



2021 Report on the Remuneration Policy and remuneration paid in 2020

(Ordinary Shareholders' Meeting held on 19 April 2021)

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



Contents

Letter from the Chairman of the Remuneration Committee	5
Regulatory framework of reference	6
A. SECTION I - 2021 REMUNERATION AND INCENTIVE POLICY	8
1. GOVERNANCE PROCESS	12
1.1. Definition process of the Remuneration Policy	12
1.2. Actors involved in the preparation, approval and implementation of the Policy	13
1.2.1. Shareholders' Meeting	13
1.2.2. Board of Directors	14
1.2.3. Remuneration Committee	15
1.2.4. Risk Committee	16
1.2.5. Board of Statutory Auditors	16
1.2.6. Human Resources Department	16
1.2.7. Compliance Department	17
1.2.8. Risk and Control Department	17
1.2.9. Auditing Department	17
2. PROCESS OF IDENTIFYING MATERIAL RISK TAKERS	18
3. 2021 REMUNERATION AND INCENTIVE POLICY	20
3.1 Purposes of the Remuneration policy	20
3.2 Components of remuneration	20
3.2.1. Fixed Remuneration	20
3.2.2. Variable Remuneration	21
3.2.3. Ratio between the variable remuneration and fixed remuneration	22
3.2.4. Mandatory reporting on financial investments and prohibition of hedging	23
4. BENEFICIARIES OF THE REMUNERATION POLICY	24
4.1. Remuneration of the members of the Board of Directors	24
4.1.1. Directors without specific offices	24
4.1.2. Remuneration for attendance at Committee meetings	25
4.1.3. Directors with specific offices	25
4.1.4. Remuneration of the members of the Board of Statutory Auditors	26
4.2. Remuneration for Material Risk Takers	27
4.2.1. Chief Executive Officer and General Manager	27
4.2.2. Remuneration of Other Material Risk Takers	32
4.2.3. Remuneration of Material Risk Takers with Company Control Functions	36
4.2.4. Definition mechanism of the bonus pool and the individual bonus within the "2021 Bonus Pool" Plan	36
4.3 Remuneration of personnel not included in MRTs	38

4.3.1. Remuneration of the sales "network"	39
4.3.2. External contractors	40
4.3.3. Financial advisors, credit brokers and other professionals.....	40
4.4. Ex post risk alignment mechanisms	40
4.5. Severance Indemnity Policies	41
4.5.1. Severance Indemnity Payments	41
4.5.2. Discipline in the event of termination of employment or office	43
B. SECTION II - 2020 REPORT ON REMUNERATION	44
Introduction	44
Main events of 2020	45
Covid-19 Emergency	45
2020 Activities of the Remuneration Committee	45
1. PART I - IMPLEMENTATION OF THE 2020 REMUNERATION POLICY	47
1.1 Remuneration of Corporate bodies	47
1.1.1. Remuneration of the members of the Board of Directors.....	47
1.1.2. Remuneration for attendance at Committee meetings	48
1.1.3. Remuneration of the members of the Board of Statutory Auditors	48
1.1.4. Remuneration of the Chief Executive Officer and General Manager	49
1.1.5. Remuneration for other Material Risk Takers	53
1.2. Overall remuneration of employees	57
1.2.1. Fixed remuneration	57
1.2.2. Variable remuneration	58
1.2.3. Aggregate remuneration	59
1.3 Other disclosures	60
1.3.1. Termination of employment relationships with General Management representatives and MRTs during 2020.....	60
1.3.2. Exceptions to remuneration policies	60
1.3.3. Development of total remuneration of CEO/GM and Corporate Bodies, average employee remuneration and Company performance.....	60
Controls of the internal audit function on the incentive system.....	62
2. PART II - IN-DEPTH QUANTITATIVE INFORMATION	63
Glossary.....	74

Letter from the Chairman of the Remuneration Committee

Dear Shareholders,

the year just ended was strongly affected by the global spreading of the Covid-19 pandemic. The health emergency resulted in a serious social and economic uncertainty that has spread globally and is still ongoing.

Albeit in an extremely complex context, the business model, redefined within the "2019-2023 Business Plan: Sustainable Growth", has permitted Creval a rapid reaction, which enabled the Bank to continue its restructuring and relaunch path. Despite the worsening of macroeconomic forecasts, the positive results achieved in 2020 confirm the sustainability of the Bank's strategy and the rigour, which is driving its transformation.

This context demands, even more than in the past, the adoption of a prudent and far-sighted approach to remuneration policies which, in line with the recommendations of the Italian Supervisory Authorities and EU Institutions, must remain strongly oriented towards the performance and sustainability of the business as well as integrated with a sound risk management.

In this framework, the remuneration structure, defined for 2020 and particularly appreciated by our Shareholders on the occasion of Shareholders' Meeting, permitted an adequate Staff remuneration, consistent with the generated value, net of risk adjustment measures.

Remuneration policies remain an integral part of implementing Creval's strategies also for 2021. The proposal of remuneration model is a consistent evolution of the model adopted in the previous year and is always focused on the pay-for-performance model, aimed at a steadily increasing added value for all stakeholders inside and outside the Group, over a long-term perspective.

The Remuneration Committee continued its activities in the wake of the path undertaken already in 2019, while shaping an effective and transparent remuneration system, aligned with the best practices of the Italian and European markets.

In particular, this year's Report was developed by taking account of the following:

- the uncertainty of the current and prospective macroeconomic framework caused by the persisting pandemic situation. Pursuant to recommendations given by Regulatory Bodies, this context confirmed the rigorous mechanisms that interconnect remuneration, risk and performance sustainability in the incentive plans;
- the utmost transparency and disclosure with respect to the market, also through a constant dialogue with the Shareholders and the acknowledgement of their requests and suggestions on the approach to remuneration;
- the growing importance of sustainability-related issues in corporate strategies. The integration of ESG objectives with the performance of Material Risk Takers has been enhanced and strengthened, in the awareness that sustainable development objectives are essential to support the growth of economic, financial and equity results in the medium to long term;
- the evolution of market trends and the relevant statutory novelties introduced at national and EU level. The entry into force of the so-called CRD V, the Shareholders' Rights Directive 2 and the revised Corporate Governance Code for listed companies are of particular importance.

I would like to conclude by thanking you, also on behalf of the other members of the Committee, Directors Teresa Naddeo and Massimiliano Scrocchi, for the attention and support that, I hope, you will pay not only to the 2021 policies outlined in our Report but also to the improvement-oriented and transparent approach we have adopted in representing it to you and to 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.

The current Credito Valtellinese Banking Group's document "Report on the 2021 Remuneration Policy and fees paid in 2020" therefore describes the remuneration and incentive policies and practices defined in the changed reference context of the Bank of Italy's supervisory provisions, Circular letter no. 285 of 17 December 2013 ("Supervisory Provisions for Banks") as amended and supplemented, which implements European Parliament's Directive 2013/36/EU ("CRD IV").

The Remuneration Policy has therefore been defined within the regulatory framework and recent guidelines defined at European level on remuneration and incentive systems outlined by:

- at EU level:

- Directive 2019/878/EU issued by the European Parliament and the Council on 20 May 2019, which amended the previous Directive 2013/36/EU regarding access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD V);
- EU delegated regulation no. 876/2019, issued by the European Parliament and the Council relating to public information (CRR);
- the "Final draft Regulatory Technical Standards" (RTS) published by EBA on 18 June 2020 containing the technical standards for the identification of the "Material Risk Takers" ("MRT" or "Risk Takers");
- EU delegated regulation no. 527/2014 relating to the required regulatory standards for the classes of instruments useful for variable remuneration;
- Directive 2017/828 issued by the European Parliament and the Council on 17 May 2017 regarding the encouragement of long-term Shareholder engagement;

- at national level:

- Title IV, Chapter I, of the 25th amendment to Circular no. 285 on remuneration and incentive policies and practices adopted in order to align the national regulatory provisions with the remuneration and incentive guidelines issued by the EBA, effective as at 1 January 2017 and reported below;
- Articles 123-ter, as updated by Legislative Decree no. 49/2019, and 114-bis of the Consolidated Law on Financial Intermediation, which govern, respectively, the contents of the "Report on the Policy on Remuneration and Fees Paid" and the "Information to the market on the allocation of financial instruments to corporate officers, employees and collaborators";
- Issuers' Regulations adopted with resolution no. 11971 of 14 May 1999, as amended by Consob on 10 December 2020 with resolution no. 21623;
- joint Bank of Italy - Consob communication of 29 January 2014 "Implementation of ESMA guidelines relating to remuneration policies and practices (MiFID)";
- the update published by the Bank of Italy on 19 March 2019 on the transparency of banking and financial transactions and services, with special reference to the fairness of relations between intermediaries and customers;
- Consob communication of 19 June 2014 relating to information available to the public on indemnities and benefits for Executives and General Managers;
- the amendment to joint Bank of Italy and Consob Regulation "Remuneration systems for the managed savings sector" of 27 April 2017 relating to the organisation and procedures for intermediaries offering financial or collective investment management services;

- the “Guidance to banks on non-performing loans” 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;
- the Corporate Governance Code of listed companies, approved in January 2020.

The above-mentioned provisions are completed by the “Draft Guidelines on sound remuneration policies under Directive 2013/36/EU” and the Bank of Italy’s Circular letter no. 285, which was consulted between November 2020 and January 2021 and to which these policies are aligned in terms of guiding principles, such as aspects relating to corporate social responsibility.

With reference to the proportionality criterion contained in the Bank of Italy’s Circular letter no. 285, for the purposes of applying the rules on remuneration, it should be noted that Creval is considered a “large bank or bank with complex transactions” (also being 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 the risk takers, in particular as regards the variable remuneration of “Material Risk Takers” (as per EBA regulations), as will be seen below.

With reference to the procedures governed by Circular letter no. 285, it should also be noted that Creval, although it is one of the “banks of greater size and operational complexity”, is classified as “less significant” by the ECB and is therefore subject to supervision by the Bank of Italy.

A. SECTION I - 2021 REMUNERATION AND INCENTIVE POLICY

The Remuneration Policy represents one of the fundamental pillars to support the Group in the transformation and re-launch process initiated in 2019 with the "2019-2023 Business Plan: Sustainable Growth".

Creval's remuneration structure is aimed at finding and enhancing sustainable long-term value generation: responsible, fair and transparent remuneration mechanisms increase and protect its reputation and credibility over time.

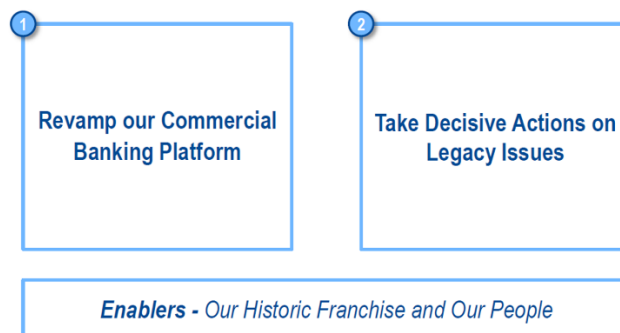
The remuneration policy should, in fact, be inclusive, competitive, transparent and effective in attracting, motivating and retaining the resources that - due to their technical and managerial skills and their different profiles of origin and experience - represent a key factor for the success of the Group and for the implementation of its Business Plan.

In line with last year, the key points of Creval's 2021 remuneration policy are as follows:

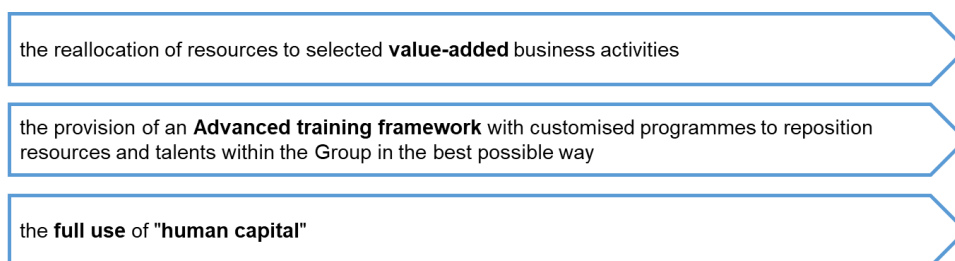
- **Enhancement of human capital**, with special attention to young people, talents and resources considered strategic, through the constant involvement of staff in all the initiatives envisaged by the Business Plan, in order to motivate, selectively reward, attract and retain individuals with strong expertise and skills, as well as to reinforce a culture linked to equal opportunities, performance and merit;
- **Clear and transparent governance mechanisms**, through effective organisational and corporate governance structures, as well as clear and rigorous governance rules providing for the involvement of a multiplicity of bodies, organisational units and individuals to ensure structured, controlled and ex-post verifiable processes;
- **Sustainable remuneration for sustainable performance** through a rigorous consistency between remuneration and performance (pay for performance) and between remuneration and creation of value, aiming at achieving a balanced relationship between fixed and variable remuneration elements, anticipating balanced and sustainable pay mix levels that would avert behaviours that are risky and focused on short term results;
- **Sound orientation towards the principles of reasonableness, fairness and transparency**, through the organic development of all elements of remuneration, such as fixed remuneration, benefits, short and medium-long term incentive systems and severance indemnity;
- **Sustainable development within ESG (Environment, Social, Governance)**, through the adoption of incentive parameters related to the achievement of Group strategic guidelines on environmental, social and governance issues;
- **Compliance with regulatory requirements and principles of transparency and good professional behaviour**, as well as with the Code of Conduct and internal regulations through a Remuneration Policy structured according to regulations aimed at averting and managing potential conflicts of interest between roles within the Group and towards customers;
- **Continuous alignment to best market practices**, for the purposes of ensuring a more competitive, fair and adequate remuneration.

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

The "2019-2023 Business Plan: Sustainable Growth", of which the Remuneration Policy forms an integral part, is structured around two specific priorities:



People are at the centre of the corporate strategy and represent the main leverage to achieve sound trade performances in view of creating sustainable value for all stakeholders. This strategy is implemented through targeted actions such as:



The year 2021 is still strongly affected by the Covid-19 pandemic, which places the Company and its human capital under the challenge of an uncertain and volatile global economic situation combined with a continuing serious health situation. Creval, as also shown in Section II herein, has faced this context since the beginning of 2020 with an approach oriented towards safeguarding and protecting the health and safety of the employees and the customers, ensuring its business continuity and proving its ability to adapt to an unexpected and rapidly changing environment. The resilience demonstrated by the business model makes it possible to continue with the initiatives already undertaken in the previous year, also in terms of attention to encouraging remote working and smart learning, not only as a tool to prevent contagion but also as a measure to support parenthood.

In this context, and in line with the objectives of the Plan, the Remuneration Policy for 2021 specifically provides for:

- a variable remuneration strategy based on a short-term component and a medium-long term one, in order to align the time horizon between Beneficiaries and Business Plan. In particular, as regards Material Risk Takers, a short-term incentive system is envisaged ("2021 Bonus Pool") with objectives linked to qualitative and quantitative indicators that define the strategy of the Business Plan over a yearly time horizon. A medium to long term incentive system ("LTI 2019-2021" Plan) is also foreseen, which includes targets that are strictly connected to priorities defined by the Plan within a wider time horizon;
- as regards the incentive systems, the presence of entry gates – related to indicators of capital soundness, liquidity and profitability – and of risk alignment mechanisms such as to ensure the sustainability of the systems from an economic-financial and risk viewpoint;
- the definition of a clear and structured process for determining and granting bonuses, so as to ensure that they are closely linked to the profitability achieved by the Group and, at the same time, to take due and prudent account of the risks undertaken, also

- from a prospective view, as well as of the appropriate compliance drivers;
- a growing and stable integration between business targets included in the incentive systems and drivers related to Creval's sustainability strategy, in line with what was already started last year.

The elements of the short and medium to long-term remuneration policy for Material Risk Takers and other personnel are fully described in this Report.

The sustainability targets in Creval's strategy

In order to achieve sustainable growth, which is a fundamental aspect of the 2019-2023 Business Plan, as part of the overall strategy to relaunch its business, Creval has undertaken an integration process for sustainability within business processes in order to help improving the Bank's risk profiles and in the awareness that, in its role as a social player, it is necessary to aim at an even more aware use of natural resources and a more inclusive working environment.

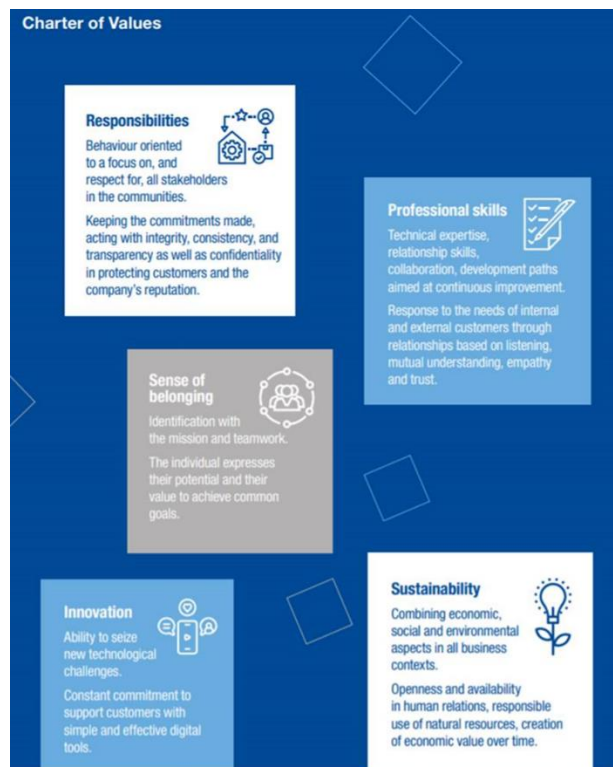
"2020 was a transformational year for Creval, that achieved a STEP CHANGE. Indeed, we are a renewed bank, among the most solid in Europe, with a CREDIT QUALITY significantly improved and a GROWING CORE BUSINESS. A resilient bank oriented towards a SUSTAINABLE PROFITABILITY, operating along nimble and lean processes, and with an efficient organizational structure also with respect to costs. We are confidently looking ahead to the Bank's future growth proceeding on the marked path, for a CONSTANT GENERATION OF VALUE."

Luigi Lovaglio, CEO Creval



In line with the Charter of Values and the Bank's Mission, the main lines along which Creval's initiatives will be developed in 2021 as regards sustainability are as follows:

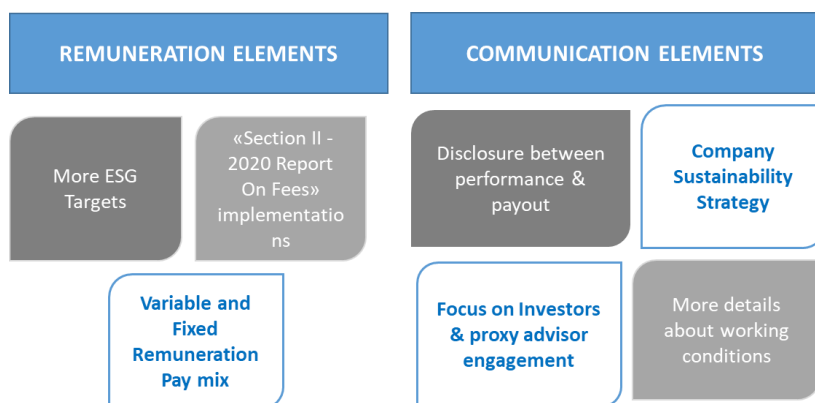
- *diversity e inclusion*;
- climate changes;
- creation of a culture on sustainability (awareness of all stakeholders on these issues);
- well-being of all employees and safety at work.



In this context, the 2021 Remuneration Policy is designed with the aim of establishing a sound alignment between incentive remuneration, through the increasing integration of ESG criteria into short and long-term objectives, and the business sustainability as the basis for medium to long-term growth.

New proposals for 2021

According to the voting results of the Shareholders' Meeting, the outcome of the engagement activity with the proxy advisors, as well as the relevant elements that Creval intends to further strengthen as part of a policy oriented towards best practices and the utmost transparency, the main innovations introduced in this Report are summarised below:



1. GOVERNANCE PROCESS

1.1. Definition process of the Remuneration Policy

Creval has adopted a sound governance system in order to internally regulate activities aimed at defining, implementing and managing remuneration policies, by identifying the actors involved and the different phases involved.

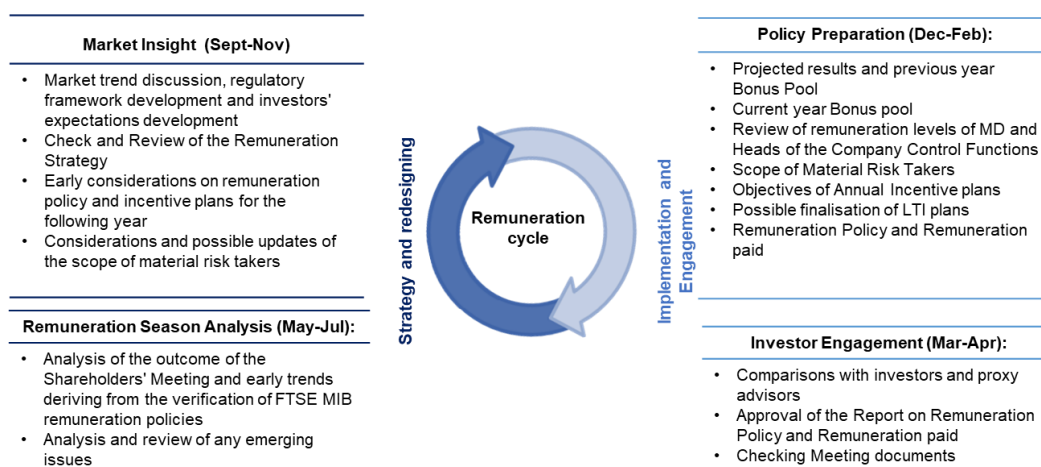
Within the "Remuneration cycle", these steps are implemented over the whole year and envisage the involvement, at different levels and by areas of competence, of multiple control bodies and corporate functions.

CORPORATE BODIES	COMPANY FUCTIONS
Shareholders' Meeting	Human Resources Department
Board of Directors	Accounting Planning & Control Department
Remuneration Committee	Risk & Control Department
Risk Committee	Investor Relations
Chief Executive Officer and General Manager	Compliance Department
	Internal Auditing Department

Pursuant to the regulatory framework in force, the number of actors involved help to define, manage and assess the Remuneration Policy. This ensures that decisions are made independently, reduces the risk of possible conflicts of interest and guarantees correct internal reporting.

Creval also makes use of external and independent consultants of high standing, featuring well-known expertise concerning remuneration and incentives.

According to the process defined by the Group, the remuneration cycle is outlined below:



1.2. Actors involved in the preparation, approval and implementation of the Policy

The process of the Remuneration Policy is formulated by the Human Resources department with the involvement of both the Risk Management department and, for validation of consistency, of the Compliance department for each aspect of direct concern before being submitted to the Remuneration Committee.

On this context, the Chief Executive Officer¹ and the General Management exercise powers of proposal, supervision and initiative; they also constantly manage and monitor the progress of activities on the matter to ensure the necessary consistency between the guidelines and the concrete management initiatives and practices.

Specifically, the compliance policy adopted by the Group attributes to the Compliance Department the duty of verifying the consistency of the remuneration systems with regulations, the Articles of Association and the Code of Conduct.

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

In addition to the functions already indicated, 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.

No less important is the contribution of the Accounting, Planning & Control Area which, together with the Chief Risk Officer Area, contributes to identifying indicators and benchmarks relating to risk parameters and performance objectives and verifies that remuneration policies are consistent with short and medium-long term planning objectives and with the Group's capitalisation, profitability and liquidity levels.

The Investor Relations Service, as part of the process described, is responsible for maintaining 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 its vote during the Shareholders' Meeting.

1.2.1. Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

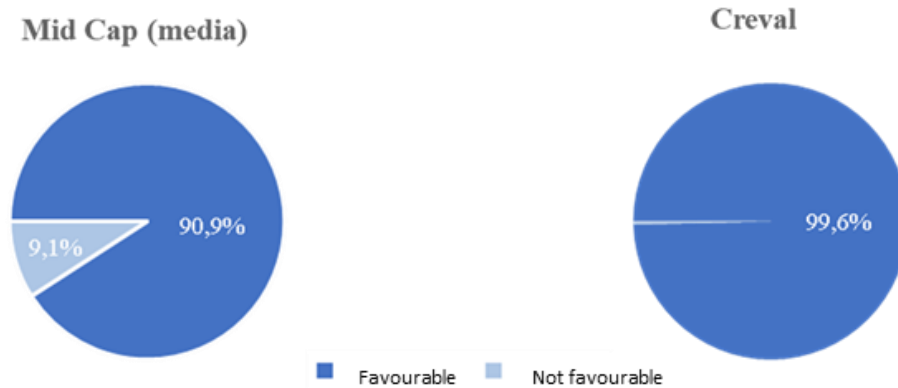
- expresses a binding vote on the approval of the "Report on the policy on Remuneration", pursuant to paragraph 3-ter of article 123-ter of the Consolidated Law on Finance;
- expresses a non-binding vote on the approval of the "Report on Fees paid", pursuant to paragraph 6 of article 123-ter of the Consolidated Law on Finance;
- 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;
- upon proposal of the body with strategic supervisory functions, approves limit of over 1:1 to the ratio of variable to fixed components of single remuneration (in any case not higher than 200%), in compliance with the qualified majorities envisaged by the supervisory provisions in force;
- approves 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.

On recommendation of the Remuneration Committee and having obtained the opinion of the Risks Committee, the Board of Directors provides the Shareholders' Meeting with a clear and thorough reporting on the Remuneration Policy.

¹ The Chief Executive Officer does not take part in the board discussions regarding its remuneration structure.

Shareholders' engagement and meeting results

At the Shareholders' Meeting of 24 April 2020, the 2020 Remuneration Policy received 99.6% of the votes cast in favour of the shares represented at the Meeting, well above the average for companies of comparable size belonging to the FTSE Mid-Cap Index, as shown below.



This Remuneration Policy takes into consideration the feedback received from Investors and Proxy Advisors and, in line with the new provisions introduced by the Issuers' Regulation, it has been enriched as part of a continuous improvement process intended to strengthen the dialogue with investors and all stakeholders over time, in full awareness of the importance of remuneration and incentive systems within the context of overall governance.

In particular, in order to take account of the Shareholders' vote, the current policy includes an even more transparent disclosure of the maximum bonus pool envisaged for the annual incentive plan for Material Risk Takers described in the Information Document prepared pursuant to article 114 bis of the Consolidated Law on Finance and article 84 bis of the Issuers' Regulation. Moreover, disclosure related to remuneration of top-level executive positions was enriched with a representation of the performance curve and pay mix of the Chief Executive Officer and General Manager.

1.2.2. 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 corporate functions.

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

- with the support of the Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors, defining the remuneration and, therefore, the remuneration and incentive systems of the Executive Directors and/or those vested with special offices, of the General Management, as well as of the Heads of the Company 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 the 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 special reference to Material Risk Takers, by ensuring that the "Report on the Policy on Remuneration and Fees Paid" has been prepared for submission to the Shareholders'

Meeting;

- 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.

The Board of Directors of the Parent Company draws up the remuneration and incentive policies for the entire Group, ensuring their overall consistency, providing the necessary guidelines for their implementation and verifying their correct application. Therefore, taking into account the activities of definition and approval by the Parent Company, as described in this document, the Board of Directors of each subsidiary, to the extent of its competence, acknowledges and approves this Report.

As envisaged by Article 123-ter, paragraph 3-bis of the Consolidated Finance Act updated in 2019 and by the recent Consob update of the Issuers' Regulation, in the presence of exceptional circumstances - i.e. only situations in which the departure from the Remuneration Policy is necessary for the purposes of pursuing 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, may temporarily depart from its own remuneration policies, without prejudice to compliance with legal and regulatory constraints and in line with the Procedure concerning related party and associated party transactions of Creval. In this area, the elements of the Policy pertaining to the "2021 Bonus Pool" Plan and the deferred portions of the Bonus Pool Plans of previous years, as well as the "2019-2021 LTI" Plan, may be waived on the occurrence of the circumstances indicated and in accordance with the reported procedure.

Moreover, in the event of corporate events occurring during the validity of the "2021 Bonus Pool" Plan and/or the deferral of the Bonus Pool Plans of previous years and/or the validity of the "2019-2021 LTI" Plan and such as to entail a change in the structure of the Group (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, takeover bids, delisting, etc.) and/or likely to alter the entry gates and/or the Individual Objectives, the Board of Directors, after consulting the Remuneration Committee - without prejudice to compliance with legal and regulatory constraints and, where applicable, the Procedure concerning related party and associated party transactions of Creval - may consider the possibility of making the necessary or appropriate changes to the aforementioned Plans to maintain the substantial value offered to the participants unchanged in line with the rationale of participation in the creation of value, underlying these Plans.

By way of example, these changes may eliminate the effects of these operations on the entry gates and/or on the Individual Objectives and/or on the substantial value offered to participants in relation to the objectives to be achieved.

1.2.3. Remuneration Committee

The Remuneration Committee plays a central role in the governance of remuneration and incentive systems and, through its consulting, propositional and instructional powers, supports the Board of Directors in defining and assessing the overall consistency and adequacy, also in terms of connections with the Company's business and sustainability strategy, of remuneration policies as well as of their concrete application 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 proposal duties pertaining to the economic treatment of Directors, the remuneration package of the Chief Executive Officer, as well as the remuneration of personnel whose remuneration and incentive systems 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 internal control functions and of the Manager in charge of financial reporting, working closely with the risk control body;
- oversees the preparation of the documentation to be submitted to the body with the functions of strategic supervision;
- works with the other Board Committees, and specifically with the Risk Committee, the Appointment Committee and the Related Party Committee;
- ensures the involvement of the competent corporate 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-long term incentive systems for Material Risk Takers;
- supplies sufficient information on the activities carried out to the corporate bodies, including the Shareholders' Meeting.

The activity of the Remuneration Committee for the year 2020 is adequately described in Section II hereof.

With reference to the first months of 2021, the Committee's meetings focused on the definition of the principles underlying the Remuneration Policy for the year 2021 (including the definition of the new short-term incentive plan "2021 Bonus Pool"), on benchmark analyses to ensure adequate alignment of Creval's practices with the best industry standards and on the alignment of these Remuneration Policies to the evolution of the regulatory framework, with special reference to the transparency of the incentive criteria towards Shareholders and alignment with corporate social responsibility.

It is worth noting that in drawing up this document the Committee and the Human Resources function availed themselves of the support supplied by the independent external consulting company Willis Towers Watson.

1.2.4. Risk Committee

In performing its consulting functions on remuneration, the Risk Committee ascertains that the incentives underlying the remuneration and incentive system of the Bank and of the Group comply with the RAF without prejudice to the responsibilities of the Remuneration Committee, and more specifically examines whether the incentives provided by the remuneration system take account of risks, capital and liquidity and do not hinder the sound and prudent management of the Bank.

1.2.5. Board of Statutory Auditors

The Board of Statutory Auditors has the task to express a view on the remuneration of directors in specific roles; such views are also offered with regard to the remuneration of the General Management. Furthermore, the Board also expresses its view on the remuneration of the Persons responsible for the Company Control Functions.

1.2.6. Human Resources Department

With the support of the Risk Management, the Accounting, Planning & Control Area and the

Compliance Department, the Human Resources Department instructs and governs the process of drafting the Remuneration Policy to be submitted to the Remuneration Committee, ensuring its compliance with applicable regulations and implementing it after approval. It is also charged of coordinating the process of identifying the Material Risk Takers, in light of regulatory provisions and internal Guidelines.

1.2.7. Compliance Department

The Compliance Department verifies compliance with the regulatory framework and internal standards (Articles of Association and Code of Conduct) of the Remuneration Policy, the incentive systems as well as the guidelines related to the identification of Material Risk Takers, in order to adequately limit legal and reputation risks inherent, above all, in customer relations.

1.2.8. Risk and Control Department

The Risk and Control Department ensures that the Remuneration Policy and the incentive systems are consistent with the Risk Appetite Framework (RAF), which identifies the reference framework for determining the Bank's risk propensity, also with reference to the indicators to be used for correction mechanisms (ex ante and ex post) and for the set of individual KPIs. It is also actively involved in the process of identifying the Material Risk Takers, in light of regulatory provisions. It also helps in defining and updating the related Guidelines.

1.2.9. Auditing Department

The Auditing Department checks, on a yearly basis at least, the consistency of remuneration practices to the Creval Group's Incentive and Remuneration Policy and the reference regulations. The outcome of checks performed are brought to the attention of the Shareholders' Meeting and, wherever deemed necessary, to the Supervisory Authorities. In particular, the Auditing Management carried out the annual assessment aimed at assessing the consistency between incentive and remuneration practices and the Remuneration Policy approved in 2020 by the Shareholders' Meeting, as well as the reference regulatory framework.

2. PROCESS OF IDENTIFYING MATERIAL RISK TAKERS

In line with the recent Regulatory Technical Standards issued by EBA on 18 June 2020 (hereinafter RTS), in implementation of the mandate set out by EU Directive 2019/898 (CRDV), which cancelled Directive 2013/36/EU (CRD IV) and Regulation (EU) no. 604/2014, and with provisions set out by Circular letter no. 285 of the Bank of Italy, Creval identified the Material Risk Takers, i.e. the category of individuals whose work has or may have a significant impact on the Group's risk profile.

To this purpose, the Board of Directors of the Bank approved, subject to the positive opinion of the Remuneration Committee, internal Guidelines which set out:

- a) the procedure adopted for the identification (and possible exclusion or redefinition of the perimeter) of the Material Risk Takers, which describes the contribution of each corporate function and bodies to the management, monitoring and supervision of the identification process of the above mentioned persons;
- b) criteria exposed by RTS and related evaluations made to include the positions within the category of Material Risk Takers, classified in:
 - qualitative criteria: concerning the nature and complexity of the role performed, the organisational context, the decision-making power and the responsibilities held;
 - quantitative criteria: referred to the allocated remuneration thresholds;
- c) the practical application of the whole process with evidence of outcomes and internal audits.

For the staff identified according to this process, the most stringent mechanisms provided for by the regulations on incentives are applied in order to align their behaviour with the Bank's risk profile, as described in the remuneration policies.

The analysis was carried out taking into consideration the workforce as at 31 December 2020 and any changes in position.

As Parent Company, Creval identifies staff with a material impact on the Group's risk profile, taking account of Group companies based on Creval's business prevalence criterion with respect to the other Group companies.

For all Group companies, the Parent Company ensures the consistent application of the defined process and compliance with any specific industry standards applicable to subsidiaries.

The process of identifying Material Risk Takers is at least performed on an annual basis and, pursuant to regulatory provisions, it is updated according to any changes in staff and/or changes in the organisation occurred during the year, if these are relevant for the criteria adopted. Within the month of October, whenever necessary, the process will be updated in order to check any possible change with respect to Material Risk Takers.

The identification process was completed in February 2021, also with the contribution of the Risk and Control Department. The outcome was verified by the Compliance Department and was subsequently submitted to the Remuneration Committee, the Risk Committee and the Board of Directors.

In particular, the Material Risk Takers for the Group are summarised in the following table:

- 14 Members of the Creval's Board of Directors (Non-executive Directors are not recipients of incentive policies);
- 3 Material Risk Takers, members of the Management Body and the Top Management (Top MRTs) of Creval, as Parent Company, which include: the Chief Executive Officer and General Manager, the Substitute Deputy General Manager and the Deputy General Manager also acting as Creval's Chief Lending Officer;
- 5 Officers in charge of Company control functions (i.e. the Persons in charge of Auditing, Compliance and Anti-money laundering functions, as well as the Chief Risk Officer (CRO));
- 8 Heads of relevant organisational units identified on the basis of the second sentence of article 142(1) of the CRR regulation;
- 6 Persons in charge of the control of relevant risks for the Group and of support

functions, specially identified in regulations in force, i.e. members of the management functions related to legal affairs, the financial statements for the year (soundness of accounting policies and procedures), human resources (including the development of policies as regards remuneration), IT and cybersecurity;

- 30 resources that are responsible for the management of a risk category defined in the CRD - credit and counterparty risk (Art. 79) and residual risk (Art. 80) - or voting members of a Committee responsible for the management of these risk categories. First and second-pillar risks are therefore identified, which refer to operational, strategic and reputation risks, also concerning customers (the territorial managers of business activities are also included in this category).

It should be noted that the analysis carried out on the basis of the so-called 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 exclude resources, as these were already identified on the basis of qualitative criteria.

In light of the above, to conclude the analysis, the Material Risk Takers perimeter was updated by identifying the total number of 52² resources (with respect to a total of 68 roles); 2 fewer names compared to 2020. The relative percentage of total employees was 1.47% (compared to the percentage of 1.48% reported in 2020).

This figure, which allows for the process of identifying Material Risk Takers that had already been finalised in the previous year and updated with the application of the latest RTS, is included in a context of substantial compliance with sector benchmarks, taking account of other comparable institutions.

Identification of Material Risk Takers	2020
Number of resources	52
- by qualitative criteria	52
- by quantitative criteria	11*
Impact on the total	
% compared to the registered workforce at end of 2020	1.47%

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

Further details on Material Risk Takers are shown in Section II hereof.

² Any terminations that have occurred after 31 December 2020 are not included in the number.

3. 2021 REMUNERATION AND INCENTIVE POLICY

3.1 Purposes of the Remuneration policy

Creval's Remuneration Policy, as already indicated, has the purpose of aligning the conduct of management and staff to the interests of all stakeholders, directing their conduct with respect to the strategies defined in the Business Plan, within the framework of prudent risk management and sustainable growth of economic value.

The approach to managing activities in a sustainable and socially responsible manner is a key point of attention in Creval's strategy and as such is also applied to incentive systems, through the increasingly widespread implementation of transversal ESG objectives consistent with the annual and multi-year sustainability strategy represented also in the Consolidated Non-Financial Statement (DCNF).

The remuneration policies adopted by the Group are characterised by a good balance between fixed and variable components, in line with best market practice.

3.2 Components of remuneration

The term "Remuneration" refers to any form of compensation in cash, financial instruments, services/goods in kind (fringe benefit) or other benefits (such as, for example, discretionary pension benefits and severance pay) paid - directly or indirectly - as consideration for work or professional services rendered in favour of Creval and/or its subsidiaries.

In compliance with regulatory provisions, the structure of remuneration - divided into a fixed component and a variable component, clearly separate 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 of the different categories of personnel (in particular with reference to Material Risk Takers).

3.2.1. Fixed Remuneration

Fixed Remuneration is of a stable and irrevocable nature, is not related to the company's performance and is determined and paid on the basis of pre-established, non-discretionary criteria and is aimed at attracting and retaining resources. It reflects the technical, professional, managerial skills and responsibilities assigned.

Creval constantly monitors the value of fixed salaries, avoiding a reliance on the variable component that encourages particularly high risk-taking, while paying attention to its appropriateness with respect to the market context.

In this context, remuneration interventions on the fixed component - related to career paths and professional development - are normally managed within the annual performance evaluation system and consist of upgrades to a higher salary level or classification and of individual allowances made also by reason of an effective increase in responsibilities and in the presence of meritorious performances.

The fixed component includes:

- gross annual remuneration;
- non-discretionary assigned compensation, not connected to any type of performance indicator;
- compensation and/or remuneration deriving from any offices held in corporate bodies, provided that the same are not reversed to the pertaining company;
- any benefit aiming at enhancing employee motivation and loyalty and assigned on a non-discretionary basis (of the contract or remuneration policy type).

Personal and family benefits granted by the Parent Company and its subsidiaries to their employees are the result of national and/or second level negotiation and/or deriving from specific internal policies.

The most important benefits relate to the following areas: corporate welfare, supplementary pension plans, health care for employees and their families, insurance cover in the event of death and permanent disability. The Group's employees, according to the specificities provided by the company they belong to and/or come from, also benefit from more favourable conditions for access to the services/products offered by the Bank.

Within the Group, the allocation of company cars for mixed use/benefits is planned and regulated.

3.2.2. Variable Remuneration

The variable component of remuneration is aimed at rewarding the achievement of performance "of excellence" and/or other strategic indicators not included in the fixed remuneration, directly linking the payment of incentives to the achievement of pre-established short and medium-long term objectives, taking due account of risk and compliance drivers.

The impact of the variable component of remuneration on the overall remuneration varies depending on the organisational level in which the resource is placed, the possibility of directly influencing Group results, and the impact that the individual role has on the business and/or organisation.

The variable component of remuneration consists of the following elements:

- short-term incentive systems for Material Risk Takers (Short term incentive Plan), on an annual basis, paid in cash and financial instruments in accordance with the relevant regulations and in line with the annual budget;
- medium-long term incentive systems (Long-term Incentive Plan), consistent with the Business Plan targets;
- incentive systems for staff other than Material Risk Takers, wherever implemented as per provisions set out by article 51 of CCNL for middle managers and staff in professional areas employed by credit companies;
- company bonus for employees, wherever implemented as per provisions set out by article 48 of CCNL for middle managers and staff in professional areas employed by credit companies;
- possible bonus from annual assessment: personnel other than the Material Risk Takers of Group companies may be granted possible payments, which are intended to reward professionalism and individual commitment according to an ex post qualitative assessment;
- any considerations related to non-competition agreements or agreements to extend the period of notice;
- any further remuneration paid in accordance with the provisions set out in the paragraph "Severance policies" upon termination of employment or office.

Variable remuneration related to incentive schemes is generally paid only after verifying that the so-called "gate" indicators (hereinafter also referred to as "access gate" or "entry gate"), linked to conditions of capital stability and liquidity, are exceeded, in addition to specific conditions and objectives defined for individual incentive plans.

In order to guide everyone's contribution, performance is measured at Group, individual company, function and individual level, according to the role held.

The time horizon for assessment can be of a short-term if related to the annual budget (typical of Short Term Incentive systems) or on a multi-year basis, in compliance with the Strategic Plan targets (in the case of Long Term Incentive systems).

The variable remuneration components linked to the incentive systems are also subject to deferral and payment mechanisms - partly in cash and partly in financial instruments - in line with the stricter regulatory provisions set out for Material Risk Takers and, prudentially, for "top roles". These forms of variable remuneration are also subject to Malus and Claw Back mechanisms, the latter of which can be activated in the case of remuneration already paid, in accordance with the procedures governed by the relevant regulations.

The entire variable remuneration, with the exception of the explicitly indicated components (e.g. any entry bonus granted at the time of recruitment or non-competition agreements whose compensation does not exceed the last year of fixed remuneration), is subject to the maximum incidence limit compared to the fixed remuneration approved by the Shareholders' Meeting and differentiated by category of personnel, as described in the next paragraph.

In general, Group employees appointed on behalf of the Bank or its subsidiaries to the corporate bodies of its subsidiaries and/or investees are required to remit to the Bank the remuneration (including attendance fees and any reimbursement of expenses) for the positions held. For such persons, variable remuneration is not linked to such positions.

No remuneration is granted to employees of the Parent Company and its subsidiaries that are members of the Supervisory Body (as per Law decree 231/2001).

3.2.3. Ratio between the variable remuneration and fixed remuneration

The Group maintains a balanced relationship between fixed and variable remuneration elements, anticipating balanced pay mix levels.

In line with the relevant legislation, limits are set ex ante on the incidence of variable remuneration on fixed remuneration. As a result of the resolution passed by the Shareholders' Meeting on 24 April 2020, starting from the 2020 financial year Creval defined up to a maximum of 2:1 the incidence limit of variable remuneration in relation to fixed remuneration for the Chief Executive Officer and the rest of the Material Risk Takers³, with the exception of the Material Risk Takers belonging to the Company Control Functions and other functions for which the prudential regulations define a lower incidence.

To this purpose, the following requirements are confirmed for 2021:

- activating a remuneration structure in which the variable component is predominant, in order to incentivise the progressive achievement of the challenging objectives of the Plan, within the framework of a prudent risk management and in line with the Group's Risk Appetite Framework, by limiting the impact on fixed costs;
- increasing the attractiveness and retention of key resources for the achievement of the Group's strategic objectives, by defining a competitive remuneration structure with respect to the reference market, leveraging on a variable remuneration up to 2:1 compared to the fixed remuneration, consistent with the progressive consolidation of results outlined in the Business Plan and, therefore, enhancing a flexible cost structure in a highly competitive market.

As already highlighted upon the first approval, the limit between variable and fixed remuneration within the maximum authorised limits is adopted in such a way as not to affect the soundness of the capital nor the Group's ability to continue complying with all applicable prudential rules. The limit is included in a Remuneration and Incentive Policy that reflects and promotes a sound and effective risk management based on the fact that higher levels of variable remuneration are recognised only upon the achievement of objectives consistent with the strategic guidelines and sustainable in the long term with respect to the Risk Appetite

³ Up to 60 total positions maximum for the Group.

Framework (RAF).

As part of the maximum incidence approved by the Shareholders' Meeting, the limits of variable remuneration compared to fixed remuneration defined for 2021 for the different categories of personnel are confirmed as follows:

- 2:1 for the Chief Executive Officer and General Manager;
- up to 2:1 for a limited number⁴ of Top Management and Heads of Business functions;
- up to 1:1 for other Material Risk Takers⁵;
- up to 0.33:1 for the Heads of the Company Control Functions.

3.2.4. Mandatory reporting on financial investments and prohibition of hedging

Pursuant to provisions contained in Circular no. 285 (Title IV, Chapter 2, Section I, paragraph 5), in order to monitor compliance with this prohibition, Creval requires the Material Risk Takers to disclose - 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 when determining the risk alignment mechanisms of the incentive systems.

The Group's personnel is bound not to use personal hedging strategies or remuneration insurance that may alter or undermine the risk alignment effects inherent in the remuneration mechanisms governed by this Policy (prohibition of hedging).

⁴ Under the limit for 15 Risk Takers, included the CEO.

⁵ For the Head of the Human Resources Area and for the Manager in charge of financial reporting, the fixed component of remuneration prevails.

4. BENEFICIARIES OF THE REMUNERATION POLICY

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

- members of the Board of Directors;
- members of the Board of Statutory Auditors;
- Material Risk Takers:
 - Chief Executive Officer and General Manager;
 - Material Risk Takers defined as "Top" MRTs;
 - other Material Risk Takers (hereinafter referred to as "Other MRTs");
 - employees with Company Control Functions;
- personnel not included in the Material Risk Taker category (Executives, Middle Managers and Employees in the Professional Categories).

4.1. Remuneration of the members of the Board of Directors

The remuneration of Corporate Bodies is defined in line with the current regulatory framework and the Company's Articles of Association. It is aimed at attracting the best skills and takes into account the effort and time invested, as well as market competitiveness.

Pursuant to article 27 of the Articles of Association, the members of the Board of Directors, in addition to the reimbursement of any expense arising from their office, will receive a fee for holding the office itself as well as attendance fees for participating in the meetings of the Board of Directors, the Executive Committee and any other Board Committees, to be set upon resolution issued by the Shareholders' Meeting.

In this regard, the same Shareholders' Meeting to be held on 19 April 2021, called to approve this Remuneration Policy, will also express its opinion on the renewal of the members of the Board of Directors for the 2021-2023 term, including the Director's remuneration, pursuant to article 2389, paragraph 1, of the Italian Civil Code, as well as the aforementioned attendance fees.

The above without prejudice to the right of the Board of Directors, pursuant to the same provision of the Articles of Association and art. 2389, paragraph 3, of the Italian Civil Code, to grant additional remuneration to the Directors who hold special offices, in compliance with the Articles of Association, on the proposal of the Remuneration Committee and in accordance with the Related Party Transaction Procedure and after consulting the Board of Statutory Auditors.

4.1.1. Directors without specific offices

The remuneration of Directors not holding special offices consists exclusively of a fixed remuneration set 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 office assigned; this fee for the three-year period 2018-2020 is equal to EUR 45,000 per year.

In addition to the fixed remuneration - for the same three-year period - an attendance fee of EUR 750 is envisaged. There is no form of variable remuneration.

In favour of all 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.

4.1.2. Remuneration for attendance at Committee meetings

The Directors who attend the Committees set up within the Board of Directors receive a fixed remuneration commensurate with the commitment required, as resolved by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors and of the Remuneration Committee, pursuant to article 2389, paragraph 3, of the Italian Civil Code. This fixed remuneration, for the 2018-2020 three-year period, is shown in the following table:

REMUNERATION OF 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

Values in EUR

In addition to the fixed remuneration an attendance fee of EUR 750 is envisaged. In the event that more than one meeting is convened on the same day, including that of the Board of Directors, only one fee is due.

4.1.3. Directors with specific offices

Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors for the three-year period 2018-2020 envisages, in addition to the remuneration as Director, a fixed component as 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 accordance with the law, the Chairman abstains from voting on his/her own remuneration and also abstains from Board discussions on the matter.

Deputy Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors for the three-year period 2018-2020 envisages, in addition to the remuneration as Director, a fixed component as 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 accordance with the law, the Deputy Chairman abstains from voting on his/her own remuneration and also abstains from Board discussions on the matter.

Chief Executive Officer and General Manager

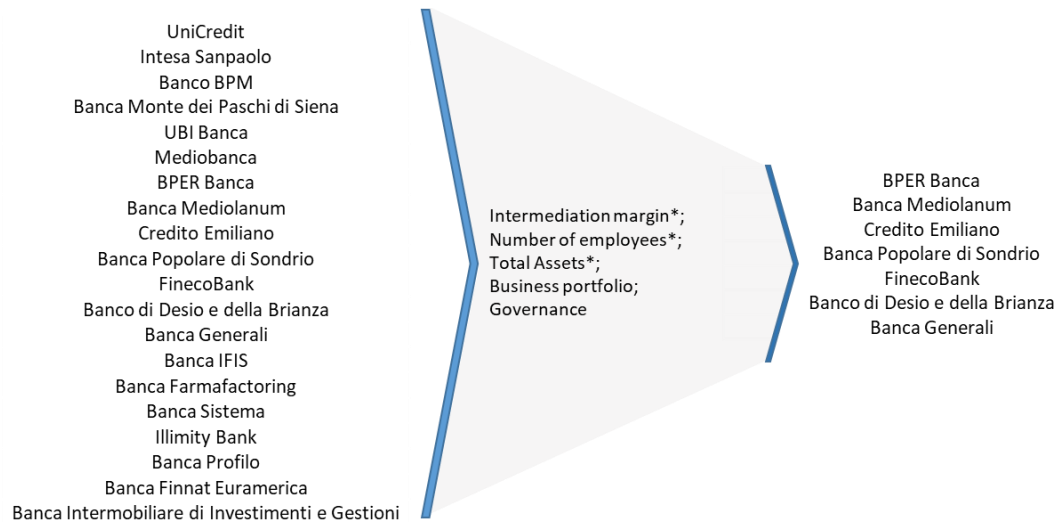
The remuneration of the Chief Executive Officer and General Manager (hereinafter also "CEO/GM") consists of a fixed component, a short-term variable component and a medium to long-term variable component.

Crevall aims to position the fixed component, including the Director's remuneration, between the median value and the value of the third quartile of the reference market, in order to ensure the attractiveness of the remuneration structure proposed during the execution phase of the "2019-2030 Business Plan: Sustainable Growth" 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 pay-for-performance alignment and incentivise the achievement of the challenging objectives set by the Business Plan.

In order to identify the reference market, with the support of Willis Towers Watson, a Peer Group was selected, starting from the Italian Banking Groups, consisting of institutions

comparable with the Creval Group in at least 3 of the following dimensions:

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



*Consistency with the reference size range.

The Peer Group whose remuneration policies are considered as a reference⁶ for the definition of the overall remuneration of the CEO/GM is confirmed in line with 2020 and consists of BPER, Banca Mediolanum, Credito Emiliano, Banca Popolare di Sondrio, FinecoBank, Banco di Desio e della Brianza, Banca Generali.

The remuneration package of the CEO/GM is clearly defined to ensure a balance between fixed remuneration and variable remuneration, as well as to achieve long-term sustainable results, while taking due account of the strategic nature of the role and the level of competitiveness of the overall remuneration compared to the identified Peer.

In particular, the fixed remuneration of the CEO/GM is equal to 1 million euro and is composed as follows:

- EUR 45,000, as per article 2389, par. 1, of the Italian Civil Code - remuneration as Director;
- EUR 955,000, as per article 2389, par. 3, of the Italian Civil Code - remuneration as Chief Executive Officer;

The amount actually received during 2020 is shown in Section II of this document.

While following the same Guidelines, as already stated in section "Ratio between the variable remuneration and fixed remuneration", in accordance with the 2020 policies, the limit on the ratio of variable to fixed remuneration for the Chief Executive Officer and the General Manager for 2021 is 2:1.

4.1.4. 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

⁶ The placement is deemed as in line with the market identified as a reference if included between +/-10% with respect to the target quartile.

Chairman, is determined by the Shareholders' Meeting at the time of appointment and for the entire duration of their office, based on market practice. 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 for the 2019-2022 three-year period, is defined as follows:

	CHAIRMAN	MEMBER
Remuneration of the Board of Statutory Auditors	100,000	60,000

In addition to the fixed remuneration an attendance fee of EUR 750 is envisaged for the Board of Statutory Auditors to attend the meetings of the Board and/or the Board Committees. In the event that more than one meeting is convened on the same day, including that of the Board of Directors, only one fee is due.

4.2. Remuneration for Material Risk Takers

4.2.1. Chief Executive Officer and General Manager

4.2.1.1. Variable Remuneration Systems

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

- short-term incentive system (hereinafter also referred to as "Bonus Pool 2021 incentive system");
- a medium to long-term incentive system (hereinafter also referred to as "LTI 2019-2021" Plan), in line with medium/long-term forecasts of the Business Plan. As regards this System, entirely included in Phantom Share, the partial or total granting of financial instruments will however depend on the achievement of the targets finalised at end 2021.

The variable remuneration is subject to disbursement mechanisms that are compliant with regulations in force (deferrals, cash and financial instrument allowances, retention periods) and to Malus and Claw back clauses as described in the following paragraphs.

Lastly, as mentioned above, the CEO/GM is also covered by a D&O policy that insures against civil and financial liability. Except for the compulsory insurance required by law, under no circumstances may the CEO/GM use his own hedging strategies with regard to remuneration and liability, which could neutralise the measures taken against the recipients of variable incentive plans.

4.2.1.2. Short-term incentive system: "2021 Bonus Pool"

The "2021 Bonus Pool" incentive scheme is focused on a yearly time horizon and developed in line with the objectives defined within the planning processes, taking into due consideration the logic of sound and prudent risk management.

In addition, in order to guarantee the sustainability of the system and ensure that variable remuneration is paid in a context of capital and financial adequacy, the activation of the "2021 Bonus Pool" is subject to the achievement of certain levels of the following "entry gate"

indicators, consistent with the risk limits set by the Risk Appetite Framework (RAF):⁷

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

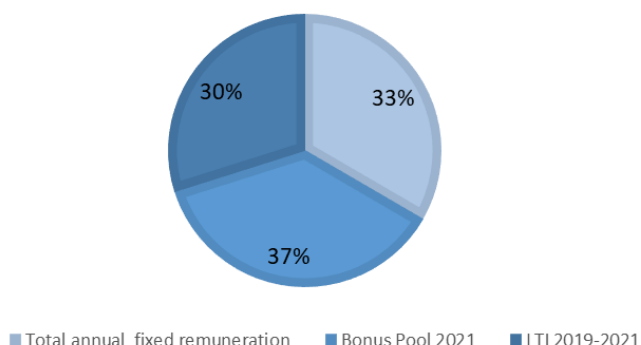
These Entry Gates must be jointly reached: failure to reach even one of them results in non-activation of the variable incentive scheme.⁸

The "2021 Bonus Pool" incentive scheme 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. This system is aimed at translating the Group's strategies into a set of objectives that can significantly influence the overall banking Group's performance, taking careful account of company risks.

The maximum bonus opportunity for the Chief Executive Officer related to the "2021 Bonus Pool" incentive scheme is 110% of fixed remuneration.

In light of these elements, and solely for illustrative purposes, the pay mix of the CEO/GM is shown below with reference to the remuneration envisaged at the time of drafting this document and assuming that results are achieved at the "maximum" level:

2021 CEO/GM PAY MIX



Once the achievement of the levels envisaged by the entry gates enabling payment of the "2021 Bonus Pool" has been verified, the system provides for the definition of the total bonus pool for all Beneficiaries and, following this, the definition of the accrued Individual Bonus (as described in detail in section "The mechanism for defining the bonus pool and the Individual Bonus").

⁷The 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 Regulation (EU) 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, 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).

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

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

The individual scorecard of the Chief Executive Officer and the General Manager is based on KPIs, which take into account the prevailing aspects of the management, such as profitability and risk sustainability, as set out in the 2021 Business Plan and qualitative elements linked to key projects for the Group's strategy, together with compliance drivers and ESG criteria which, this year, are particularly important in Group strategies.

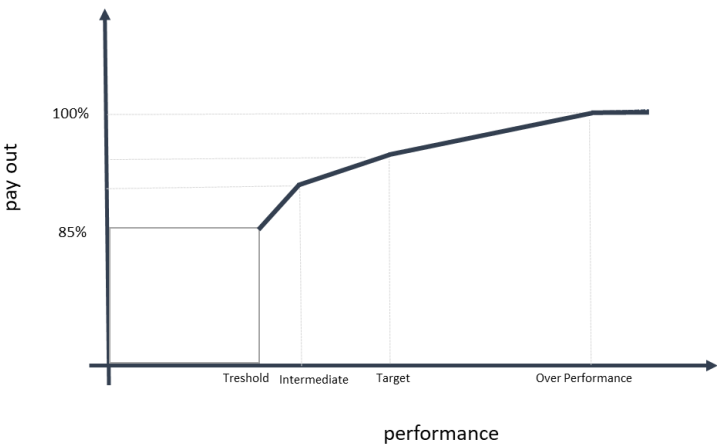
Specifically, in order to assess individual performance, the 2021 objectives assigned to the Chief Executive Officer and General Manager are as follows:

STRATEGIC DRIVER	AREA WEIGHT	KPI WEIGHT	INDICATOR (KPI)
Profitability/Development	80%	40%	<ul style="list-style-type: none"> Profit from continuing operations before taxes Total funding
		40%	<ul style="list-style-type: none"> Cost/Income Expected Loss PE
Quality	20%	10%	<ul style="list-style-type: none"> Project Management
		10%	<ul style="list-style-type: none"> ESG Gender inclusive policy

Qualitative KPIs are connected to both the planned projects, to implement the "Sustainable Growth" Business Plan, such as "Wealth management step-up activities" and other strategic projects also related to compliance, and to the project "Gender balance of the managerial succession pool", in compliance with one of the main drivers of Creval's sustainability strategy. The latter consists in fostering the growth of the managerial pool, taking due account of gender-related elements, also functional to the Group's medium to long-term succession plans.

Once the process described has been completed and the final results verified, the Individual Bonus actually accrued is defined in line with the incentive criteria described, taking into account the mechanism for defining the bonus pool and the Individual Bonus governed by paragraph 4.2.4.

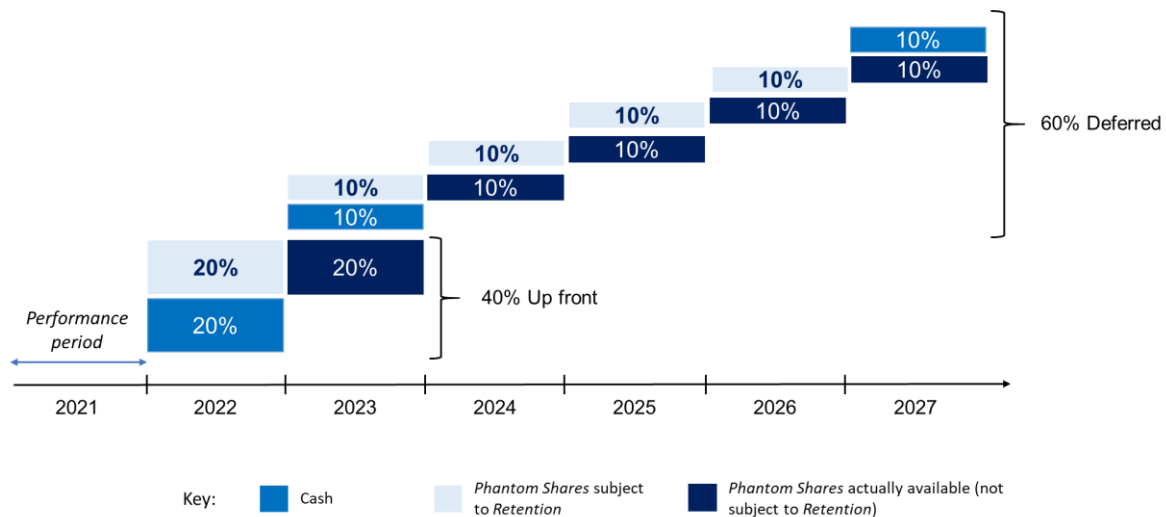
Below is the incentive curve for the "2021 Bonus Pool" system, which links the level of achievement of performance targets to the level of payout.



The sum of the individual bonus defined under the "2021 Bonus Pool" system and the bonus accrued under the "2019-2021" LTI Plan may in no case exceed the overall limit of variable remuneration equal to 200% of fixed remuneration.

The accrued bonus is disbursed according to the rules set out in the regulatory framework and represented below.

With reference to the Chief Executive Officer and General Manager, as well as to the members of General Management and the remaining Key Personnel who are beneficiaries of a variable bonus under the title of "2021 Bonus Pool" in excess of EUR 400,000⁹, the Individual Bonus accrued is paid, providing for the deferment of 60% over a time horizon of 5 years and a payment method of 40% in cash and 60% in financial instruments (Phantom Shares), according to the following scheme:



Phantom Shares are a "virtual" financial instrument, giving the Beneficiary the right to receive a cash amount corresponding to the countervalue of the share for the number of Phantom Shares accrued.

A Retention Period of one year (holding period) is envisaged for all allocated Phantom Shares; for deferred Phantom Shares, the Retention Period begins when the deferred remuneration accrues.

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

Like all variable components of remuneration, the "2021 Bonus Pool" system is subject to Malus and Clawback clauses and to the provisions of "compliance and conformity assessments"¹⁰ as described in the section on "Ex-post risk alignment mechanisms".

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 available EBA 2017 report and 10 times the average total remuneration of the bank's employees) rounded down to the nearest hundred thousand euros. In line with the regulations of Circular 285, the identified threshold is maintained also for 2021.

¹⁰ The assessment of the most serious infringements, resulting from findings by the Supervisory Authorities and/or from audit reports, may affect the accrual of the right to participate in the variable remuneration system. Such breaches may concern - in general - the compliance of the beneficiary's actions with the law, as well as with the recommendations of external authorities, internal regulations, the policies and the Code of Conduct that apply in the Bank and in general with employment duties, including ethical ones. For the specific cases, in relation to which the compliance assessment is carried out, reference is made to the Clawback regulation. The compliance assessment regarding the final disbursement of the bonus, including its reduction or cancellation, is referred to the Board of Directors with the favourable opinion of the Remuneration Committee and the involvement of the other functions of the Bank (e.g. the Risk Committee or the Board of Statutory Auditors, if deemed necessary). These assessments are carried out at all times, from when the recipient is informed that he or she has been included among the beneficiaries of the Scheme until the first instalment of the bonus is paid (without prejudice to any subsequent assessments in respect of Clawback clauses).

Detailed information on the Phantom Shares is set out in the Information Document drafted pursuant to Article 114-bis of the Consolidated Law on Finance and Article 84-bis of the Issuers' Regulations "2021 Bonus Pool Incentive System, based on the assignment of Phantom Shares", which the Company will submit to the Shareholders' Meeting of 19 April 2021.

4.2.1.3. Medium to long-term incentive system: "2019-2021 LTI" Plan

In 2019, Creval approved the medium-long term incentive system named "2019-2021 LTI" Plan, entirely disbursed in virtual financial instruments (Phantom Shares) with a view to creating sustainable value over time and aligning the interests of the Management with those of the Shareholders. This Plan is addressed to the Chief Executive Officer, members of the General Management and a limited number of high-potential employees and 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 number of 20 resources and excluding the so-called control functions.

Below are the objectives and performance targets defined in 2019, in line with the "Sustainable Growth" Business Plan:

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.

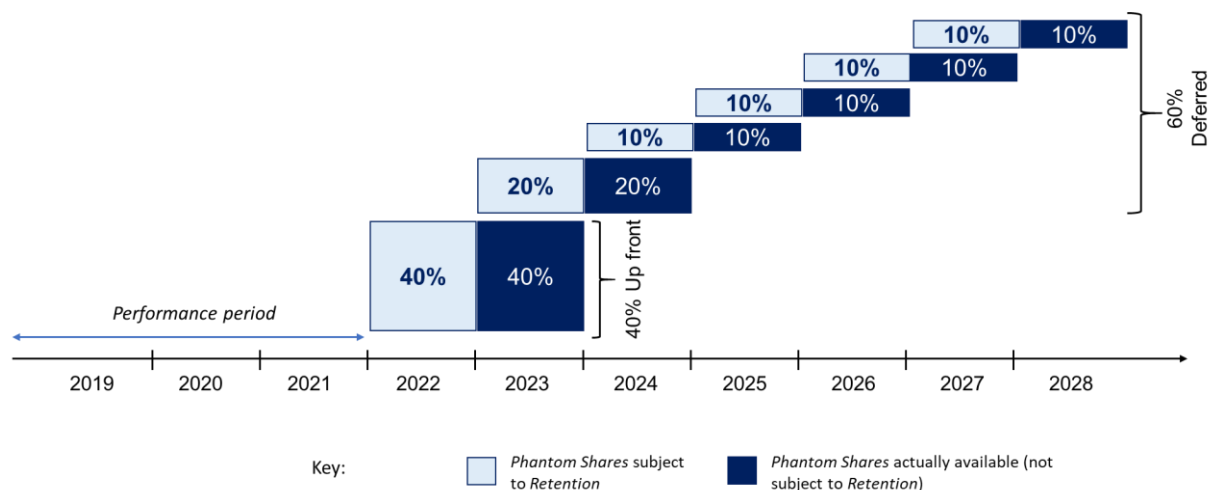
The "2019-2021 LTI" Plan has therefore the following characteristics:

- a three-year performance measurement period (vesting period) and the deferral of 60% of the incentive accrued;
- the payment of the incentive entirely through financial instruments (Phantom Shares);
- the use of indicators linked to the Business Plan that take into account, in the medium to long term, strategic drivers such as value creation, efficiency and riskiness;
- the application of a further Retention Period of one year, to be applied to both the up-front portion and the deferred portions;
- the provision of Malus and Clawback clauses.

The maximum bonus opportunity provided for the "LTI 2019 - 2021" Plan is equal to 100% of the fixed remuneration at the grant date; for the purposes of verifying the impact on the limit of the ratio of variable remuneration to fixed remuneration, the opportunity granted is fully computed in 2021, i.e. the last year of the performance evaluation period as governed by Circular no. 285 and the EBA guidelines.

After checking the level of achievement of the above-mentioned objectives and the exceeding of the entry gate levels, the incentive accrued is paid, with reference to the Chief Executive Officer, 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 Shares) with a deferral of 60% over a 5-year time horizon, according to the diagram below¹¹:



A Retention Period of one year is envisaged for all Phantom Shares (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 gate levels are complied with.¹²

Like all variable components of remuneration, the "2019 – 2021 LTI" Plan is subject to malus and claw-back clauses, as well as the provisions of the section related to severance policies and the "compliance and conformity assessments"¹³ as described in the section on "Ex-post risk alignment mechanisms".

Detailed information on the Phantom Shares is set out in the Information Document drafted pursuant to Article 114-bis of the Consolidated Law on Finance and 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 on 30 April 2019.

4.2.2. 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 referred to as "2021 Bonus Pool") and, when assigned, a medium to long-term variable component (hereinafter also referred to as "LTI").

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

The variable remuneration aims to focus behaviour towards the achievement of annual and multi-year objectives, according to the guidelines identified in the Business Plan.

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

¹² See Note 11 above.

¹³ See previous Note 8.

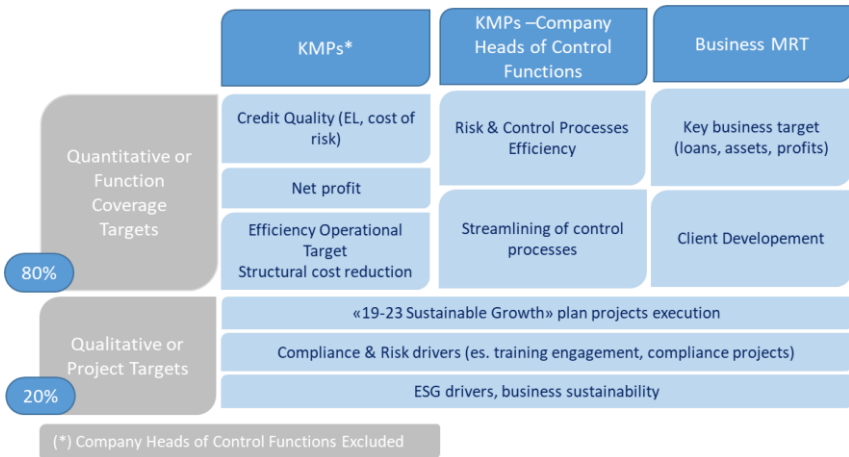
As already stated in section "Ratio between the variable remuneration and fixed remuneration", the ratio between variable and fixed remuneration up to a maximum of 2:1¹⁴ for 2021 concerns a limited number of top management and heads of business functions up to a maximum of 15 (including the CEO/GM for whom the ratio is set at 2:1).

4.2.2.1. Short-term incentive system: “2021 Bonus Pool”

Short-term incentive system: “2021 Bonus Pool” for the Other Material Risk Takers is subject to the same entry gates described above in the section on the Chief Executive Officer and General Manager, as well as to CRO Dashboard mechanisms, as described in paragraph 4.2.4.

For Other MRTs as well, recognition of the Theoretical Individual Bonus, accrued on the basis of the level of performance achieved, is linked to the availability of the overall bonus pool, the definition of which is described in the paragraph "The mechanism for defining the bonus pool and the Individual Bonus in the 2021 Bonus Pool Plan" and is subject to the absence of punishable conduct (so-called compliance breaches), as well as being subject to the application of the malus and clawback clauses and the provisions of the severance policies.

The individual objectives (KPIs) are divided based on individual responsibilities and contribution to the targets of the Business Plan for 2021. The following provides an example of the macro-categories considered for the purpose of assigning objectives.



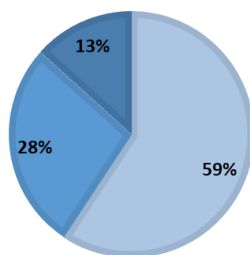
With reference to the Key Management Personnel (KMPs¹⁵, including also Heads of the Company Control Functions), the average pay mix relative to 2021 is represented, referring to the average values of the incidence for each component (fixed remuneration, maximum level of short and medium-long term variable remuneration¹⁶), in compliance with the regulatory limits provided for the different categories of personnel considered.

¹⁴ The Shareholders' Meeting of 24 April 2020 approved, in compliance with the quorums required by the relevant regulations, the higher maximum incidence of variable remuneration up to two times the fixed remuneration.

¹⁵ At the date this Report was drafted, the Company identified as KMPs the Heads of FACs as well as the Manager in charge of financial reporting and the Managers of the credit and ICT activities, who report directly to the CEO/GM, who are all included in the scope of Other MRTs.

¹⁶ With reference to the 2019-2021 LTI Plan, the bonus opportunity is fully calculated in 2021, i.e. the last year of the performance assessment period.

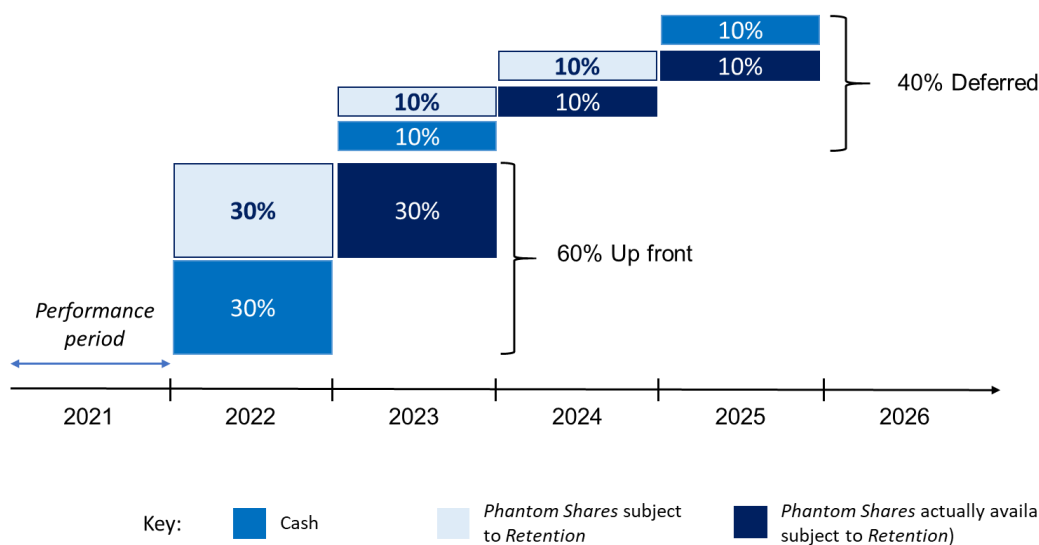
2021 KMPs PAY MIX



■ Total annual fixed remuneration ■ Bonus Pool 2021 ■ LTI 2019-2021

As regards the Other MRTs, the so-called "Top Management", i.e. the MRTs who are members of the General management, as well as all MRTs for whom the Individual Bonus actually accrued exceeds EUR 400,000 (an amount identified as a "particularly high amount", in compliance with supervisory provisions¹⁷) - the payment scheme is the same as that described for the Chief Executive Officer and General Manager in the relevant section.

As regards all the Other MRTs, excluding those indicated above (provided that the Individual Bonus accrued does not exceed the amount of EUR 400,000), the payment scheme provides for a 40% deferred amount over a time horizon of 3 years and a payment method of 50% in cash and 50% in financial instruments (Phantom Shares), according to the diagram below:



Other MRTs are also subject to the same conditions for the disbursement of deferred allowances as defined for CEO/GM, specifically:

- a retention period of one year is envisaged for all allocated Phantom Shares (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 "2021 Bonus Pool" system is subject to malus and claw-back clauses, as described in the section on "Ex-post risk alignment mechanisms".

The rules of deferral and mix in financial instruments are applied in the event of annual variable remuneration awarded (taking into account the bonus for the year and any further components

¹⁷ See previous Note 9.

classified as variable remuneration) of at least EUR 10,000 (so-called materiality threshold). Maintaining the materiality threshold at an extremely prudent level is a further demonstration of Creval approach to risk mitigation. The update of Circular no. 285, for which the consultation phase was recently concluded, envisages, in fact, in application of the principle of proportionality introduced by CRD V, that the deferral criteria and the shares in financial instruments apply in the case of variable remuneration at least equal to EUR 50,000 or 1/3 of the total remuneration, with thresholds therefore well above the level adopted by Creval.

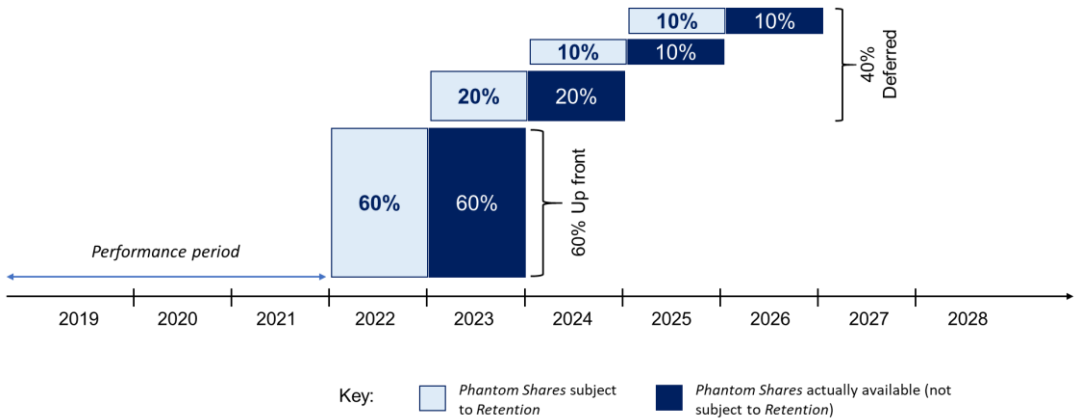
Detailed information on the Phantom Shares is set out in the Information Document drafted pursuant to Article 114-bis of the Consolidated Law on Finance and Article 84-bis of the Issuers' Regulations "2021 Bonus Pool Incentive System, based on the assignment of Phantom Shares", which the Company will submit to the Shareholders' Meeting of 19 April 2021.

4.2.2.2. Medium to long-term incentive system: “2019-2021 LTI” Plan

The “2019-2021 LTI” Plan features the same characteristics described for the Chief Executive Officer and the General Manager, including the objectives assigned and related targets, to which reference is made.

As regards the Other MRTs, the so-called "Top Management", i.e. the MRTs who are members of the General Management, as well as all MRTs for whom the Individual Bonus actually accrued exceeds EUR 400,000, the payment scheme is the same as that described for the Chief Executive Officer and General Manager in the relevant section.

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



Also in this case, the same conditions for the disbursement of deferred portions apply as for the Chief Executive Officer/General Manager, specifically:

- a Retention Period of one year is envisaged for all allocated Phantom Shares (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, as described in the section on " Ex-post risk alignment mechanisms", as well as provisions set out in section " Severance Policies".

The maximum bonus opportunity provided for the "LTI 2019 - 2021" Plan is equal to 100% of the fixed remuneration at the grant date; for the purposes of verifying the impact on the limit of the ratio of variable remuneration to fixed remuneration, the opportunity granted is fully computed in 2021, i.e. the last year of the performance evaluation period as governed by Circular no. 285 and the EBA guidelines.

In the event of variable remuneration awarded (taking into account the “2019-2021 LTI” bonus for the year and any further components classified as variable remuneration) of an amount lower than EUR 10,000 (so-called materiality threshold), also for the Beneficiaries of the “2019-2021 LTI” system a principle of proportionality is considered applicable for the simplification of payment mechanisms. The variable remuneration is entirely paid up-front.

Detailed information on the Phantom Shares is set out in the Information Document drafted pursuant to Article 114-bis of the Consolidated Law on Finance and 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 on 30 April 2019.

4.2.3. Remuneration of Material Risk Takers with Company Control Functions

The Company Control Functions, in line with regulations in force, are the Risks and Control Department, the Auditing Department, as well as the Compliance Department and the Anti-Money Laundering Department. As already stated, as for the Managers and the Material Risk Takers in these functions, the ratio of the variable component to the fixed component of remuneration cannot exceed 33%.

Remuneration of employees with Company Control Functions consists of:

- a fixed remuneration, in line with the role and responsibilities performed, which is the prevailing component;
- a variable incentive system "2021 Bonus Pool", which has the same characteristics as those described above, by setting objectives consistent with the tasks assigned but independent from 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 conditions defined must be met. MRTs belonging to the so-called Company Control Functions have an assignment of operational/qualitative objectives based on the supervision of the functions for which they are responsible.

The related bonus is solely related to the level of achievement of the targets described in the individual scorecard and is independent from the Group's financial results.

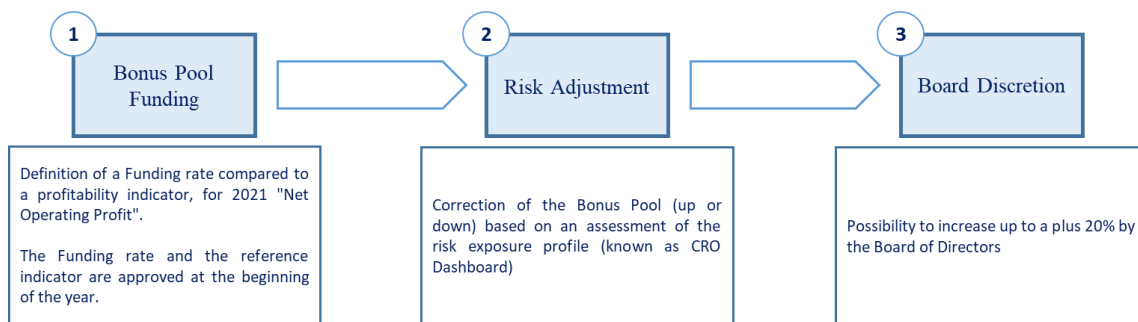
The MRTs with these functions are not recipients, by explicit exclusion, of the "2019-2021 LTI" medium-long term variable incentive plan.

4.2.4. Definition mechanism of the bonus pool and the individual bonus within the "2021 Bonus Pool" Plan

Bonus Pool

The 2021 short-term annual incentive scheme ("2021 Bonus Pool") is based on a predefined and structured process for defining the bonus pool (maximum total amount of bonuses payable or bonus pool).

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



- *the Funding rate is defined with respect to the Net Operating Profit (post bonus) in order to include the impact on the overall value of the profitability generated by the Group; the bonus pool thereby determined may be revised up or down based on a risk adjustment mechanism measured through the CRO Dashboard. This mechanism, which takes account of credit, liquidity and capitalisation risks, operates as described hereunder.*

RISK ADJUSTMENT OF «2021 BONUS POOL»									
SIZE	RAF INDICATORS	APPETITE	TOLERANCE	CAPACITY	2021 FINAL FIGURES	ASSIGNED RAF CORRECTIVE %			
SHARE CAPITAL	CET1 Ratio (%)								
LIQUID ASSETS	LCR (%)								
	NSFR (%)								
CREDIT	COVERAGE RATE ADJ (%)								
	EXPECTED LOSS								
	NPL RATIO (%)								
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 multipliers¹⁸, compared to the final positioning of the RAF indicators of the CRO Dashboard, with a maximum bonus pool adjustment level of 125% and a minimum of 50%.

The Board of Directors is also entitled to increase the bonus pool by up to +20%, taking into account additional elements, market conditions and/or other aspects that justify such a decision.

Individual Bonus

The bonus granted to the Beneficiaries is strictly related to the result of their individual performance, taking into account the KPIs assigned, the Opportunity Bonus for the specific role, and the total prize pool available, determined as described above in section "Bonus pool". The individual objectives are divided according to individual responsibilities and contribution to the targets of the Business Plan for 2021. They are based on a minimum number of 5 and a maximum of 8 KPIs, related to the Group's overall performance and management (economic-financial performance, profitability, efficiency, risk management), as well as, whenever possible, divided based on functional or geographical areas for which the single Beneficiaries are responsible.

In addition to quantitative/operational KPIs, qualitative aspects are also assessed that relate

¹⁸The model indicated provides for 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: (Actual Risk)/(Risk Appetite); **overall average**: defined as the **average** of the Result Achieved in % for the different indicators. The latter defines the % RAF correction proposed for the bonus pool of the year (between 50-125%).

to the management of specific projects linked to the Business Plan, function coverage, resource management, compliance with current regulations and elements in line with the business sustainability strategy.

For control functions, no indicators of economic results are used and, to avert any conflicts of interest, independent indicators of the results of the areas subject to control are used.

In the individual scorecard, quantitative/operational KPIs are assigned a weight of 80%, 40% of which refers to profitability/development objectives and 40% to risk/efficiency targets, while qualitative KPIs are assigned a weight of 20% (so-called *drivers*).

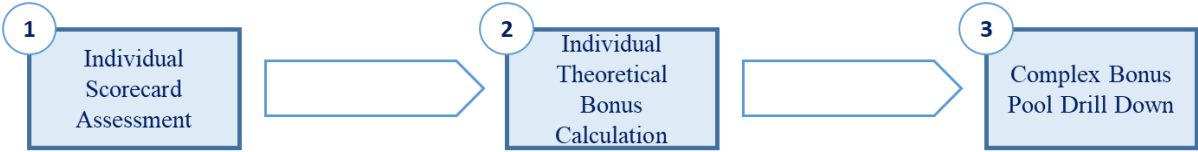
For each objective, the expected target and the range within which the objective is considered to have been achieved are then defined (Range Target as shown in the performance matrix below). In application of this mechanism, each KPI will be considered as not achieved (B=Below), achieved (M=Meet) or exceeded (E=Exceed) respectively, depending on the outcome of a thorough evaluation process¹⁹.

PERFORMANCE RATING (assessment)			
RISULTATOS VS PERFORMANCE RATING	BELOW	MEET	EXCEED
Range (> Target)			█
Range Target		█	
Range (< Target)	█		

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

For some categories of MRTs, a solidarity factor may be added to the definition of the Theoretical Individual Bonus, i.e., a quantitative solidarity objective related to the Plan may also be assessed. Failure to attain this objective might entail, as envisaged, a reduction in the individual result to the extent of 20% maximum.

The Individual Theoretical Bonus may be reduced if the sum of the Opportunity Bonuses exceeds the available bonus pool (prize pool), as well as in consideration of any violations of company rules or regulations (so-called compliance breaches). It is also subject to "Ex-post risk alignment mechanisms", as described below.



4.3 Remuneration of personnel not included in MRTs

The remuneration of the remaining non-MRT staff also consists of a fixed and a variable component.

For this category of personnel, the variable incentive systems (short and medium-long term), if activated by the Group, generally have similar characteristics to those of the systems

¹⁹ The Chief Executive Officer and General Manager, assisted by the Human Resource Area, assesses the results achieved and determines the Individual Theoretical Bonus for the MRTs. With reference to the Corporate Control Functions and to the CEO/GM, the determination of the amount of the remuneration due is the subject of a resolution by the Board of Directors after hearing the opinion of the Remuneration Committee. With regard to the Chief Executive Officer and the Head of Auditing, the Board of Directors is also responsible for assessing performance with the support of the relevant Board Committees.

described above, with the exception (unless otherwise specified²⁰) of the payment methods which - in the case of this category of personnel - envisage the payment of incentives entirely in cash and at the end of the performance period (up-front).

4.3.1. Remuneration of the sales "network"

As regards other personnel, the incentive systems for network staff, if envisaged, should fulfil the target of aligning network performance with the Group's strategic objectives, motivating resources to achieve and maintain excellent levels of performance and aligning the interests of network staff with those of customers, including in the ESG sphere.

In accordance with current legislation on the "Transparency of banking and financial transactions and services", appropriate measures will be taken to measure customer satisfaction and, therefore, any impact on reward systems will be defined.

In particular, in order to avoid unfair commercial practices, the bonuses of staff offering banking products and services and of the respective Managers, where applicable, are not linked to the offer of specific financial products or specific policies that might affect the obtaining of loans.

Under no circumstances shall forms of remuneration for the sales network constitute an incentive to market products that do not meet customers' financial needs or third-party products manufactured by those who have not adopted any integration policies of ESG certifications in their investment processes.

Moreover, special precautions are envisaged, which may even lead to non-payment of the bonus, to ensure compliance with regulations on anti-money laundering, transparency and fairness in relations with customers, as well as the Group's Code of Conduct, and in the presence of customers' claims that are assessed as part of a disciplinary procedure. Similarly, the variable remuneration of personnel in charge of claims, where envisaged, also takes into account the level of customer satisfaction and loyalty.

The network personnel consists of the following professionals:

- Managers in the following segments: Affluent, Base, Corporate, Large Corporate, Family and Family Investments, as well as Companies and POEs (Small Economic Operators);
- Bancaperta Commercial Contacts;
- Operating Coordination Contacts;
- Commercial Foreign Contacts;
- Corporate Finance Contacts;
- Global Relationship Manager;
- Business Development Specialists;
- Private Consultants;
- Corporate Analysts, Large Corporate and Retail;
- Auxiliary and miscellaneous network services workers.

Overall, the so-called "Risk Takers", i.e. the individuals 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. For the purposes of this analysis, the Heads of Business Areas and Business Departments at local level are not considered, as they are included among the Other MRTs.

Numerically, at the end of 2020, the "Risk Takers", as defined above, amounted to 2,318 network resources of which 319 were Branch Managers.

²⁰ An exception to this are the non-MRT Beneficiaries of the medium-long term incentive plan approved in 2019 and named "2019-2021 LTI".

4.3.2. External contractors

As regards workers not employed by the Company, i.e. external contractors, the Bank and the Group have 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.

4.3.3. 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.

4.4. Ex post risk alignment mechanisms

Malus clauses

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

The actual disbursement of the variable component, whether allocated or deferred, is therefore subject to an ex-post correction mechanism that may lead to its reduction to zero (Malus) in the cases described below:

- Malus conditions at Group level with reference to the "2021 Bonus Pool" Plan:
 - CET 1 < tolerance level;
 - NSFR < tolerance level;
 - LCR < tolerance level;
 - Net result < 0 (loss).
- Malus conditions at individual level:
 - behaviour during the reference period that can be subject to Clawback sanctions.

Claw back clauses

The variable remuneration is subject to Claw back clauses, i.e. to the restitution of any form of variable remuneration that has been paid (whether upfront or deferred, up to 100% of the amount attributed, depending on the severity of behaviours) in the event that the MRTs adopted behaviour that:

- violated the obligations envisaged in articles 26 and 53 of the Consolidated Banking Act, 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 financial losses for the Group, or his/her conduct caused 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;
 - is subject to disciplinary measures, complaints or initiatives against fraudulent behaviour or characterised by gross negligence (excluding, therefore, verbal or written reprimands);
 - acted in a way that does not comply with legal, regulatory or statutory provisions or with the Code of Ethics/Code of Conduct or work duties resulting in a significant loss for the Bank or the customers.

With regard to the Chief Executive Officer and General Manager and Key Management Personnel, the Company may also request the repayment, in whole or in part, of variable components (short and long-term whether they are monetary or paid through financial instruments) of the remuneration paid if it is ascertained that the degree of achievement of the performance objectives was determined on the basis of clearly incorrect or false calculations.

The Clawback may also be activated following the termination of the employment relationship and/or end of the term of office, and is subject to legal, social security and tax considerations. As regards MRTs, 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 Clawback 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.

The Clawback clauses are applicable to Material Risk Takers up to the fifth year following the payment of a portion of variable remuneration, whether up-front or deferred.

The general principles set out in this paragraph also apply to personnel other than MRTs who are beneficiaries of variable remuneration according to the application procedures set out in the regulations of the relevant incentive and/or reward systems. For personnel other than MRTs, Clawback clauses are applicable until the second year following disbursement.

4.5. Severance Indemnity Policies

4.5.1. Severance Indemnity Payments

Pursuant to Supervisory Provisions on remuneration, the employee severance indemnity comprises fees agreed for any reason and/or form whatsoever, in view or in the event of early termination of employment or office for the portion exceeding the provisions of the National Collective Labour Agreement (CCNL) concerning the indemnity for lack of notice (excluding, therefore, the amounts paid as severance indemnity).

In general, no additional fees or individual discretionary pension benefits are envisaged for early termination of employment or early termination of office (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 indemnity require that the limits and criteria to be submitted to the Shareholders' Meeting for approval of this type of remuneration be defined ex ante.

It is also provided that such amounts shall be taken into account, with the exceptions set out below, for the purpose of calculating the maximum limit for variable remuneration, unless a formula for calculating severance indemnity is expressly established.

Maximum thresholds

Remuneration agreed upon in view or in the event of early termination of employment or office (severance indemnity) does not exceed 24 months of aggregate remuneration²¹ and, in any case, shall not exceed the thresholds set forth by law and/or contracts applicable in case of dismissal. Once the maximum level of 2021 performance has been reached, the adoption of this threshold might lead to a maximum disbursement of EUR 3,700,000.

Possible cumulative severance indemnity and variable remuneration

As set out in Bank of Italy's Circular letter no. 285/2013 and pursuant to EBA Guidelines, remuneration paid as severance indemnity are included in the calculation of the ratio between the variable remuneration and fixed remuneration in the last year of employment. Compensation paid in the form of severance pay is added to the bonus accrued in the last year of employment, with the exception of the amounts agreed and recognised:

- according to non-competition agreements, for the portion that, for each year of duration of the agreement, does not exceed the last yearly instalment of fixed remuneration;
- in the context of an agreement for the settlement of an actual or potential dispute (wherever reached), if calculated according to the following formula:

$$[1\text{-Year Total Remuneration}] \times [Individual Value Creation Factor]$$

The Individual Value Creation Factor can change from 0 to 2 according to historical data and/or objective facts measured through the impact of the following factors:

- individual performances;
- risks;
- behaviour;
- social impacts (family burden and age);
- fulfilled pension requirements;
- non-standard/additional commitments;
- company interest.

In line with current legislation, severance indemnity is paid in the same way as variable remuneration (deferral, payment in cash and financial instruments, retention) and is subject to the same Malus and Clawback rules, as described above.

As provided for by Circular letter no. 285/2013, regulations concerning variable remuneration do not apply to amounts agreed in view or in the event of early termination of employment or

²¹ The value of the single year of Total Remuneration is defined considering the current fixed remuneration plus the average of the incentives actually granted in the last three years prior to termination (for each year, the up-front portions and the deferrals from previous years for short-term and long-term variable remuneration schemes are considered).

office of Material Risk Takers, within extraordinary corporate transactions (e.g. mergers) or corporate restructuring processes in the event the following conditions are jointly maintained: *i)* exclusively meet views to containing company costs and streamlining staff; *ii)* their amount does not exceed EUR 100,000; *iii)* envisage clawback mechanisms covering at least fraudulent behaviour or material negligence against the Bank.

4.5.2. Discipline in the event of termination of employment or office

In case of termination of the office or of the employment between the Beneficiary and Creval or a Group company before the payment of the Individual Bonus or a portion of it, both with reference to the Annual Incentive Plan, for the current year or of previous years, and to the Long-Term Incentive Plan, the Beneficiary who is not a "good leaver" will automatically lose all the rights (cash portions or Phantom Shares already allocated or accrued if not paid) that will become ineffective and will not be entitled to receive any remuneration or indemnity for any reason whatsoever by the Bank or other Group company, while the "good leaver" Beneficiary will maintain the right to the accrued bonus (cash portions or Phantom Shares already allocated or accrued if not paid) which will be disbursed in line with the deferral schemes and assessment criteria described in the relevant Information Documents²².

In case of termination of office or employment prior to vesting (i.e. before verification of the achievement of the Plan's performance objectives), the Beneficiary qualified as a "good leaver" accrues the bonus on a pro-rata basis when the termination occurs in the first 9 months of the calendar year of the Plan and in full if the termination occurs in the last quarter of the year.

Any exceptions to the above may be resolved by the Board of Directors, after consulting the Remuneration Committee, only if functional to the long-term interests of Creval or a Group company, in line with the Related Party Procedure and Associated parties of Creval.

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 ("bad leaver").

²² The "good leaver" cases include termination of office due to expiry, revocation without just cause or the consensual termination of employment, voluntary resignation for access to a pension followed by the submission of the actual application, death, permanent disability of 66% or more, dismissal for objective reasons and/or objective justification. In case of death of the Beneficiary, the sums pursuant to this paragraph will be paid to his/her heirs or assignees.

B. SECTION II - 2020 REPORT ON REMUNERATION

Introduction

This Section describes the implementation of the Remuneration Policy of the Bank and the Credito Valtellinese Group, as set out in Section I of the "2019 Remuneration Report" approved by the Shareholders' Meeting on 24 April 2020.

Specifically, Section II provides information on the compensation paid in the 2020 financial year (the reporting year) by name with respect to Directors and Statutory Auditors and on an aggregate basis for Key Management Personnel who, during the year, did not receive in aggregate greater remuneration than the highest total consideration awarded to members of the management and control bodies and to General Managers²³. It also provides the qualitative and quantitative information required by Italian and European banking regulations on the remuneration of all Group employees.

Section II was therefore prepared pursuant to:

- article 123-ter of the Consolidated Law on Finance, updated by Legislative Decree no. 49/2019;
- article 84-quater and Annex 3A, Schedule 7-bis of the Issuers' Regulations as recently amended;
- Article 114-bis of the Consolidated Law on Finance and 84-bis of the Issuers' Regulations;
- article 450 of CRR;
- 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.

In particular:

- in the **first part**, a suitable representation of the items forming remuneration is provided, including treatments envisaged in the event of termination of employment or office. Comparison information for the last two financial years or for the shorter period that the company has been listed or the individuals have been in office is also shown under the annual change:
 - of the total remuneration of each of the persons for whom the information in this section of the Report is provided by name;
 - in the Company's results;
 - in average gross annual salary, based on full-time employees, other than individuals whose remuneration is disclosed by name herein.
- in the **second part**, the fees paid in 2020 for any reason and in any form by the Creval Group are analytically illustrated, indicating any components that refer to activities carried out in previous years to the year of reference and also highlighting the fees to be paid in one or more subsequent years for activities carried out in the year of reference, possibly indicating an estimated value for components that cannot be objectively quantified in the year itself.

Finally, in accordance with the criteria set out in Annex 3A, Schedule 7-ter of the Issuers' Regulation, the Report shows equity investments held in Creval by members of the management and control bodies, as well as by spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or third parties, as resulting from the Shareholders' Register, communications received and other information acquired from the members of the management and control bodies themselves.

As already highlighted, as from 2020, in addition to the binding vote on the Remuneration and

²³ See the Issuers' Regulations (adopted by Consob with resolution no. 11971 of 14 May 1999), updated as from 1 January 2021.

Incentive Policies, the Shareholders' Meeting has also cast an advisory vote on the Report on Fees Paid. At the time of approval on 24 April 2020, the "Report on 2020 Remuneration Policy and 2019 Fees Paid" received a largely favourable vote from the Shareholders' Meeting and positive feedback from institutional investors also with regard to the advisory vote on Compensation Paid.

Given the high approval rates of the document, it is the Company's intention to maintain disclosure qualitative standards consistent with regulatory requirements and in line with those of the previous year, continuing the profitable dialogue initiated with investors.

Main events of 2020

2020 was characterised by an acceleration in the Group's restructuring and relaunch path, started in 2019 by the "2019-2023 Business Plan: Sustainable Growth". The year has confirmed the positive results, even in advance of the set objectives, that testify the solidity of the new business model and corporate organisation defined in 2019.

It is hereby acknowledged that on 1 June 2020, by virtue of the resolution passed by the Extraordinary Shareholders' Meeting of Creval held on 24 April 2020, the share regrouping operation was carried out in the ratio of no. 1 new ordinary share, with no indication of nominal value, regular entitlement, bearing coupon no. 1 (ISIN code IT0005412025), for every no. 100 existing ordinary shares. This transaction had an impact on the quantification of the number of *Phantom Shares* allocated in 2020 and previous years according to this grouping.

Covid-19 Emergency

The most significant event in 2020 was the spread of the Covid-19 pandemic, which led to serious economic uncertainty and prompted the Supervisory Authorities to recommend that banks adopt a prudent approach to their variable remuneration policies.

With reference to 2020, Creval's Remuneration Committee noted that Creval's Remuneration Policies and in particular the variable remuneration systems are based on a strong integration between the risk adjustment mechanisms assumed and the Bank's results, confirming the prudential approach characterising Creval's incentive systems.

Safeguarding the health and safety of employees and customers was pursued through the establishment of a Health Emergency Crisis Unit to manage the health crisis in order to ensure the Group's full operations.

In addition, in view of the special childcare needs associated with the epidemiological emergency that occurred in 2020 and in line with active policies aimed at encouraging the reconciliation of work and life times in order to rebalance gender inequalities, the Company implemented targeted actions to support parenthood, guaranteeing paid leave for childcare also beyond what is required by law and by contract, as well as offering organisational solutions that made it possible - and still makes it possible - for parents with functions not compatible with *smart working*, to access remote working methods.

Due to this epidemiologic context, the activities of the Committees and Corporate Bodies listed below also took place mainly at a distance and by means of videoconferencing systems.

2020 Activities of the Remuneration Committee

As at the date of preparation of this document, the Remuneration Committee of Credito Valtellinese was composed as follows: Paola Bruno (Chairman), Teresa Naddeo and Massimiliano Scrocchi (standing members).

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 attended the Committee's meetings.

The Committee was kept constantly informed on the issues within its competence and the main regulatory updates and was continuously involved in the decision-making processes, in line with the annual "remuneration cycle" initiated by the new *governance* and outlined in the Remuneration Policy Report.

During the reference year, 5 meetings of the Remuneration Committee were held, for the specific purpose of accurately performing its functions.

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

- regulatory updates with regard to the new provisions of the Bank of Italy and European Directives concerning remuneration and incentive policies and practices (updates of the Bank of Italy Circular no. 285, Shareholders' Right 2 Directive (SHRD II));
- regulatory updates in relation to national and EU recommendations on remuneration in view of the spread of the Covid-19 pandemic taking into account market practices;
- benchmarking analyses (with the support of independent consultants) of best market practices in remuneration;
- process of identifying Material Risk Takers for 2020;
- discussion of the 2020 Remuneration Guidelines and definition of the Group remuneration policy document for 2020 and the 2019 fees paid;
- definition of the short-term incentive system "2020 Bonus Pool";
- in-depth analysis, in agreement with the Risk Committee, of the sustainability issues defined by the Group and the related ESG KPIs useful for assigning targets to the beneficiaries of the incentive plans;
- evaluation of the objectives to be assigned to the Chief Executive Officer and General Manager, as well as the Heads of the Company's Control Functions and the Manager in charge of financial reporting;
- final evaluations regarding the opening of the *entry gates* for the "2019 Bonus Pool" incentive plan and evaluations regarding the definition of the bonus pool in relation to the application of the *CRO Dashboard*;
- final evaluations on the achievement of performance objectives assigned to the Chief Executive Officer and General Manager, as well as the Heads of the Company's Control Functions and the Manager in charge of financial reporting, as well as, in aggregate, assigned to Material Risk Takers;
- dialogue and discussion with *proxy advisors* on the information contained in the 2020 remuneration policy document.

In the past financial year, the Remuneration Committee was supported by Willis Towers Watson, an international consultancy firm with specific expertise in the field of remuneration, remuneration policies and models and consolidated experience with the main Italian listed banks. This support, as specified in Section I, continued for the year 2021.

1. PART I - IMPLEMENTATION OF THE 2020 REMUNERATION POLICY

1.1 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 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.

1.1.1. 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 as part of the task assigned.

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

For members of the Board of Directors with executive powers, an additional fixed component of remuneration (additional remuneration) may be envisaged, as defined with resolution of the Board of Directors, after hearing the Board of Statutory Auditors. Moreover, for the abovementioned members of the Board of Directors with executive powers, a variable component of remuneration may be envisaged, i.e. linked to performance objectives. For the latter, the remuneration envisages the application of an incentive system that repeats the mechanisms envisaged 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, Chief Executive Officer, 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 (Chief Executive Officer).

Compared to 2020, the structure and remuneration of the Board of Directors remained unchanged.

OFFICE	BASE ANNUAL FEE	ADDITIONAL FEE
Chief Executive Officer	45,000	955,000
Chairman of the BoD	45,000	250,000
Deputy Chairman of the BoD	45,000	90,000
Substitute Deputy Chairman of the BoD	45,000	(absent)
Directors of the BoD	45,000	0

Values in EUR

In addition to the fixed remuneration an attendance fee of EUR 750 is envisaged. In the event that more than one meeting is convened on the same day, including that of the Board of Directors, only one fee is due.

At present, in addition to the Chairman and Deputy Chairman, there are 13 Directors, all of whom are non-executive (with the exception of the Chief Executive Officer). The Independent Directors are 13 over 15.

1.1.2. Remuneration for attendance at Committee meetings

The Directors who attend the Committees 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 compensation represents a fixed element of remuneration.

REMUNERATION OF 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

Values in EUR

The Attendance fee for the Meetings of the Board of Directors and the meetings of the Board committees is equal to EUR 750. In the event that more than one meeting is convened on the same day, only one fee is due.

The **Appointment Committee** comprises 3 members: Teresa Naddeo (Chairman), Paola Bruno and Anna Doro (members) and in 2020 it met 6 times.

The **Risk Committee** comprises 5 members: Fausto Galmarini (Chairman), Livia Aliberti Amidani, Elena Beccalli, Carlo Crosara and Anna Doro (members) and in 2020 it met 13 times. It should be noted that starting from the 2019 financial year, the Risk Committee no longer holds the role of Supervisory Board (SB) pursuant to Legislative Decree 231/2001, this role having been entrusted to an independent body composed of three members and chaired by Mr. Lecis.

The **Related-Party Transactions Committee** comprises 3 members: Stefano Gatti (Chairman), Livia Aliberti Amidani and Serena Gatteschi (members). The Related-Party Transactions Committee met 11 times in 2020.

The activities and composition of the **Remuneration Committee** have already been described in the previous section.

1.1.3. Remuneration of the members of the Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors 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	BASE ANNUAL FEE
Chairman of the Board of Statutory Auditors	100,000
Standing Auditors	60,000

Values in EUR

In addition to the fixed remuneration an attendance fee of EUR 750 is envisaged for the Board of Statutory Auditors to attend the meetings of the Board and/or the Board Committees. In the event that more than one meeting is convened on the same day, including that of the Board of Directors, only one fee is due.

1.1.4. Remuneration of the Chief Executive Officer and General Manager

The remuneration of the Chief Executive Officer and General Manager of Credito Valtellinese is composed of a fixed component and a variable component, which, for 2020, was defined in accordance with the limit on the ratio of variable to fixed remuneration approved by the Shareholders' Meeting held on 24 April 2020 and equal to 2:1.

The remuneration package for the CEO/GM, in fact, is designed to ensure an adequate balance between fixed remuneration and variable remuneration and is tailored with the objective of granting a variable remuneration strictly related to the results achieved, in compliance with the criteria and maximum cap set by the incentive system.

The fixed component includes, in addition to the non-monetary components corresponding to D&O policy and the personal accident insurance policy, payments for the year, as resolved by the Shareholders' Meeting for the office of Director (equal to EUR 45,000) and remuneration for the office of Chief Executive Officer (equal to EUR 955,000).

The details of the remuneration components paid during 2020 are analytically set out in the tables below in Part Two.

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

This measurement is made after making sure that the access conditions (entry gate) for all Material Risk Takers have been met for each single incentive system.

With reference to the short-term "2020 Bonus Pool", the individual scorecard of objectives of the Chief Executive Officer and General Manager included objectives (KPIs) that took into account the prevailing aspects of management, such as profitability, operational efficiency, risk and development, as defined in the 2020 budget, and also considered qualitative components. Qualitative KPIs were connected to both the planned projects, to implement the "Sustainable Growth" Business Plan, such as "Run-down NPE & UTP" and other strategic projects and to the project "ESG Gender inclusive Young Talent Pool". The latter consisted in fostering the managerial growth of a pool of young people, which was selected taking due account of gender-related elements, also functional to the identification of resources for the Group's medium to long-term succession plans.

As highlighted in paragraph 1.1.4.1.2., the Board of Directors of 8 March 2021, after hearing the opinion of the Remuneration Committee, assessed the level of achievement of the objectives assigned in 2020 to the Chief Executive Officer and General Manager and resolved on the amount of variable remuneration under the short-term Plan "2020 Bonus Pool".

The Chief Executive Officer and General Manager are also eligible for the medium-long term Incentive Plan "2019-2021 LTI" with reference to which the individual scorecard is in common with the other potential Beneficiaries of the Plan. This incentive system provides for the entire payment in financial instruments (Phantom Shares). The achievement of the targets is subject to the opening of the entry gates reported at the end of the Plan, i.e. the verification of the results at 31 December 2021²⁴. Further information on the features of this Plan is provided in

²⁴ The bonus opportunity provided for the "LTI 2019 - 2021" Plan is equal to 100% of the fixed remuneration; for the purposes of verifying the impact on the limit of the ratio of variable remuneration to fixed remuneration, this bonus opportunity is fully computed in 2021, i.e. the last year of the performance

Section I hereof.

With reference to the short-term Plan "2019 Bonus Pool" approved in 2019, the Board of Directors' meeting of 8 March 2021 verified the existence of the conditions (passing of the entry gates and absence of Malus clauses) to proceed, in the 2021 financial year, with the payment of the deferred monetary shares and the Phantom Shares assigned in 2020, for which the Retention Period has expired, as well as the assignment of new Phantom Shares in accordance with the deferral scheme of the aforementioned Plan.





1.1.4.1. Short-term variable incentive

For 2020, the Group has set up an incentive system called "2020 Bonus Pool" in line with the strategic objectives of the Business Plan launched in 2019, defined on a yearly basis in order to support the Group's ability to generate value over time, within a context of prudent risk management and capital and financial soundness.

The system envisaged a remuneration method in cash and financial instruments, time deferral mechanisms and Malus and Clawback clauses, in compliance with regulatory provisions²⁵.

In order to ensure that variable remuneration is disbursed in a context of capital and financial adequacy, the activation of the system was conditional on the achievement of certain levels of the following entry gates, which ensure the existence and quality of the income results achieved in line with the risk limits set out in the Group's Risk Appetite Framework (RAF).

As regards the year under evaluation, the Board of Directors, in its meeting of 8 March 2021, verified that the entry gates were all reached at the same time and consequently the condition of access for the assignment of bonuses for 2020 was met.

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

1.1.4.1.1. Definition of the bonus pool (maximum overall bonus)

The first element for the application of the short-term "2020 Bonus Pool" scheme is the calculation of the possible maximum overall bonus, i.e. the maximum total amount of bonuses that can be cumulatively paid to all possible Beneficiaries, taking into account the Bank's performance as well as market conditions.

This amount is defined at the time of approval of the financial statements for the year in which the bonus is earned (i.e. 2020), by applying the Funding Ratio to approved final figures (the Ratio corresponds to a percentage of the Bank's budgeted post-bonus net operating profit, taking into account the number of participants in the scheme and their maximum theoretical bonus).

In order to ensure the consistency of the results with the Risk Appetite Framework, the Maximum Overall Bonus may be revised upwards or downwards on the basis of an assessment of the risk exposure profile measured through the average of the indicators relating to the main RAF areas such as credit, liquidity and capitalisation (*CRO Dashboard*). From this assessment are derived the multipliers for the possible adjustment of the Maximum

evaluation period as governed by Circular no. 285 and the EBA guidelines.

²⁵ And after assessing, with the competent corporate functions, that no compliance breach situations have occurred.

Overall Bonus.

As set out by the 2020 Remuneration Policy, the Board of Directors is also entitled to increase the Maximum Overall Bonus by up to +20%, taking into account additional elements, market conditions and/or other aspects that justify such a decision.

At the end of the indicated process, having carried out the assessments for which it was responsible and taken account of recommendations on the remuneration policies expressed by the Supervisory Authorities during the Covid-19 pandemic, on 8 March 2021 the Board of Directors resolved not to avail from this option nor to apply the higher value of the bonus resulting from the positive effect of the CRO Dashboard multipliers, by confirming the bonus pool available for the payment of bonuses in relation to the "2020 Bonus Pool" plan, in the amount approved ex ante at the time of approval of the Plan, albeit in the presence of financial results higher than budget levels.

1.1.4.1.2. Definition of the Individual Bonus

Once the achievement of the entry gates has been verified and the Maximum Overall Bonus has been defined, the Plan specifies that the Individual Bonus must be determined on the basis of the performance achieved in relation to the objectives included in the Company scorecard. In the 2020 individual scorecard, quantitative/operational KPIs are assigned a weight of 80%, 40% of which refers to profitability/development objectives and 40% to risk/efficiency targets, while qualitative KPIs are assigned a weight of 20%.

For each objective, the expected target and the range within which the objective is considered to have been achieved are then defined. In application of this mechanism, each KPI can be considered as not in line with expectations (B=Below), achieved (M=Meet) or exceeded (E=Exceed) respectively, depending on the outcome of a thorough evaluation process. The percentage of overall performance is therefore determined by applying a matrix in which the performance of each cross-referenced KPI, determines the related score.

The maximum possibility of bonuses for the Chief Executive Officer and General Manager with reference to the "2020 Bonus Pool" plan was set at 200% of the fixed annual remuneration.

Below is evidence of the achievement of each objective²⁶ following the process described:

DRIVER	INDICATOR	WEIGHT	LEVEL OF ACHIEVEMENT
Profitability/Development	Pre-tax profit from continuing operations	40%	
	Total funding		
Risk/Efficiency	Cost/Income	40%	
	Expected Loss PE		
Quality	• «19-23 Sustainable Growth» plan projects	20%	
	• Compliance projects		
	• ESG Gender inclusive young talent pool		

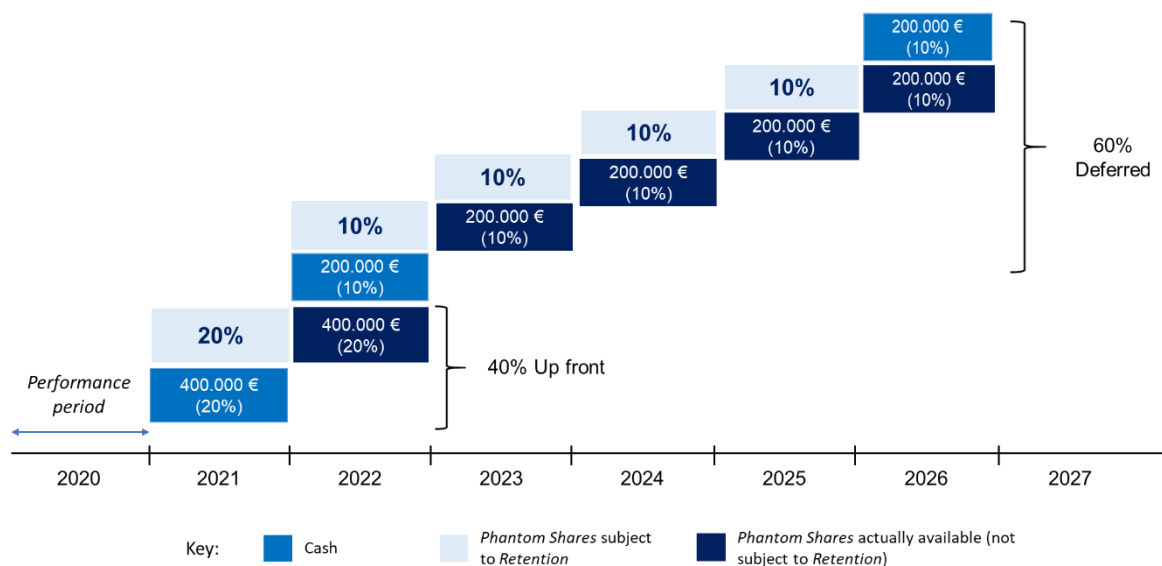


Level of overall achievement of objectives: **the final results of the MD/GM are equal to 130%.**

²⁶ It should be noted that the specific performance is not shown by reason of the commercial sensitivity of target levels.

The overall performance, obtained by weighting the results of the single objectives was 130%, placing at the "Overperformance" level defined by the respective incentive curve.

In compliance with regulations and in accordance with the provisions of the Remuneration Policy for 2020 and the maximum impact of the variable remuneration defined as 2 times the fixed remuneration, at the end of the assessment process, considering the positive performance of all the objectives assigned with respect to the challenging targets awarded pursuant to the Business Plan, the Board of Directors determined for the Chief Executive Officer and General Manager the allocation of the maximum level of bonus as follows:



for a total amount of EUR 2 million²⁷ to be paid along a six-year time horizon. The Bonus foresees payment of 40% in cash and 60% in Phantom Shares, with a Retention Period of one year.

The deferred shares (60% of the total amount) are subject to Malus clauses in line with the discipline described in the Remuneration Policy.

Applying the deferral plan described above, the time horizon of the bonus payout for the "2020 Bonus Pool" Plan is therefore as follows:

"2020 BONUS POOL" CEO/GM							
SETTLEMENT SCHEDULE	2021	2022	2023	2024	2025	2026	Total
CASH (40%)	400,000	200,000				200,000	800,000
FINANCIAL INSTRUMENTS (60%)**		400,000	200,000	200,000	200,000	200,000	1,200,000

** Values in EUR

The number of financial instruments is not yet available at the time of drafting this document as it is to be calculated as the simple arithmetic average of Creval's official share prices recorded in the 4 weeks prior to the date of the Shareholders' Meeting approving the Bank's financial statements as at 31 December 2020.

1.1.4.2. Medium to long-term variable incentive

In 2019, the Group defined a medium-long term variable Incentive Plan called "2019-2021 LTI" and paid entirely in virtual financial instruments (Phantom Shares) intended for the Chief Executive Officer/General Manager, members of the General Management and a limited

²⁷ It should be noted that these amounts are not burdened by the contribution charges provided for employee relations and that therefore the cost incurred by the Company is substantially in line with these amounts.

number of selected managerial roles, as well as some employees with high potential in the total maximum number of 20. The main features of the Plan are summarised in Section I²⁸.

1.1.5. Remuneration for other Material Risk Takers

With reference to the remaining Material Risk Takers (therefore excluding the Chief Executive Officer and General Manager)²⁹, the remuneration paid in 2020 at banking Group and Credito Valtellinese operating staff level is summarised below.

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	551,176	-	-	2	551,176	-	-
Investment Banking	1	144,608	18,934	1	1	144,608	18,934	1
Retail Banking	26	2,964,414	61,411	17	26	2,964,414	61,411	17
Company functions	16	2,424,587	114,628	11	16	2,424,587	114,628	11
Company control functions and Manager in charge of financial reporting	6	1,030,200	50,390	4	6	1,030,200	50,390	4
TOTAL	51	7,114,984	245,363	33	51	7,114,984	245,363	33

Values in EUR

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

(**) Amounts pertaining to employees as at 31 December 2020, excluding Other Material Risk Takers who terminated their employment during 2020.

(***) Total amounts referred to variable remuneration paid for any reason in 2020 (cash basis, including any company bonus recognised pursuant to Article 48 CCNL). Further details concerning the amounts received by MRTs as 2019 Bonus Pool and 2018 MBO (deferred shares) are provided in the following paragraph.

In the Credito Valtellinese Group, average fixed remuneration of Material Risk Takers in service at the end of 2020, including contributions paid to welfare and healthcare funds, amounted to approximately EUR 139,000.

It should be noted that Other Material Risk Takers comprise 6 Key Managers (KMPs). The aggregate information on the remuneration paid for 2020 is provided in Table 1 of Annex 3 of the Issuers' Regulation.

1.1.5.1. Short-term Variable Remuneration Systems

a) "2020 Bonus Pool" incentive system

The Other Material Risk Takers are included in a short-term incentive plan known as "2020 Bonus Pool".

The maximum bonus possible, following a specific resolution of the Shareholders' Meeting of 24 April 2020, was determined within the maximum incidence of 2:1 of variable remuneration

²⁸ For the purposes of verifying the impact on the limit of the ratio of variable remuneration to fixed remuneration, the bonus opportunity, related to the "2019-2021 LTI" Plan is fully computed in 2021, i.e. the last year of the performance evaluation period as governed by Circular no. 285 and the EBA guidelines.

²⁹ The Other Material Risk Takers refer to the definition, updated in 2020, and excludes those who terminated their employment in 2020.

in relation to fixed remuneration for the CEO and the remaining Material Risk Takers in a limited number of resources, not exceeding 15 (including the CEO/GM) and belonging to the Top management and the Managers of the Business functions.

An exception is represented by Material Risk Takers with Company Control Functions for which the maximum percentage is 33% and the other Functions for which the prudential rules define a lower incidence.

The following table shows the estimate regarding Material Risk Takers bonus, other than CEO/GM, calculated on the basis of preliminary figures and subject to possible changes in terms of the number of Beneficiaries (maximum 51) and performance-related amounts. The actual amount will be available once the final calculation of individual performance has been completed and will be disclosed in the 2021 Remuneration Report.

Personnel categories	Other MRT 2020 Total potential beneficiaries*	Estimate of theoretical 2021 Bonus Pool**
Heads of the so-called "first line" (directly reporting to the General Management), including Deputy General Managers***	10	1,256
Control Functions and Manager in charge of financial reporting	6	296
Other MRTs	35	1,530
TOTAL	51	3,082

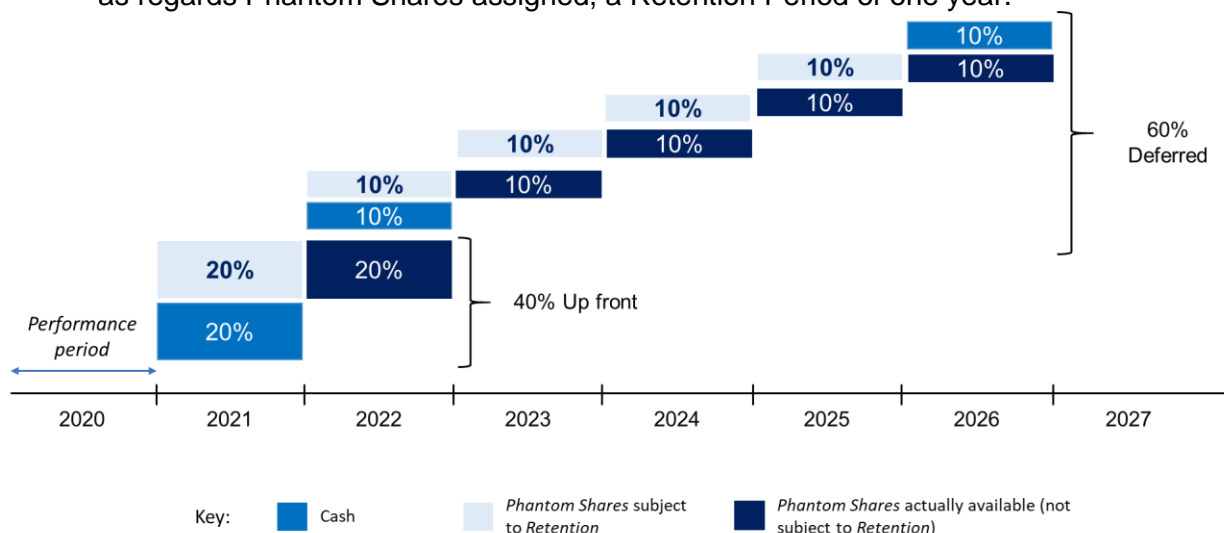
(*) Scope of Material Risk Takers for 2020. This scope takes no account of CEO/GM for whom separate information is given.

(**) In thousands of EUR.

(**) Except for those included in Company Control Functions.

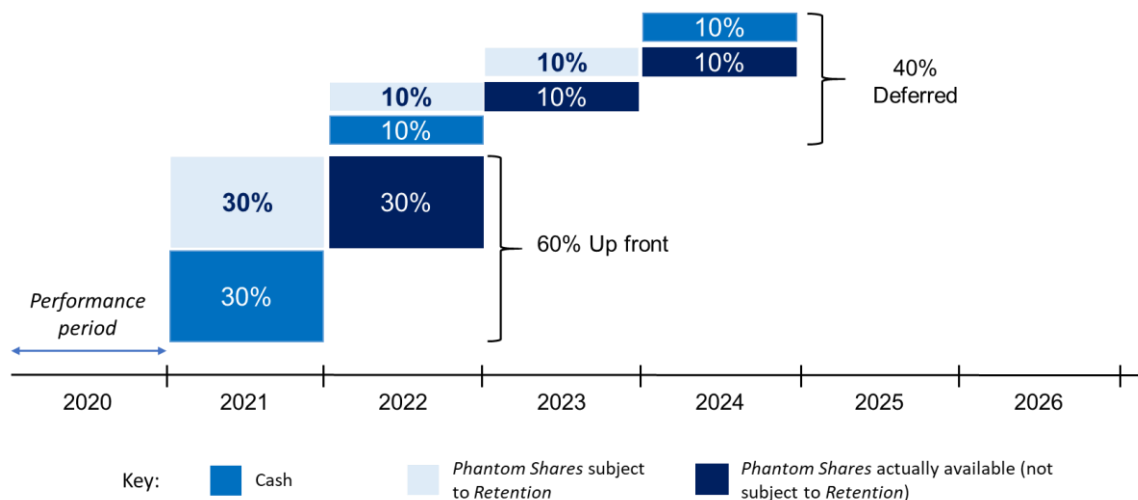
With regard to the payment of the variable bonus, in accordance with the provisions of the regulations concerning MRTs who are members of the Top Management (i.e. Creval's Deputy General Managers) and those who receive a variable bonus higher than EUR 400,000, payment will be made as follows:

- deferral of the bonus by 5 years with 60% percentage to be deferred;
- 40% in cash and 60% in financial instruments (Phantom Shares);
- as regards Phantom Shares assigned, a Retention Period of one year.



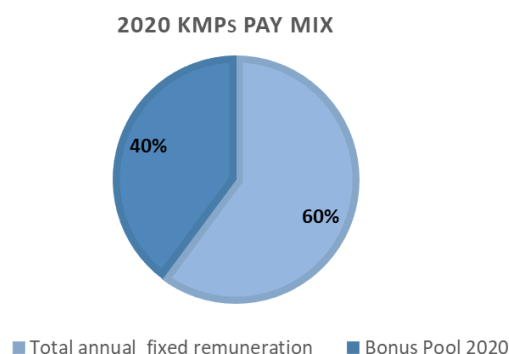
For the Other MRTs, the following is envisaged:

- deferral of the bonus by 3 years with 40% percentage to be deferred;
- 50% in cash and 50% in financial instruments;
- as regards Phantom Shares assigned, a Retention Period of one year.



With reference to the Key Management Personnel (KMPs)³⁰, the average *pay mix* relative to 2021 is represented below, referring to the average values of the incidence for each component (fixed remuneration, maximum level of short and medium-long term variable remuneration³¹), in compliance with the regulatory limits provided for the different categories of personnel considered.

The incidence of variable remuneration systems with respect to total remuneration is defined in line with the overall objectives of long-term value creation orientation, taking into account the peculiarities of individual areas of responsibility.



As regards KMPs included in Company Control Functions and the Manager in charge of financial and corporate reporting, the incentive systems envisage specificities related to the reference regulations. The 2020 performance objectives have been developed in line with the guidelines of the "2019-2023 Business Plan: Sustainable Growth" and have been specifically formalised. They can be summarised in the following macro-categories: quantitative or function objectives and qualitative or project objectives.

b) "2019 Bonus Pool" incentive system

In 2021, the fulfilment of the requirements for the disbursement/allocation of the deferred shares of the "Bonus Pool 2019" scheme (and the settlement of the Phantom Shares for which the Retention Period has ended) was assessed by the Board of Directors on 8 March 2021.

³⁰ At the date this Report was drafted, the Company identified as KMPs the Heads of FACs as well as the Manager in charge of financial reporting and the Managers of the credit and ICT activities, who report directly to the CEO/GM, who are all included in the scope of "Other MRTs".

³¹ The "2019-2021 LTI" Plan was not considered as reference for 2020 by reason of the fact that the bonus opportunity is fully calculated in 2021, i.e. the last year of the performance assessment period. Available figures are shown; where not final, estimated figures are shown, which will be disclosed in the 2021 Remuneration Report.

To complete the information disclosed in the 2019 Report on Fees Paid, below are the actual values of the bonuses paid to "Other MRTs" under the "2019 Bonus Pool" Plan, broken down by population type and business areas, for the total amount of EUR 788,876.

Personnel categories	2019 Bonus Pool Beneficiaries*	2019 Bonus Pool (Total Up front)**	2019 Bonus Pool (Total deferred portions)**
Heads of the so-called "first line" (directly reporting to the General Management), including Deputy General Managers	5	182,674	171,882
Control Functions and Manager in charge of financial reporting	3	100,096	66,736
Other MRTs	5	160,492	106,996
TOTAL	13	443,262	345,614

Values in EUR

(*) The figure includes KMPs and Other MRTs, excluding CEO/GM for which separate disclosure is made.

(**) The figure includes the portion paid in cash and the portion allocated in Phantom Shares (which will actually be paid after the Retention Period). The figure for up-front and deferred Phantom Shares is the allocation one. The final value depends on the fluctuation of the value of Creval shares at the time of actual settlement, after the Retention Period.

c) 2018 MBO incentive system

With reference to the "2018 MBO" Plan, only for Control Functions, the portions paid through financial instruments allocated in 2019, will be recognised in 2021. The remaining portions of the bonus will be disbursed in accordance with the mechanisms and deferral arrangements set out in the rules of the "2018 MBO" Plan.

At its meetings of 12 March 2019 and of 8 March 2021, given the above-mentioned subsequent disbursement, the Board of Directors verified the achievement of results and the related allocation of variable bonuses linked to the "2018 MBO" system.

The related amounts are disclosed, in aggregate form, in the following table.

Categories involved	No. resources	"2018 MBO" Plan		
		Cash payment, 2019	Phantom shares assigned in 2019 - deferred in 2021 -	Remaining portion to be paid in cash / financial instruments
MRTs of Control functions*	6	6,721 €	6,721 € (corresponding to 966 Phantom Shares**)	8,959 €

* According to the definition resulting from the 2018 analysis of the scope of MRTs.

** Number of Phantom Shares, recalculated to take into account the extraordinary share reverse split resolved by the Extraordinary Shareholders' Meeting of Creval on last 24 April.

1.1.5.2. "2019-2021 LTI" incentive system

On 6 February 2019, the Board of Directors, in approving the preliminary consolidated results for 2018, decided to start preparing a new Business Plan, named "Sustainable Growth 2019-2023", which was communicated to the market in June 2019.

As a result, the previous "2018-2020 RUN 2 - Restart under new normality" Business Plan is no longer valid 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, based on the allocation of Phantom Shares. Therefore, there are no up-front or deferred payments under the "2018-2020 LTI" Incentive Plan.

With reference to the "2019-2021 LTI" plan, the maximum bonus set for the Beneficiaries is equal to 100% of the fixed remuneration corresponding to a maximum total amount of EUR 5 million in case the objectives are fully achieved. The beneficiaries of this incentive plan are the Chief Executive Officer/General Manager, the members of the General Management and a limited number of selected managerial roles, as well as some employees with high potential in the total maximum number of 20.

For the purposes of verifying the impact on the limit of the ratio of variable remuneration to fixed remuneration, the allocated bonus opportunity is fully computed in 2021, i.e. the last year

of the performance evaluation period as governed by Circular no. 285 and the EBA guidelines.

1.2. Overall remuneration of employees

Below is aggregate quantitative information on remuneration, divided by activity areas and various categories of employees and apportioned between fixed and variable component according to figures available at the date this Report was drafted. The information is provided both at Banking Group level and at Credito Valtellinese level as Parent Company. In particular, it should be noted that the companies belonging to the Group are Creval PiùFactor S.p.A. and Stelling Real Estate S.p.A., the latter without employees.

The figures refer to the number of staff on the payroll as at 31 December 2020, net of terminations during the year³².

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	1	14	21	36	1	14	21	36
Retail Banking	11	999	1,644	2,654	11	993	1,644	2,648
Company functions	12	261	310	583	12	261	308	581
Company control functions and Manager in charge of financial reporting	7	78	65	150	7	78	65	150
Other functions		24	80	104		22	73	95
TOTAL	33	1,376	2,120	3,529	33	1,368	2,111	3,512

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

Ratio of Executives to total staff	2016	2017	2018	2019	2020
Total (%)	1.34%	1.19%	1.14%	0.99%	0.94%

1.2.1. Fixed remuneration

The gross salary for employees, which includes the fixed remuneration received including the contribution paid by the company to the supplementary pension plans and forms of supplementary healthcare, gross of taxes and pension costs, is summarised in the table below. The data shown refers to staff on the workforce as at 31 December 2020, net of terminations during the year.

Functional area	CREDITO VALTELLINESE BANKING GROUP	OF WHICH CREDITO VALTELLINESE
	Fixed remuneration	Fixed remuneration
Management Body	551	551
Investment Banking	1,819	1,819
Retail Banking	134,266	133,727

³² The figure represents the number of resources recorded in the register, compared with a figure of 3,643 at the end of 2019, with a reduction of 114 units, 43 of which due to the extraordinary operation of transferring the Pledge Branch to Custodia Valore - Credito su Pegno (now Affidè). The operating workforce, which excludes 8 Collaborators seconded to companies or entities not falling within the consolidation scope of the Group - Fondazione Gruppo Credito Valtellinese and the Pension Fund for the Employees of the Credito Valtellinese Group - amounted instead to 3,521 Collaborators compared to 3,634 at the end of 2019.

Company functions	32,212	32,130
Company control functions and Manager in charge of financial reporting	8,885	8,885
Other functions	3,841	3,451
TOTAL	181,574	180,563

Aggregate amounts in thousands of EUR

With regard to promotions and classifications pertaining to activities performed during 2020, decisions on merit-based increases, connected with the assessment process of performances, involved approximately 61 resources at Group level (1.7% of staff).

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	1	36	1	36
Retail Banking	33	2,654	32	2,648
Company functions	19	583	19	581
Company control functions and Manager in charge of financial reporting	7	150	7	150
Other functions	1	104	-	95
TOTAL	61	3,529	59	3,512

1.2.2. Variable remuneration

The variable remuneration relating to the actions for 2020 has a trend strictly correlated with the operational performance of the Bank and the Group.

The amounts paid to employees as variable remuneration, on the basis of annual performance assessments, are summarised below.

2020 incentive system (reference year: 2019)

The incentive system adopted in 2020 with reference to the previous year constitutes the system of fixed and variable economic bonuses for personnel belonging to the areas of Middle Managers and Professional Areas, for Creval and for the other Group companies based on professional assessment.

These bonuses take the form of promotions (as represented in the table above) and *ad personam* (fixed component) or one-off payments (variable component).

For all personnel, the evaluation forms were examined as a result of the annual performance assessment process pursuant to art. 75 of the sector's National Collective Labour Agreement (CCNL) for the year 2019. In particular, the following main criteria were analysed, among others: managerial consistency, alignment with the evaluation parameters and commercial performance, consistency of remuneration with the population, uniform distribution of bonuses. In view of the positive results achieved by the Group for the year 2019 (operating results approved by the Creval Shareholders' Meeting and progress in implementing the "2019-2023 Business Plan: Sustainable Growth"), in 2020 variable economic bonuses were awarded to employees in the managerial and professional areas other than Material Risk Takers for a total of 1,060 people (of which 873 belonging to the sales network personnel).

The total amount disbursed for bonuses was equal to EUR 2,286,400.

	CREDITO VALTELLINESE BANKING GROUP	Number of beneficiaries	OF WHICH CREDITO VALTELLINESE
Functional area	Variable incentive system		Variable incentive system
Investment Banking	19,500	7	19,500
Retail Banking	1,930,400	914	1,930,400
Company functions	239,000	94	239,000
Company control functions and Manager in charge of financial reporting	57,000	24	57,000
Other functions	40,500	21	40,500
TOTAL (*)	2,286,400	1,060	2,286,400

* Total amounts in euros disbursed (gross amount) in 2020 on the basis of the 2019 appraisal process (gross of terminations occurring after resolution on the scheme).

2019 Company bonus

With reference to the year 2019, a company bonus was paid to all employees (with the exclusion of Executives) under the conditions and criteria established by the Group trade union agreement, in compliance with the provisions of Article 48 of the CCNL for the sector. The total amount paid in 2020 was equal to EUR 778,000, in addition to a non-cashable "Welfare Plan" component³³.

2020 Company bonus

With reference to the year 2020, the payment of a company bonus was decided for all employees (with the exclusion of Executives) under the conditions and criteria established by the Group trade union agreement, in compliance with the provisions of Article 48 of the CCNL for the sector. The total amount that will be paid in 2021, after the approval of the financial statements by the Shareholders' Meeting, will be equal to around EUR 2 million³⁴, in addition to services granted as non-cashable "Welfare Plan" component³⁵.

1.2.3. Aggregate remuneration

The following table shows the breakdown of total remuneration in 2020 and 2019: as evidence of the "pay-for-sustainable performance" alignment that characterises the Group's incentive systems, 2020 saw the first results of the initiatives undertaken in relation to the Business Plan.

Functional area	CREDITO VALTELLINESE BANKING GROUP						OF WHICH CREDITO VALTELLINESE					
	2019 Variable (*)	2019 Fixed	2019 V/F %	2020 Variable (**)	2020 Fixed	2020 V/F %	2019 Variable (*)	2019 Fixed	2019 V/F %	2020 Variable (**)	2020 Fixed	2020 V/F %
Management Body	-	538	0.00%	-	551	0.00%	-	538	0.00%	-	551	0.00%
Investment Banking	10	2,036	0.50%	46	1,819	2.53%	10	2,036	0.00%	46	1,819	2.53%
Retail Banking	934	129,786	0.72%	2,571	134,266	1.91%	934	129,328	0.72%	2,566	133,727	1.92%
Company functions	171	31,852	0.54%	485	32,212	1.50%	171	31,771	0.54%	484	32,130	1.51%
Company control functions and Manager in charge of financial reporting	52	8,479	0.62%	141	8,885	1.59%	52	8,479	0.62%	141	8,885	1.59%

³³ That component has a total value equal to EUR 1,7 million.

³⁴ It should be noted that this amount does not take into account any terminations occurred until the time of actual payment of the premium.

³⁵ That component has a value equal to around EUR 1,7 million.

Other functions	22	4,714	0.46%	61	3,841	1.58%	22	4,284	0.51%	56	3,451	1.61%
TOTAL	1,189	177,405	0.67%	3,303	181,574	1.82%	1,189	176,435	0.67%	3,293	180,564	1.82%

Aggregate amounts in thousands of EUR

(*) Total amounts as variable remuneration on a cash basis including awards under the so-called bonus system and for the MRTs of the 2018 MBO Plan (up-front portion paid in 2019). The figure includes the contribution to the Credito Valtellinese Group's internal Mutual Company (where applicable). The "Welfare Plan" component is not considered as it relates to the use of services and is not cashable.

(**) Total amounts as variable remuneration on a cash basis including awards under the so-called bonus system of the company bonus and for the MRTs of the 2019 Bonus Pool Plan (up-front portion paid in 2020). The figure includes the contribution to the Credito Valtellinese Group's internal Mutual Company (where applicable). The "Welfare Plan" component is not considered as it relates to the use of services and is not cashable.

1.3 Other disclosures

1.3.1. Termination of employment relationships with General Management representatives and MRTs during 2020

No severance payments are reported in 2020 due to the employee severance indemnity for the termination of employment of three resources included in the scope of Material Risk Takers.

1.3.2. Exceptions to remuneration policies

No exceptions were reported in 2020 to the application of the approved Remuneration Policy.

1.3.3. Development of total remuneration of CEO/GM and Corporate Bodies, average employee remuneration and Company performance

Pursuant to the provisions set forth by the Issuers' Regulation follows a table is shown hereunder comparing the annual change in the remuneration of the CEO/GM and other persons for whom names are given in Table 1 of the second part of Section II, together with the average remuneration of employees over the last two years and the development of the Company's performance.

Name (a)	Office	Total remuneration (b)		Change	Comments
		2019	2020	2019-2020	
LOVAGLIO LUIGI	Chief Executive Officer and General Manager	1,781,823	3,036,979	70% (c)	Office effective on 25/2/2019, until that date Chairman of the BoD
TROTTER ALESSANDRO	Chairman of the BoD	299,335	328,934	10%	Office effective on 25/2/2019, until that date Deputy Vice Chairman of the BoD
CASELLI STEFANO	Deputy Chairman of the BoD	156,667	169,744	8%	
AMIDANI ALIBERTI LIVIA	Director	116,424	133,852	15%	
BECCALLI ELENA	Director	119,459	115,602	-3%	
BRUNO PAOLA	Director	107,445	112,102	4%	
CALLONI MARIA GIOVANNA	Director	62,914	78,852	25%	Office effective on 25/02/2019
CROSARA CARLO	Director	113,195	118,602	5%	
DORO ANNA	Director	112,673	131,602	17%	
GALMARINI FAUSTO	Director	124,681	138,602	11%	

GATTESCHI SERENA	Director	91,695	95,602	4%	
GATTI STEFANO	Director	95,945	100,602	5%	
KALMA JACOB FRANS	Director	68,409	78,102	14%	Office effective on 21/01/2019
NADDEO TERESA	Director	106,695	112,102	5%	
SCROCCHI MASSIMILIANO	Director	88,695	92,602	4%	
MAURELLI FRANCESCA MICHELA	Chairman of the Board of Statutory Auditors	101,862	157,102	54%	Office effective on 1/05/2019
CEVOLANI PAOLO	Standing Auditor	69,945	115,602	65%	Office effective on 1/05/2019
STRADI ALESSANDRO	Standing Auditor	68,445	114,102	67%	Office effective on 1/05/2019

Aggregate amounts in EUR

(a) Only persons in office on the date of preparation of this document are indicated. Alternate auditors are not included as they do not receive any remuneration for their office. Information on terminated appointments is provided in the Report on Remuneration Paid for each relevant year.

(b) The total is equal to the amount shown in column 6 of Table 1 of Annex 3 of the Issuers' Regulation, as per the second part of the following section (Includes fixed remuneration, attendance fees, non-monetary benefits and variable remuneration - monetary portion only) to which is added variable remuneration in financial instruments related to performance in the year 2020.

(c) for comparison purposes with 2019, it should be noted that in 2020 the Shareholders' Meeting approved the increase of the maximum variable remuneration from 1:1 to 2:1 compared to the fixed remuneration and that, in line with the disclosure provided in the Remuneration Policy approved by the Shareholders' Meeting in 2020, the fixed remuneration was defined in the overall amount of EUR 1 million.

Indicator	Number of employees (a)		Overall gross annual salary in EUR (b)		Overall gross annual salary – average in EUR		Change 2019-2020
	2019	2020	2019	2020	2019	2020	
Creval Group	3.62	3.56	181,781	187,763	50.1	52.6	5%

Figures in thousands

(a) Number of Group employees including those leaving during the year in FTE with part time recalculated to full time.

(b) Overall gross fixed and variable annual salary (excluding social security and welfare expenses to the charge of the employer) including employees who left during the year. The amount also includes the variable remuneration for the "2019 Bonus Pool" and "2020 Bonus Pool" plans (preliminary figures estimated in consideration of the overall performance achieved by the Group) and for cash with reference to the company bonus (VAP) and incentive system.

Development of performance	Final figure		Change 2019-2020
	2019	2020	
Creval Group			
Net Operating profit (losses)	185.7	201.1	8%
Profit for the year	56.2	113.2	101%

Aggregate amounts in millions of EUR

CONTROLS OF THE INTERNAL AUDIT FUNCTION ON THE INCENTIVE SYSTEM

The Auditing Department deemed the remuneration and incentive system of the Parent Bank Credito Valtellinese S.p.A. and of the Credito Valtellinese Group as a whole to be adequate, from both a regulatory and an operational point of view, confirming that the application of the system was consistent with the criteria defined in the Remuneration Policies and with Board resolutions. In particular, 2021 Report on the Remuneration Policy and fees paid in 2020":

- Section I outlines a remuneration system which is balanced in its components and consistent with the provisions of the reference legislation;
- Section II contains disclosures required by the regulations applicable to listed companies and banks.

The analysis of Section I showed that the overall structure of the system remains strongly anchored to the creation of value in a sustainable manner over time, taking into account the risk elements of the core business and with a constant focus on enhancing the quality of services offered to customers. The set-up was assessed as compliant with regulations by the Compliance Department, which drew up a specific report.

The Auditing Department also assessed the adequacy of specific aspects of the remuneration process such as the identification of the Material Risk Takers, the calculation and definition of the Bonus Pool and entry gates.

With reference to Section II, the Auditing Department assessed the process of defining the Bonus Pool for 2020, including the application of the CRO Dashboard, the evaluation of entry gates and any Malus/Clawbacks, as well as the payment and deferral phase of the incentive system for the previous year (by means of a sample survey on the criteria for assigning individual bonuses to individual recipients, the final balance of performance, and the incidence of variable pay on fixed remuneration).

From the available evidence, it appears that Creval, in line with the provisions of the Bank of Italy, pays compensation to its staff exclusively in accordance with the provisions of the Remuneration and Incentive Policies, without recourse to vehicles, instruments or payment methods that may be circumventing remuneration rules and contain incentives for risk-taking. Finally, the Auditing Department pointed out that the process of defining the document "Report on the 2021 Remuneration Policy and fees paid in 2020", was carried out in a structured manner and with the positive contribution of all the corporate functions in charge, as well as with the support of qualified consulting companies.

The results of the Report summarised herein were submitted to the Board of Directors on 8 March 2021.

2. PART II - IN-DEPTH QUANTITATIVE INFORMATION

The tables below examine the remuneration of members, in aggregate, of Creval's Board of Directors, the Board of Statutory Auditors, the General Manager and other Key Management Personnel.

The tables below analytically report the remuneration referred to the 2020 financial year, and in particular Table 1 and Table 3A and 3B pursuant to art. 84 quater of the Issuers' Regulations adopted by CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments.

Table 3A provides information on plans based on financial instruments, other than stock options. In particular, the following is shown:

- reference incentive plan (column 1);
- the number of shares vested in previous years but not yet paid out because they are subject to retention and deferral mechanisms and the related vesting period (columns 2 and 3);
- fair value pertaining to the year (column 12).

Similarly to the above, in Table 3B information concerning monetary incentive plans is shown. Column 4 on "other bonuses" is also filled, indicating the bonuses for the year not explicitly included in specific plans defined ex ante.

Table 1 of Annex 3, of the Issuers' Regulation

Remuneration paid to members of the Administrative and Control Bodies, General Managers and other Key Management Personnel (Article 84-quater of CONSOB Resolution no. 11971 of 14 May 1999 and subsequent amendments)

(A) Surname and name	(B) Office	(C) Period in which the office was held	(D) Term of office	1 Fixed rem.	2 Rem. for attending committees	3 Non-equity variable rem.		4 Non-monetary benefits	5 Other rem.	6 Total	7 Fair value of equity rem.	8 Employee termination benefits
						Bonuses and other incentives	Profit-sharing (*)					
LUIGI LOVAGLIO	Chief Executive Officer and General Manager	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				1.012.750	-	800.000	-	24.229	-	1.836.979	1.498.333	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				1.012.750	-	800.000	-	24.229	-	1.836.979	1.498.333	-
TROTTER ALESSANDRO	Chairman of the Board of Directors	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				307.750	-	-	-	21.184	-	328.934	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				307.750	-	-	-	21.184	-	328.934	-	-
STEFANO CASELLI	Deputy Chairman of the Board of Directors	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				147.750	-	-	-	21.994	-	169.744	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				147.750	-	-	-	21.994	-	169.744	-	-
AMIDANI ALIBERTI LIVIA	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.000	55.750	-	-	21.102	-	133.852	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.000	55.750	-	-	21.102	-	133.852	-	-
BECCALLI ELENA	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				55.500	39.000	-	-	21.102	-	115.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				55.500	39.000	-	-	21.102	-	115.602	-	-
BRUNO PAOLA	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.750	33.250	-	-	21.102	-	112.102	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750	33.250	-	-	21.102	-	112.102	-	-
MARIA GIOVANNA CALLONI	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.750	-	-	-	21.102	-	78.852	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750	-	-	-	21.102	-	78.852	-	-
CARLO CROSARA	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.750	39.750	-	-	21.102	-	118.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750	39.750	-	-	21.102	-	118.602	-	-
DORO ANNA	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.000	53.500	-	-	21.102	-	131.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.000	53.500	-	-	21.102	-	131.602	-	-
GALMARINI FAUSTO	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.750	59.750	-	-	21.102	-	138.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750	59.750	-	-	21.102	-	138.602	-	-
GATTESCHI SERENA	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.750	16.750	-	-	21.102	-	95.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750	16.750	-	-	21.102	-	95.602	-	-
STEFANO GATTI	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.750	21.750	-	-	21.102	-	100.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.750	21.750	-	-	21.102	-	100.602	-	-
KALMA JACOB FRANS	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.000	-	-	-	21.102	-	78.102	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.000	-	-	-	21.102	-	78.102	-	-

Figures in EUR

(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 termination benefits
						Bonuses and other incentives	Profit-sharing (*)					
NADDEO TERESA	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.000	34.000	-	-	21.102	-	112.102	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.000	34.000	-	-	21.102	-	112.102	-	-
MASSIMILIANO SCROCCHI	Director	1/1/2020-31/12/2020	approval of 2020 Financial Statements									
(I) Comp. in the company preparing the financial statements				57.000	14.500	-	-	21.102	-	92.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				57.000	14.500	-	-	21.102	-	92.602	-	-
MAURELLI FRANCESCA MICHELA	Chairman of the Board of Statutory Auditors	1/1/2020-31/12/2020	approval of 2021 Financial Statements									
(I) Comp. in the company preparing the financial statements				112.750	23.250	-	-	21.102	-	157.102	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				112.750	23.250	-	-	21.102	-	157.102	-	-
CEVOLANI PAOLO	Standing Auditor	1/1/2020-31/12/2020	approval of 2021 Financial Statements									
(I) Comp. in the company preparing the financial statements				72.750	21.750	-	-	21.102	-	115.602	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				72.750	21.750	-	-	21.102	-	115.602	-	-
ALESSANDRO STRADI	Standing Auditor	1/1/2020-31/12/2020	approval of 2021 Financial Statements									
(I) Comp. in the company preparing the financial statements				72.750	20.250	-	-	21.102	-	114.102	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				72.750	20.250	-	-	21.102	-	114.102	-	-
BISSOLI SIMONETTA	Substitute Auditor	1/1/2020-31/12/2020	approval of 2021 Financial Statements									
(I) Comp. in the company preparing the financial statements				-	-	-	-	21.102	-	21.102	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	21.102	-	21.102	-	-
FALLACARA FRANCESCO	Substitute Auditor	1/1/2020-31/12/2020	approval of 2021 Financial Statements									
(I) Comp. in the company preparing the financial statements				-	-	-	-	21.102	-	21.102	-	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	21.102	-	21.102	-	-
KEY MANAGEMENT PERSONNEL												
(I) Comp. in the company preparing the financial statements				1.461.164	-	531.759	-	176.242	-	2.169.165	948.465	-
(II) Comp. from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				1.461.164	-	531.759	-	176.242	-	2.169.164	948.465	-

Figures in EUR

(*) No profit-sharing is envisaged for members of the Administrative and Control Bodies, General Managers or other Key Management Personnel. The value shown in column 7 "Fair value of equity compensation" corresponds to the bonus awarded; how much is actually paid will depend on the value of the Creval share at the end of the Retention Period. The final amounts will be shown in Section II of the Report on fees paid in 2021.

Table 1 a)

Details of the fixed remuneration paid by Creval as per Table 1 of Annex 3 of the Issuers' Regulation

Name	Breakdown of remuneration	Total fixed remuneration
LOVAGLIO LUIGI	Chief Executive Officer and General Manager	1.012.750
	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	955.000
TROTTER ALESSANDRO	Chairman of the Board of Directors	307.750
	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	250.000
CASELLI STEFANO	Deputy Chairman	147.750
	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	90.000
AMIDANI ALIBERTI LIVIA	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	
BECCALLI ELENA	Director	55.500
	payments for the year resolved by shareholders' meeting	45.000
	attendance fees	10.500
	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	
MARIA GIOVANNA CALLONI	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	
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	57.000
	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	
GALMARINI FAUSTO	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	
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	57.750
	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	

Figures in EUR

Name	Breakdown of remuneration	Total fixed remuneration
KALMA JACOB FRANS	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	
NADDEO TERESA	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	
Massimiliano Scrocchi	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	
MAURELLI FRANCESCA MICHELA	Chairman of the Board of Statutory Auditors	112.750
	payments for the year resolved by shareholders' meeting	100.000
	attendance fees	12.750
	reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code	
CEVOLANI PAOLO	Standing Auditor	72.750
	payments for the year resolved by shareholders' meeting	60.000
	attendance fees	12.750
	reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code	
STRADI ALESSANDRO	Standing Auditor	72.750
	payments for the year resolved by shareholders' meeting	60.000
	attendance fees	12.750
	reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code	
BISSOLI SIMONETTA	Substitute Auditor	-
	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	-
	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	1.461.164
	Total	1.461.164

Figures in EUR

Table 1 b)

Details of the fixed remuneration paid by subsidiaries and associates as per Table 1 of Annex 3 of the Issuers' Regulation

Name	Company		Period	End of term office	Remuneration	Total fixed remuneration
COLLI UMBERTO	Creval PiùFactor S.p.A.	Deputy Chairman	1/01/2020-31/12/2020			-
		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 S.p.A.	Chief Executive Officer	1/01/2020-31/12/2020			-
		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 S.p.A.	Chairman	1/01/2020-31/12/2020			-
		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 S.p.A.	Chairman	1/01/2020-31/12/2020			-
		payments for the year resolved by shareholders' meeting				
		attendance fees				
		reimbursement of lump-sum expenses pursuant to art. 2389 of the Italian Civil Code				

Table 1 c)

Details of the remuneration paid for attendance at Creval committees as per Table 1 of Annex 3 of the Issuers' Regulation

Surname and name	Office	Risk Committee	Appointment Committee	Remuneration Committee	Related-Party Transactions Committee	Rem. for attending Committees
LOVAGLIO LUIGI	Chief Executive Officer and General Manager	-	-	-	-	-
TROTTER ALESSANDRO	Chairman of the Board of Directors	-	-	-	-	-
CASELLI STEFANO	Deputy Chairman of the Board of Directors	-	-	-	-	-
AMIDANI ALIBERTI LIVIA	Director	39.750	-	-	16.000	55.750
BECCALLI ELENA	Director	39.000	-	-	-	39.000
BRUNO PAOLA	Director	-	13.750	19.500	-	33.250
MARIA GIOVANNA CALLONI	Director	-	-	-	-	-
CROSARA CARLO	Director	39.750	-	-	-	39.750
DORO ANNA	Director	39.750	13.750	-	-	53.500
GALMARINI FAUSTO	Director	59.750	-	-	-	59.750
GATTESCHI SERENA	Director	-	-	-	16.750	16.750
GATTI STEFANO	Director	-	-	-	21.750	21.750
KALMA JACOB FRANS	Director	-	-	-	-	-
NADDEO TERESA	Director	-	19.500	14.500	-	34.000
MASSIMILIANO SCROCCHI	Director	-	-	14.500	-	14.500
MAURELLI FRANCESCA MICHELA	Chairman of the Board of Statutory Auditors	9.750	3.750	3.750	6.000	23.250
CEVOLANI PAOLO	Standing Auditor	9.750	3.750	2.250	6.000	21.750
STRADI ALESSANDRO	Standing Auditor	9.750	2.250	2.250	6.000	20.250
BISSOLI SIMONETTA	Substitute Auditor	-	-	-	-	-
FALLACARA FRANCESCO	Substitute Auditor	-	-	-	-	-

Figures in EUR

No remuneration due for Committees of subsidiaries and affiliated companies is envisaged for 2020.

Table 2

Equity investments held in Creval and Subsidiaries of Members of the Administrative and Control Bodies, General Managers and other Key Management Personnel (*)

(Annex 3A, Schedule 7-ter, article 84-quater of CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments)

Surname and name	Credito Valtellinese Office	Investee Company	Number of shares held at 31/12/2019	Number of shares purchased before consolidation	Number of shares sold before consolidation	No. of shares held 2020 before reverse split (29/05/2020)	No. of shares assigned 2020 from reverse split (29/05/2020)	No. of shares purchased after reverse split	No. of shares sold / transferred after reverse stock split	Number of shares held at 31/12/2020
LOVAGLIO LUIGI	Chief Executive Officer and General Manager	Credito Valtellinese S.p.A.	4.000.000	4.000.000	-	8.000.000	80.000	30.000	-	110.000
TROTTER ALESSANDRO	Chairman of the Board of Directors	Credito Valtellinese S.p.A.	1.000	4.000.000	-	4.001.000	40.010	-	-	40.010
CASELLI STEFANO	Deputy Chairman of the Board of Directors	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
AMIDANI ALIBERTI LIVIA	Director	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
BECCALLI ELENA	Director	Credito Valtellinese S.p.A.	187.704	-	-	187.704	1.877	-	-	1.877
BRUNO PAOLA	Director	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
MARIA GIOVANNA CALLONI	Director	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.	-	-	-	-	-	10.000	-	10.000
GATTESCHI SERENA	Director	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
GATTI STEFANO	Director	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
KALMA JACOB FRANS	Director	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
NADDEO TERESA	Director	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
MASSIMILIANO SCROCCHI	Director	Credito Valtellinese S.p.A.	1.806.000	1.400.000	-	3.206.000	32.060	8.000	-	40.060
MAURELLI FRANCESCA MICHELA	Chairman of the Board of Statutory Auditors	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
CEVOLANI PAOLO	Standing Auditor	Credito Valtellinese S.p.A.	37.000	-	-	37.000	370	-	-	370
STRADI ALESSANDRO	Standing Auditor	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
BISSOLI SIMONETTA	Substitute Auditor	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
FALLACARA FRANCESCO	Substitute Auditor	Credito Valtellinese S.p.A.	-	-	-	-	-	-	-	-
KEY MANAGEMENT PERSONNEL		Credito Valtellinese S.p.A.	744.019	-	-	744.019	7.438	3.002	-	10.440

(*) The table shows equity investments held in Credito Valtellinese S.p.A. (and subsidiaries) by Members of the Administrative and Control Bodies, General Managers and other Key Management Personnel. This figure includes equity investments held by spouses who are not legally separated and by minor children, either directly or through subsidiaries, trust companies or intermediaries.

Table 3A of Annex 3 to the Issuers' Regulation.

Monetary incentive plans in favour of members of the Administrative Body, General Managers and other Key Management Personnel (Article 84-quater of CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments)

			financial instruments assigned in previous years not vested during the year		financial instruments assigned during the year					non-attributable financial instruments vested during the year	financial instruments vested during the year attributable		financial instruments pertaining to the year	
D	B.	1	2	3	4	5	6	7	8	9	10	11	12	
Surname and name	Office	Plan	Type of financial instruments	Vesting period	Type of financial instruments	Fair value at the grant date	Vesting period	Allocation date	Market price on allocation date	Type of financial instruments	Type of financial instruments	value at the vesting date	Fair value (5)	
LOVAGLIO LUIGI	Chief Executive Officer and General Manager	"2018 MBO" Plan: shareholders' meeting resolution of 27/4/2018 (1)												
(I) Comp. in the company preparing the financial statements		"2019 Bonus Pool" Plan: shareholders' meeting resolution of 30/04/2019 (2)	n. 56.646 Phantom Share	2019-2025								n. 18.882 Phantom Share	89.500 €	-
		"2019-2021 LTI" Plan : shareholders' meeting resolution of 30/4/2019 (3)	n. 125.000 Phantom Share	2019-2027										298.333 €
		"2020 Bonus Pool" Plan: shareholders' meeting resolution of 24/04/2020 (4)			n.d. - Phantom Shares	1.200.000	2020-2025	2021	na		n.d. - Phantom Shares	400.000 €	1.200.000 €	
(II) Comp. from subsidiaries and associates														
(III) Total			n. 181.646 Phantom Share			1.200.000				-	n. 18.882 Phantom Share	489.500	1.498.333	
KEY MANAGEMENT PERSONNEL		"2018 MBO" Plan: shareholders' meeting resolution of 27/4/2018 (1)	n. 552 Phantom Share	2018-2022										
(I) Comp. in the company preparing the financial statements		"2019 Bonus Pool" Plan: shareholders' meeting resolution of 30/04/2019 (2)	n. 16.551 Phantom Share	2019-25/2019-23								n. 3.171 Phantom Share	15.029 €	
		"2019-2021 LTI" Plan : shareholders' meeting resolution of 30/4/2019 (3)	n. 93.107 Phantom Share	2019-2027										222.215 €
		"2020 Bonus Pool" Plan: shareholders' meeting resolution of 24/04/2020 (4)			n.d. - Phantom Shares	726.250	2020-2025	2021	na		n.d. - Phantom Shares	280.157 €	726.250 €	
(II) Comp. from subsidiaries and associates														
(III) Total			n. 109.658 Phantom Share			726.250				-	n. 3.171 Phantom Share	295.186	948.465	

(1) The "2018 MBO" Plan was not activated due to the failure to meet the gate parameters for access to the system except for the Company Control Functions. With regard to the 2020 accrual year, there are no allocations or payments.

(2) The number of Phantom Shares allotted is adjusted on the basis of the reverse share split during 2020 and takes into account the share value of the first allotment (average of the four weeks prior to the Shareholders' Meeting that approved the Plan). The value shown in column 2 consists in the overall amount of instrument assigned by the Plan without the portion of instruments assigned in 2019 (amounting to 37,764 with regard to CEO/GM and 16,900 with regard to KMPs) and without the portion of instruments attributable in 2020 as shown in column 10.

(3) The number of Phantom Shares and the amount shown are based on a preliminary calculation as they will only be determined at the end of the performance observation period (2021). The number of Phantom Shares is adjusted on the basis of the reverse share split during 2020.

(4) The final values relating to the "2020 Bonus Pool" Plan are subject to approval by the Shareholders' Meeting of 19 April 2021. With regard to KMPs, the amount and the number of instruments are calculated on the basis of preliminary data and are subject to possible changes. The actual amount will be available once the final calculation of individual performance has been completed and will be disclosed in the 2021 Remuneration Report.

(5) The entire component of financial instruments assigned with reference to the "2020 Bonus Pool" Plan and the pro-rata amount for 2020 of the instruments assigned with reference to the "2019-2021 LTI" Plan are indicated as financial instruments pertaining to the financial year. The value indicated as Fair value corresponds to the bonus awarded; how much is actually paid will depend on the value of the Creval share at the end of the Retention Period. The final amounts will be shown in Section II of the Report on remuneration paid in 2021.

Table 3B of Annex 3 to the Issuers' Regulation

Monetary incentive plans in favour of members of the Administrative Body, General Managers and other Key Management Personnel (Article 84-quater of CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments)

D Surname and name	B Office	1 Plan	2 Bonus for the year			3 Bonus for previous years			4 Other Bonuses
			D	B	C.	D	B	C	
			Payable / disbursed	Deferred	Deferral period	No longer disbursable	Payable / disbursed	Still Deferred	
LOVAGLIO LUIGI		"2018 MBO" Plan: shareholders' meeting resolution of 27/4/2018 (1)							
(I) Comp. in the company preparing the financial statements	Chief Executive Officer and General Manager	"2019 Bonus Pool" Plan: shareholders' meeting resolution of 30/04/2019 (2)					89.500	89.500	
		"2019-2021 LTI" Plan : shareholders' meeting resolution of 30/4/2019 (3)							
		"2020 Bonus Pool" Plan: shareholders' meeting resolution of 24/04/2020 (4)	400.000	400.000	2020-2025				
(II) Comp. from subsidiaries and associates									
(III) Total			400.000	400.000	-	-	89.500	89.500	-
KEY MANAGEMENT PERSONNEL									
(I) Comp. in the company preparing the financial statements		"2018 MBO" Plan: shareholders' meeting resolution of 27/4/2018 (1)							1.537
		"2019 Bonus Pool" Plan: shareholders' meeting resolution of 30/04/2019 (2)					31.713	31.713	
		"2019-2021 LTI" Plan : shareholders' meeting resolution of 30/4/2019 (3)							
		"2020 Bonus Pool" Plan: shareholders' meeting resolution of 24/04/2020 (4)	280.157	251.602	2020-25/2020-23				
(II) Comp. from subsidiaries and associates									
(III) Total			280.157	251.602		-	31.713	33.250	-

Figures in EUR

(1) The 2018 Plan (2018 MBO) was not activated due to the failure to meet the gate parameters for access to the system, except for the Company Control Functions.

(2) As regards the "2019 Bonus Pool" Plan, the amounts reported in column 3 (B) refer to bonuses for previous years that are payable in the year.

(3) The "2019-2021 LTI" Plan envisages financial instruments only (Phantom Shares).

(4) The final values relating to the "2020 Bonus Pool" Plan are subject to approval by the Shareholders' Meeting of 19 April 2021. With regard to KMPs, the amount is calculated on the basis of preliminary data and is therefore subject to possible changes. The actual amount will be available once the final calculation of individual performance has been completed and will be disclosed in the Report on remuneration paid in 2021.

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 Chief Executive Officer and General Manager ("CEO/GM") and the other Risk Takers of the Group beneficiaries of the "2021 Bonus Pool" Plan. This term also refers to Group key employees and high-potential employees, beneficiaries of the "2019-2021 LTI" Plan, approved in 2019 (some of these in common with the Beneficiaries of the "2021 Bonus Pool" Plan).
Opportunity bonus	The maximum bonus payable to each Beneficiary
Individual Theoretical Bonus	Bonus payable to each Beneficiary resulting from the evaluation 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 "2021 Bonus Pool" Plan and "2019-2021 LTI" Plan.
Clawback	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 3 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 office 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 (Chief Risk Officer), which checks the consistency of the results with the Risk Appetite Framework; based on this table, the Bonus Pool can be revised upwards or downwards
Creval 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 gates	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 or Risk Takers	Personnel whose activities have a material impact on the Group's risk profile on the basis of the applicable regulations
Individual Objectives	Quantitative and qualitative individual objectives as KPIs (Key Performance Indicators) included in a formalised objective sheet (Scorecard), used for determining the Individual Bonus
Pay-out	Structure and payment modality of bonuses
Peer Group	Sample of Banks taken as remuneration benchmark
Retention Period	The period between the allocation date of the Phantom Shares and their

	payment date
Phantom Shares	A unit representing the value of a share that is converted into a cash bonus according to its price on a certain date
"2021 Bonus Pool" Plan	The short-term incentive plan called "2021 Bonus Pool" Incentive Plan, based on the allocation of Phantom Shares", details of which are contained in the Information Document prepared pursuant to article 144-bis of Italian Legislative Decree no. 58 of 24 February 1998 and article 84-bis 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 Phantom Shares" details of which are contained in the Information Document prepared pursuant to article 144-bis of Italian Legislative Decree no. 58 of 24 February 1998 and article 84-bis of Consob Regulation no. 11971 of 14 May 1999
Overall bonus or bonus pool or total amount of bonuses	The aggregate amount of economic resources allocated for the payment of the incentive to be paid to all Beneficiaries
Individual Bonus	The amount of the incentive to be paid to each Beneficiary and 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 Risk Appetite Framework	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 from ad personam and allowances, expressed on an annual basis, gross of taxes and social security contributions
Scorecard	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 Phantom Shares of the Deferred Portion of the Individual Bonus
Incentive System	Variable remuneration instrument that subjects the payment of an individual bonus to a specific Beneficiary to the achievement of performance thresholds
Performance evaluation	Company process of appraising individual behaviour and results, generally on an annual basis