n. 11971 of 14 May 1999 and subsequent amendments)

A Surname and name	B Office	1 Plan	2 bonus for the year			3 bonus for previous years (2)			4 other bonuses
			A	B	C	A	B	C	
			Disbursable/Disbursed	Deferred	Deferral period	No longer disburseable	Disburseable/Disbursed	Still Deferred	
LOVAGLIO LUIGI			-	-	-	-	-	-	-
(I) Rem. in the company preparing the financial statements	Chairman of the Board of Directors (until 24/02/2019) and Managing Director and General Manager (since 25/02/2019)	"2018 MBO" plan: Shareholders' Meeting resolution of 27/4/2018 (1)	-	-	-	-	-	-	-
		"2019 Bonus Pool" plan: Shareholders' Meeting resolution of 30/04/2019 (3)	179.000	179.000	2020-2025	-	-	-	-
		"2019-2021 LTI" plan: Shareholders' Meeting resolution of 30/4/2019 (4)							
(II) Rem. from subsidiaries and associates			-	-	-	-	-	-	-
(III) Total			179.000	179.000	-	-	-	-	-
SELVETTI MAURO			-	-	-	-	-	-	-
(I) Rem. in the company preparing the financial statements	Managing Director and General Manager (until 24/02/2019)	"2018 MBO" plan: Shareholders' Meeting resolution of 27/4/2018	-	-	-	-	-	-	-
		"2019 Bonus Pool" plan: Shareholders' Meeting resolution of 30/04/2019	-	-	-	-	-	-	-
		"2019-2021 LTI" plan: Shareholders' Meeting resolution of 30/4/2019							
(II) Rem. from subsidiaries and associates			-	-	-	-	-	-	-
(III) Total			-	-	-	-	-	-	-
KEY MANAGEMENT PERSONNEL			-	-	-	-	-	-	-
(I) Rem. in the company preparing the financial statements		"2018 MBO" plan: Shareholders' Meeting resolution of 27/4/2018	2.305	1.537	2018-2022	-	-	-	-
		"2019 Bonus Pool" plan: Shareholders' Meeting resolution of 30/04/2019	176.913	280.284	2020-2023/2025	-	-	-	-
		"2019-2021 LTI" plan: Shareholders' Meeting resolution of 30/4/2019							
(II) Rem. from subsidiaries and associates			-	-	-	-	-	-	-
(III) Total			179.218	281.821	-	-	-	-	-

Amounts in EUR

(1) The 2018 Plan (2018 MBO) has not been activated due to the system entry gate parameters not being reached except for the Control Functions. The 2018-2020 LTI Plan has been replaced by the 2019-2021 LTI Plan and will not produce deferred portions.

(2) No deferred portions will be paid with reference to the "2018-2020 LTI" plan as it is superseded by the "2019-2021 LTI" plan.

(3) The final figures relating to the "2019 Bonus Pool" Plan are subject to approval by the Shareholders' Meeting on 24/4/2020.

(4) The "2019-2021 LTI" Plan envisages exclusively financial instruments (Phantom Shares).

Glossary

Shareholders' Meeting	The Ordinary Shareholders' Meeting of Credito Valtellinese S.p.A.
Shares	The ordinary shares of Credito Valtellinese S.p.A.
Beneficiaries/Participants	The Managing Director, the General Manager ("MD/GM") and the other Material Risk Takers of the Group beneficiaries of the "2020 Bonus Pool" Plan as well as Group key employees and high-potential employees, beneficiaries of the "2019-2021 LTI" Plan" approved in 2019 (some of them in common with the Beneficiaries of the "2020 Bonus Pool" Plan).
Opportunity Bonus	The maximum bonus payable to each Beneficiary.
Individual Theoretical Bonus	Bonus payable to each Beneficiary resulting from the assessment process of the objectives assigned in the individual scorecard.
Categories of Beneficiaries	The categories of employees of the Group identified for the purposes of the "2020 Bonus Pool" Plan and "2019-2021 LTI" Plan.
Claw back	Mechanism requiring the return of an already received Individual Bonus amount in case of fraudulent or severely wrongful conduct of the Beneficiary.
Remuneration Committee	The Committee set up within the Board of Directors of the Bank based on articles 4 and 6 of the Code of Self-Discipline, aligned with Bank of Italy Circular no. 285 of 17 December 2013 as updated. It is composed of three members appointed by the Board of Directors and chosen from among the Non-Executive Directors, with a majority of Independent Directors.
Board of Directors	Board of Directors of Credito Valtellinese S.p.A.
Creval or the Bank	Credito Valtellinese S.p.A., with registered offices in Piazza Quadrivio 8, Sondrio, Italy, Tax code and Sondrio Company Registration No. 00043260140, Register of Banks No. 489, as well as Register of Banking Groups No. 5216.7.
CRO Dashboard	The table prepared by the CRO (<i>Chief Risk Officer</i>), which checks the consistency of the results with the <i>Risk Appetite Framework</i> ; based on this table, the Bonus Pool can be revised upwards or downwards.
Credito Valtellinese Group or Group	The banking group entered in the special list maintained by the Bank of Italy with code no. 5216.7 and consisting of Creval, together with the subsidiary companies.
Gate indicators or entry gate	Conditions without which the Beneficiaries do not have the right to receive the Individual Bonus.
Malus	Clause that envisages the reduction, up to the complete cancellation, of the Individual Bonus in the event of certain conditions.
Material Risk Takers or MRTs	Personnel whose activities have a substantial impact on the Group's risk profile based on the criteria set out in Delegated Regulation (EU) no. 604/2014.

Individual Objectives	Quantitative and qualitative individual objectives defined as KPIs (Key Performance Indicators) included in a formalised objective sheet (<i>Scorecard</i>), used for determining the Individual Bonus.
Pay out	Structure and method of payment of bonuses.
Peer Group	Sample of Banks taken as reference for remuneration benchmarking purposes.
Retention Period	The period between the allocation date of the <i>Phantom Shares</i> and their payment date.
<i>Phantom Share</i>	A unit representing the value of a share that is converted into a cash bonus according to its price on a certain date.
"2020 Bonus Pool" Plan	The short term incentive plan called "2020 Bonus Pool incentive plan based on the allocation of <i>Phantom Shares</i> ", details of which are contained in the Information Document prepared pursuant to Article 144- <i>bis</i> of Italian Legislative Decree 58 of 24 February 1998 and Article 84- <i>bis</i> of CONSOB Regulation no. 11971 of 14 May 1999.
"2019-2021 LTI" Plan	The medium to long term incentive plan approved in 2019 and called "2019-2021 LTI medium to long term incentive plan based on the allocation of <i>Phantom Shares</i> ", details of which are contained in the Information Document prepared pursuant to Article 144- <i>bis</i> of Italian Legislative Decree 58 of 24 February 1998 and Article 84- <i>bis</i> of CONSOB Regulation no. 11971 of 14 May 1999.
Bonus Pool or Total amount of bonuses	The sum of the economic resources allocated to the payment of the incentive, if any, to be paid to all Beneficiaries.
Individual Bonus	The amount of the incentive to be paid to each Beneficiary included in the variable remuneration.
Deferred Portion	The portion of the Individual Bonus to be allocated on the Subsequent Payment and Allocation Dates.
Up-front Portion	The portion of the Individual Bonus to be allocated on the First Payment and Assignment Date.
RAF or <i>Risk Appetite Framework</i>	The reference framework for determining a bank's propensity to risk, as defined in the Bank of Italy's Supervisory Provisions.
RAL (gross annual remuneration)	The fixed component of remuneration, represented by the base salary, rises due to seniority, any amounts <i>ad personam</i> and allowances, expressed on an annual basis, gross of taxes and social security contributions.
<i>Scorecard</i>	The document summarising the individual objectives (KPIs) assigned to the Beneficiaries.
Subsequent Payment and Allocation Dates	The dates of payment of the cash portion and of allocation of the <i>Phantom Shares</i> of the Deferred Portion of the Individual Bonus.
Incentive Plan	Variable remuneration instrument that subjects the payment of an individual bonus to a specific beneficiary to the achievement of performance thresholds.
Performance appraisal	Company process of appraising individual behaviour and results, generally on an annual basis.