

Courtesy translation

**Guidelines for Shareholders on the
qualitative and quantitative composition of
the Board of Directors
and
for the preparation of the list of the Board of
Directors**

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FOREWORD

The body with strategic supervisory functions of a parent bank of a banking group, such as BFF Bank S.p.A. (the "**Bank**" or "**BFF**"), has overall responsibility for the management of the entire group (the "**Group**") and for the regulation and governance mechanisms that ensure its sound, prudent and effective management.

In particular, the Board of Directors of the Bank (the "**Board**"), in view of the "traditional" governance model adopted by the Bank, takes decisions on, , strategy, risk-taking policy, internal controls and optimal capital allocation, and performs supervisory and control tasks, which implies, among other things, the ability to fully understand the risks taken in carrying out its activities, to supervise the activities of the management body (the "**Chief Operating Officer**"), monitoring its work on an ongoing basis, and ensuring that, in particular, those in charge of the control functions and the structures dedicated to this are suited to their role.

Having said that, this document has been drawn up, pursuant to the Supervisory Provisions and the Code of Corporate Governance, by the outgoing Board in view of the forthcoming renewal of the Board of Directors, (i) with a view to providing indications on the qualitative and quantitative composition of the Board that is deemed to be optimal (in terms of, inter alia, skills, experience, age, gender and international scope), having regard to the characteristics and objectives of the Bank, and (ii) so that the lists of candidates - including the List of the Board of Directors (as defined below) - are made up of individuals who are suited to the responsibilities they are to take on, in order to safeguard the sound and prudent management of the Bank (the "**Guidelines**").

The Guidelines are therefore, on the one hand, the tool deemed suitable to support the shareholders of BFF (the "**Shareholders**") in the selection of the candidates for the office of Director of the Bank, and, on the other, the basis for the pr the drawing up of the list - which the outgoing Board will submit, prepared with the contribution of the **Nomination Committee** of the Bank (the "**Nomination Committee**") -, pursuant to art. 15 of the Articles of Association, subject to its verification by Spencer Stuart, a leading independent executive search firm (the "**Board List**").

More specifically, Spencer Stuart attests to the overall consistency of the Board List with the Guidelines and the regulations referred to therein.

The elaboration of the Guidelines takes into account:

- (i) the Fit&Proper Requirements (defined below), and
- (ii) the outcomes of the self-assessment process on the size, composition and functioning of the Board relating to 2023, whose effectiveness and consistency with the degree of complexity of the Board's work is has been assured by the Chairman of the Board of

Directors supported by the Nomination Committee (the "**Self-Assessment**" or the "**Board Review**");

The Board Review was conducted with the support of Parente & Partners S.r.l. ("**P&P**"), an external firm specializing in this field, which was selected, on the proposal of the Nomination Committee, by the Board of Directors following a competitive procedure. The self-assessment document (the "**2023 Self-Assessment Document**") was then approved by the Board of Directors on October 6, 2023.

With the hope that the Shareholders will take due account of the indications provided in the Guidelines, approved by the Board on 26 October 2023, it is obviously without prejudice to their right to carry out independent and different assessments on the best composition of the Board, by justifying, however, any deviation of the candidates from the indications set out in this document.

In this regard, it should be underlined that the Board's Regulation (as defined below) - in compliance with the Code of Corporate Governance - requires those who submit a list to provide adequate information, in the documents for filing the list, on its compliance with the Guidelines and requires those who submit a list containing more than half of the Directors to indicate the candidate for the position of Chairman of the Board, whose appointment is carried out according to the procedures set out by Article 15 of the Articles of Association.

1. REGULATORY FRAMEWORK

The following table shows the main EU and national legislation relevant to the Council's renewal.

CRD IV	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC	articles 76, 88, 91 and 96
ECB Guide	"Guide to the Verification of Eligibility Requirements" dated May 15, 2017 and last updated in December 2021.	
EBA/ESMA Guidelines	the current joint guidelines of the European Securities and Markets Authority (" ESMA ") and EBA " <i>Joint ESMA and EBA Guidelines on the assessment of suitability of members of the management body and key function holders</i> " under Directive 2013/36/EU and Directive 2014/65/EU"	
	the current European Banking Authority (" EBA ") guidelines on internal governance	
	" <i>G20/OECD Principles of Corporate Governance</i> " the last version of 2023 September.	
Civil Code	Civil Code most recently updated with the amendments made, by Law No. 41/2023	articles 2381, 2382 and 2387 and 2390
TUF	Legislative Decree no. 58/98, as subsequently amended	articles 147-ter, 147-quinquies and 148
Issuers' Regulation	the Regulations adopted by Consob with Resolution 11971/99, as amended.	Article 144-undicies
Market Regulations	Regulations adopted by Consob with resolution 20249/17 as subsequently amended	
TUB	Legislative Decree no. 385/93, as subsequently amended	Article 26
Fit&Proper Requirements	Decree 169/20, " <i>Regulations on requirements and eligibility criteria for the performance of the office of corporate officers of banks, financial intermediaries, credit unions, electronic money institutions, payment institutions and depositor guarantee schemes</i> ", which came into force on 30 December 2020	
Supervisory Provisions	the " <i>Supervisory Provisions for Banks</i> ", as set out in Circular no. 285 of 17 December 2013, as subsequently amended	
Salva Italia Decree	Law no. 214/11, regarding the prohibition of interlocking directorships	Article 36
D.M. 162/00	Ministerial Decree No. 162/00 of the Ministry of Justice, applicable to members of the Board of Directors by virtue of the reference in Article 147-quinquies of the Consolidated Law on Finance, containing provisions for identifying the	

	requirements of integrity and professionalism of corporate representatives of listed companies and the causes for suspension	
Code of Corporate Governance	the " <i>Code of Corporate Governance</i> " approved by the Corporate Governance Committee in January 2020, to which the Bank adheres.	
Bank of Italy Guidelines	Bank of Italy guidelines on the composition and operation of the boards of directors of LSI's	

The following table sets forth the Bank's main internal regulations relevant to the Board's renewal.

Articles of Association	the Bank's Articles of Association available on the Bank's website at link Articles of Association - Investors - BFF Banking Group the last version of the 12 October 2023 in Italian only
Regulations of the Board of Directors	the " <i>Regulations of the Board of Directors</i> ", available on the Bank's website at link Board of Directors Regulation - Investors - BFF Banking Group the last version of the 27 June 2023 in Italian only
Board Self-Evaluation Regulations	The "Regulations on the Board of Directors' self-evaluation process" approved by the Board of Directors on June 27, 2023.
Diversity Policy	the " <i>Diversity Policy of the Board of Directors of BFF Bank S.p.A.</i> " approved by the Board of Directors on 28 July 2021.
Succession plan	Succession plan for chairman and chief executive officer last approval date Board of Directors October 26, 2023

2. INTRODUCTION

The Supervisory Provisions on Corporate Governance:

- (i) provide that the banks' governing bodies are required to determine their optimal qualitative and quantitative composition for the effective discharge of their duties and responsibilities entrusted to them by law, by the Supervisory Provisions themselves and by the Articles of Association;
- (ii) establish the principles according to which:
 - a) from a **quantitative point of view**, the number of members of the corporate bodies must be appropriate to the size and complexity of the Bank's organizational set-up, in order to effectively oversee all company operations in terms of management and controls;
 - b) from a **qualitative point of view**, the correct performance of the functions falling under the responsibility of the bodies with strategic supervisory functions requires the presence of representatives:

- who are fully *aware of* the powers and obligations inherent in the functions each of them is called upon to perform (supervisory or management function, executive and non-executive functions, etc.);
 - with *professional skills that are appropriate to* the role to be covered, also in possible internal committees of the Board (the "**Committees**"), and calibrated in relation to the operational and size features of the Bank;
 - with *competences spread* among all the members *and suitably diversified*, so as to allow each member, within the Committees of which he/she is a member and in collective decisions, to effectively contribute to ensuring effective risk management in all areas of the Bank;
 - Who *devote time and resources appropriate* to the complexity of their assignment;
 - who direct their actions towards *pursuing the overall interest of* the Bank, at Group level, regardless of the corporate component that voted for them or the list from which they are taken, with the obligation to act with full *independence of judgement*;
- (iii) require that attention be paid to all members, both executive and non-executive, since they are all equally involved in the decisions taken by the whole Board and are called upon to carry out an important role in discussing and monitoring the choices made by the executive members;
- (iv) Moreover, they require the appointment of independent members of the Board of Directors, who shall supervise corporate management with independent judgement, thus contributing to ensure that it is carried out in the interest of the Bank and consistently with the objectives of sound and prudent management;
- (v) provide that at least **one quarter** of the members of the Board must meet the independence requirements and that, in any case, the number of independent Directors must be adequate with regard to the size of the Board and the activities carried out by the Bank, as well as such as to ensure that each **Committee** is made up of at least **3 (three) members**, all of whom must be non-executive and for the majority independent, **or all of whom must be independent** (as in the case of the RPT Committee, as defined below);
- (vi) establish that the result of the analysis carried out on the qualitative and quantitative composition by the corporate bodies in charge of it (*i.e.* the Nomination Committee and the Board) shall be made available to the Shareholders in due time so that they can take it into account when choosing the candidates. The Shareholders are entitled to express different assessments concerning the optimal composition of the Board, by justifying any difference with the analysis carried out by the latter, as described in the Guidelines.

The aim of the Supervisory Provisions - as well as that of the Fit&Proper Requirements - is, therefore, to ensure that - both in the appointment process, which involves several corporate bodies (the Nomination Committee, the Board, the Shareholders' Meeting), and on an ongoing basis - the top management bodies include individuals capable of ensuring that the role assigned to them is carried out effectively. This requires that the professional skills needed to achieve this objective are clearly defined *ex ante* - and that the process of selecting and appointing candidates takes this guidance into account.

For the sake of clarity, it should be noted that, solely for the purposes of applying the Supervisory Provisions on corporate governance, as an issuer of shares listed on the Euronext Milan organized and managed by *Borsa Italiana S.p.A.* ("**Euronext**"), the Bank is one of the banks with the largest size or operational complexity.

Article 12 of the MEF Decree (as defined below) requires that each governing body - to be understood, therefore, as referring to both the Board of Directors and the Board of Statutory Auditors - identify in advance its best quali-quantitative composition. In particular, Article 11 of the MEF Decree provides that the composition of the administration and control bodies should be adequately diversified, so as to:

- increase internal discussion and dialectic within the bodies;
- promote the emerging of a plurality of approaches and perspectives in the analysis of topics and decision-making;
- effectively support the corporate processes of strategy development, management of activities and risks, and control over the work of top management;
- take into account the many interests that contribute to the bank's sound and prudent management.

3. **BANK GOVERNANCE MODEL**

In order to facilitate the best possible identification of the candidates to be proposed for the renewal of the Board of Directors, the Board deems it useful, first of all, to draw the attention of the Shareholders to the essential components of the governance model adopted by BFF.

As mentioned in the Introduction, the Bank adopts a traditional governance model, based on the appointment by the Shareholders' Meeting of the Board of Statutory Auditors and the Board, which exercises strategic supervision and entrusts the Chief Executive Officer with management tasks.

Specifically, the Articles of Association include:

- art. 14, that the Board is composed of a number of members established by the Shareholders' Meeting, which cannot be less than **5 (five)** nor more than **13 (thirteen)**;

- art. 15, that the Board - in case the Shareholders' Meeting did not provide for it - elects a Chairman among its non-executive members, and may elect a Vice-Chairman among its non-executive members;
- in art. 16, that the Board appoints a Chief Executive Officer, chosen among its members, determining his powers and term of office.

The Board has set up the following internal committees, all of which have 3 members, the majority of whom are independent:

- the Nomination Committee;
- the Remuneration Committee;
- the Control and Risk Committee (the "**CRC**"), and
- the Committee for the Assessment of Transactions with Related Parties and Associated Persons (the "**RPT Committee**", of which only independent Directors are members).

In view of the above and the findings of its own Self-Assessment exercise for the year 2023, the outgoing Board of Directors - except as noted more fully below:

- o considers the current number of No. 9 members to be appropriate and to be maintained unchanged in view of the next reappointment, also taking into account the increasing operational complexity that now characterizes the Bank and the evolution that has taken place in regulation and in the reference markets;
- o considers appropriate the relationship between non-independent and independent directors as it emerged at the time the current board took office (and, in particular, that, as required by the Bylaws, the majority of directors must have the independence requirements of the applicable regulations in relation to both the size of the Board and the needs of the committees;
- o appreciates the qualitative profile of the Board and, in view of the reappointment, would like to strengthen and maintain the current mix of skills, expertise and experience represented on the Board today, also taking into account what has been suggested in relation to expertise (in particular, in the payments and securities services business), experience (in the international environment and, in particular, in the countries in which the Group operates) and diversification in the composition of the Board and the possible reappointment or non-reappointment of individual directors;
- o considers the current structure of the Committees (Audit and Risk Committee, Appointments Committee, Compensation Committee, Committee for the Evaluation of Related Party and Connected Party Transactions each composed of 3 members) to be adequate and to be confirmed, as it satisfies the needs of the Bank's Board, including with respect to the qualitative mix of skills and experience represented.

Below for each requirement or criterion has been reported the external regulations, any specifications provided by the Bank's self-regulatory regulations as well as the relevant aspects that emerged as a result of the self-assessment process (which consists of questionnaire, interviews and benchmark analysis).

4. ASSESSMENT OF THE OPTIMAL QUANTITATIVE COMPOSITION OF THE BOARD

4.1. General principles

Pursuant to the Supervisory Provisions, **from a quantitative perspective:**

- the *number of members of the Board* must be **adequate in relation to the size and organizational complexity of the Bank**, in order to effectively oversee all corporate operations, as regards management and controls;
- *The size of the Board* must be large enough to allow for diverse contributions, and to establish committees, but it **must not be oversized**, as an overly large membership could reduce the incentive for each member to be active in carrying out their duties;
- the presence of an adequate number of *non-executive members* with well-defined roles and tasks, who effectively act as a counterbalance to the Bank's executives and *management*, fosters the internal dialogue within the Board;
- *independent persons* must be appointed to the Board to supervise corporate management with independent judgement, thus helping to ensure that it is carried out in the interest of the Bank and in line with the objectives of sound and prudent management;
- *each Committee* must be made up, as a rule, of **between 3 (three) and 5 (five) members, all of whom must be non-executive and for the most part independent**. Committees must have at least one member and, where a director elected by minority shareholders is present, he or she must be a member of at least one Committee.

Pursuant to **the Code of Corporate Governance**, "*a significant component of the non-executive directors is independent*" and, as the Bank is not a "*large*" company within the meaning of the Code, "*the Board includes at least two independent directors, other than the Chairman*".

Pursuant to the By-Law:

"The list that may be submitted by the Board of Directors [omissis] must be composed of candidates in the majority who meet the requirements of independence set forth in the applicable regulations."

Pursuant to Board Regulations:

- *"the Board of Directors shall include at least two independent directors, other than the Chairman of the Board, if the Board is composed of seven members, **at least three** if it is composed of up to twelve members, and at least four if it is composed of a greater number."*

From **the Self-Assessment** it was confirmed that the number of members of the Board of Directors should remain unchanged at 9 (nine).

4.2. Assessments by the Board on its quantitative composition

Having taken into account the above-mentioned regulatory provisions, the Board believes that:

- **9 (nine)** members is the optimal size, since this number is deemed consistent with the size and operational complexity of the Bank, and adequate in order to ensure an effective and efficient functioning of the Board and its Committees;
- **at least 5 (five)**, excluding the Chairman of the Board, is the best **number of independent directors**, in order to guarantee a correct composition of the Committees, (also taking into account that, according to the Corporate Governance Code, the Chairman evaluated as independent is not eligible to chair the Compensation Committee and the Audit and Risk Committee), and in consideration of the characteristics of the Bank's shareholders and its nature as a public company.

In formulating this recommendation, the Board also took into account the different criteria and requirements arising from the Bank's peculiar characteristics, seeking to achieve a balanced harmonization thereof, including:

- the technical-organizational development and business evolution envisaged in the 2023-2028 Business Plan;
- the presence of exponents in possession of knowledge, skills and technical experience that enable, among other things, an understanding of the main activities and risks to which the Bank is and will be exposed;
- the need to have an adequate number of members possessing the requirements of independence such as to ensure the efficient functioning of the Endoconsiliar Committees.

5. ASSESSMENT OF THE OPTIMAL QUALITATIVE COMPOSITION OF THE BOARD

5.1. General principles

Pursuant to the Supervisory Provisions, **from a qualitative point of view**, the Board:

- must be comprised of members who:
 - are fully **aware of the obligations and powers inherent in the functions** each of them is called upon to perform (supervisory or management function, executive and non-executive functions, independent members, etc.);
 - are provided with **professional skills appropriate** to the role to be filled, also within the Committees, and proportionate to the operational and dimensional characteristics of the Bank;
 - with **competences spread** among all members, and **suitably diversified**, so as to allow each Director, both within the Committees of which he/she is a member and in collective decisions, to effectively contribute, among other things, to identifying and pursuing suitable strategies, and to ensuring effective risk management in all areas of the Bank, at Group level;
 - devote **time** and **resources commensurate** with the complexity of their assignment, subject to the limits on the number of offices set forth in the Fit&Proper Requirements;

- direct their actions towards pursuing the **Bank's overall interest**, irrespective of the corporate structure that voted for them or the list from which they are taken, and operate with independent judgement;
- the role of **non-executive members**, who must be endowed with **authority** and **professionalism**, must be enhanced in order to guarantee adequate board dialogue and to effectively monitor the choices made by executive members;
- it is essential that the non-executive directors also possess and express an adequate knowledge of the banking *business*, the dynamics of the economic-financial system, banking and financial regulations and, above all, risk management and control methods, since this knowledge is essential for the effective performance of the tasks entrusted to them.

Pursuant to art. **26 of the TUB**, the members of the Board must:

- be *suitable for the job*, and
- meet the requirements of *professionalism, integrity and (where applicable) independence* and meet the competence and fairness criteria *set out in the Fit&Proper Requirements*;
- devote *the necessary time to the effective performance of their duties*, so as to ensure the sound and prudent management of the Bank.

Pursuant to Ministerial Decree no. 162/00, whose provisions have been included in the Fit&Proper Requirements, since they are more exhaustive,

- corporate representatives of listed companies must meet the requirements of integrity and professionalism required of members of the supervisory body.

5.2. Integrity and fairness criteria

5.2.1 Integrity requirements

The candidates must satisfy the honorability requirements of the **Fit&Proper Regulations** and Ministerial Decree No. **162/00 (see Annex sub 1)**.

5.2.2 Fairness criteria

In compliance with the provisions of the art. 4 of **Fit&Proper Requirements**, the candidates, in addition to the requirements of integrity, meet **criteria of fairness in past personal and professional conduct** (cfr. allegato sub 2).

Fairness evaluation is conducted by the Board pursuant to Article 5 of the **Fit&Proper Requirements**.

5.3. Professionalism Requirements and Competence Criteria

5.3.1 Professionalism Requirements of the Chairman

In compliance with the provisions set out in the Fit&Proper Requirements (which include, as they are more exhaustive, the requirements set out in Ministerial Decree no. 162/00), for the purposes of the **professionalism requirements, the Chairman of the Board** must be chosen among candidates who have performed for **at least five years**, also alternatively,

- a. administration or control activities or management duties in the credit, financial, securities or insurance industry;

b. administration or control activities or management tasks at listed companies or companies whose size and complexity is greater than or comparable with that of the Bank (in terms of turnover, nature and complexity of the organization or activity carried out),

or in the areas indicated in paragraph 5.3.3 relating to non-executive directors.

For the purposes of meeting the requirements set out in the previous points, the experience gained during the **twenty years** prior to taking office is taken into account. Experience gained simultaneously in more than one office is counted only for the period of time in which it was carried out, without accumulating it.

As indicated in the **Diversity Policy** showed that the Chairman of the Board in addition to the provisions of the Fit and Proper Regulations must be competent in the legal and economic-financial field and in the management of strategic issues within the Board.

Moreover, the Chairman of the Board is a *non-partisan* figure, who ensures a correct, efficient and effective management in the functioning of the Board itself, where he has the task of creating a strong spirit of cohesion, while representing a guarantee for all Shareholders.

In addition, it is provided in **the Succession Plan** that the Chairman, moreover, should have experience in coordination, direction or management of human resources such as to assure effective performance of the functions of coordinating and directing the work of the Board, promoting its adequate functioning, also in terms of circulation of information, effectiveness of confrontation and stimulation of internal dialectics, as well as adequate overall composition of the body and preferably possess an adequate level of internationality; if not Italian, he necessarily has a good knowledge of the Italian language, also taking into account the continuous interaction with the Supervisory Authorities. Preferably, he/she is fluent in English.

He or she is also required to have in-depth experience of the regulatory environment of the sector, of which he or she is familiar with regulatory developments and the impacts that regulations have on risk and capital management, and key competencies including interpersonal style and board leadership skills, integrity and reputation, openness to change and sensitivity to sustainability profiles.

In the case of a first-time appointee, his or her age is no more than 68 years.

The Self-Assessment found that the chairperson must also possess the following attitudinal characteristics (so-called "soft skills") i.e., time management skills, ability to manage conflicts constructively, and decision-making aptitude.

5.3.2 Professionalism requirements of the Chief Executive Officer

In compliance with the provisions set out in the Fit&Proper Requirements (which include the requirements set out in Ministerial Decree no. 162/00 as they are more exhaustive), for the purposes of the **professionalism requirements**, the **Chief Executive Officer** must be chosen from among candidates who have specific experience in the field of credit, finance, securities or insurance, gained through administration or control activities or management tasks for a **period of no less than five years** in the credit, financial, securities or insurance sector, or in listed companies or companies whose size

and complexity are greater than or comparable to that of the Bank (in terms of turnover, nature and complexity of the organization or activities carried out).

For the purposes of meeting the requirements set out in the previous point, the experience gained during the **twenty years** prior to taking office is taken into account. Experience gained simultaneously in more than one office is counted only for the period of time in which it was carried out, without accumulating it.

As indicated in the **Diversity Policy** has shown that the Chief Executive Officer should have specific skills as defined above or, alternatively, come from Investment Banking or Private Equity (as per Succession Plan). Similar experience may also be gained in companies comparable with the Bank in terms of business, size and operational complexity, even in more than one country.

In addition, it is expected in the **Succession Plan** that the CEO has worked with financial instruments (e.g. Securitization, Bonds, Structured Finance, etc.) and is familiar with Finance issues (budget, planning, market reporting, shareholder relations, road shows, etc.). Possesses an adequate level of internationality, a relational network in Italy and Europe, both of a commercial nature and with the Supervisory Authorities and the sector; if not Italian necessarily has a good knowledge of the Italian language, also considering the continuous interaction with the Supervisory Authorities. Be fluent in English. Has in-depth experience of the industry regulatory environment of which he/she is familiar with regulatory developments and the impacts that regulations have on risk and capital management. The key skills required for the CEO concern strategic vision and entrepreneurial spirit.

The Self-Assessment found that the attitudinal characteristics (so-called "soft skills") required of the CEO include the ability to interact and listen to.

5.3.3 Professionalism requirements for non-executive Directors

In compliance with the provisions contained in the Fit&Proper Requirements (which include, as they are more exhaustive, the requirements set out in Ministerial Decree no. 162/00), for the purposes of the **professionalism requirements**, the **non-executive** Directors must be chosen from among candidates who satisfy the requirements of Article 7, in compliance also with the provisions of the **Corporate Governance Code** (see Appendix sub 3).

5.3.4 Requirements of professionalism and competence of directors under Bank regulations

Pursuant to **Board Regulations**, candidates must meet at least one of the following requirements:

- a. Adequate knowledge of the banking sector, the dynamics and economic-financial system, banking and financial regulations and, above all, risk management and control methodologies, acquired through many years of experience in administration, management and control in the financial sector;
- b. experience in the management of operations aimed at facilitating the freeing up, management and collection of receivables, in particular from healthcare providers and the Public Administration;
- c. experience in entrepreneurial management and business organization acquired through many years of administration, management or control in companies, or groups of significant economic size, or in the Public Administration;

- d. ability to read and interpret economic and financial data acquired through many years of experience in administration and control in companies, or professional activities, or university teaching;
- e. international experience and knowledge of foreign markets, acquired through the performance of entrepreneurial or professional activities over several years at foreign institutions or bodies, companies or groups with an international outlook.

From the **self-assessment Exercise** revealed the following evaluations on the qualitative composition of the Board in terms of **professionalism and expertise**:

1. maintain and strengthen competencies similar to those already largely present in the current composition of the Board in the following areas:
 - in banking regulation and risk management
 - in the international markets, in particular, with reference to the Eastern European markets in which bank subsidiaries operate and, in general the BFF Group operates (Poland, the Czech Republic, Slovakia Republic and Croatia), through the contribution of representatives from or with specific experience in these geographical areas.
 - in corporate finance and acquisition valuation;
 - in the areas of AML and ESG;
 - in the topics that were found during the self-assessment to be worthy of more in-depth study (particularly in the areas of "securities services, payment infrastructure services and custodian banking," "Information and communication technologies, including digital innovation -fintech- and cybersecurity");
2. ensure an appropriate balance between advisors with years of experience in the board and new advisors who bring additional skills and experience.

5.3.5 Competence criteria for representatives

In compliance with the provisions of Article 10 of the **Fit&Proper Regulations**, in addition to the professionalism requirements set out in the preceding paragraphs, candidates must meet competence criteria aimed at proving their suitability to assume the position, considering the tasks inherent to the role held and the characteristics, dimensional and operational, of the Bank (see Annex sub 4).

5.4. Board assessment of the integrity and professionalism requirements

When preparing the list of the Board of Directors, the Board takes into account the provisions contained in the previous paragraphs with regard to the requirements of integrity and professionalism, as well as the criteria of fairness and expertise mentioned above. It expects that the Shareholders, when identifying their candidates, will pay great attention to the above-mentioned requirements and, in particular, to the indications that emerged during the self-assessment, as set out, in particular, in paragraphs 5.3.4 and 7.1 of the Guidelines. Any deviations, as already mentioned, must be adequately argued in the documentation attached to the filing of the list.

5.5. *Independence Requirements*

Pursuant to the art. 13 of the **Fit&Proper Regulations** a non-executive director shall be deemed to be **independent** if none of the following situations applies indicated in the annex sub 5:

The **Board Regulations**, in compliance with the indications of the Code of Corporate Governance,

1. establish, with regard to point 1.h above of Article 13 of the Fit & Proper Regulations (shown in Annex sub 5) that the business relationship, which took place in the previous financial year, will be considered "significant" on the basis of two parameters:
 - a. continuity: more than six months duration, and
 - b. 10% maximum threshold:
 - the turnover of the firm or professional practice to which the director belongs, or
 - of the advisor's own income as an individual.

The Board assesses compliance with this threshold based on a self-certification made by the Director.

In the case of a Director who is also a *partner* in a professional firm or consulting firm, the Board assesses the significance of professional relationships that may have an effect on his or her position and role within the firm or consulting firm or that, in any event, relate to important Bank and Group transactions, even independently of the quantitative parameters set out above;

2. for the purposes of assessing independence, it also considers whether the Director receives, or has received in the previous three financial years, from the Bank or a subsidiary or parent company, significant additional remuneration (with respect to the "fixed" emolument as a non-executive director of the Bank and to any remuneration for participation in Committees), also in the form of participation in incentive plans linked to the company's *performance*, including share-based plans, or envisaged by current legislation. The additional remuneration will be deemed significant on the basis of whether it exceeds the threshold of the maximum 20% of the Director's income as a natural person, excluding from the Director's income any remuneration received in his/her capacity as a member of the management bodies of the parent company and/or subsidiaries.

5.6. *Board assessment of independence requirement*

When preparing the list of the Board of Directors, the Board shall comply with the guidelines contained in the previous paragraph concerning the independence requirements and shall indicate a number of independent directors equal to at least half of the candidates. It is expected that the Shareholders, when identifying their candidates, will pay great attention to the above-mentioned indications, as well as to the indications emerged during the self-assessment, as explained in paragraphs 5.3.4 and 7.1 of the Guidelines.

In any case, the Board believes that all its members, executive and non-executive, must act with independence of judgement and, therefore, invites to pay attention to situations that may create **conflicts of interest** and potentially hinder the independence of judgement of the directors.

5.7. *Incompatibility*

Pursuant to **art. 36 of the Salva Italia Decree** (the so-called prohibition of *interlocking directorships*), it is forbidden for the holders of positions on the management, supervisory and control bodies, and top managers of companies or groups of companies operating in the credit, insurance and financial markets, to take on or hold similar positions in competing companies or groups of companies.

Article 15 of the **Articles of Association** states that the Directors are bound by the prohibition laid down in Article 2390 of the Italian Civil Code, unless otherwise decided by the Shareholders' Meeting.

5.8. *Board Considerations on Incompatibility*

The Board recommends to the Shareholders that the lists for the appointment of the Board include candidates who have been previously checked for any incompatibility reasons and, in particular, that those who are in one of the incompatibility situations that may fall under the prohibition of *interlocking* are not appointed as Directors.

The Board also recommends that the candidates do not find themselves in one of the situations referred to in art. 2390 of the Italian Civil Code (being an unlimited partner or director or general manager in companies competing with BFF, or carrying out on their own account, or on behalf of third parties, activities in competition with those carried out by the Bank).

6. ADDITIONAL GUIDANCE ON DIRECTOR CANDIDATE REQUIREMENTS

6.1. *Time availability*

With regard to time availability, candidates must respond to the guidance in Article 16 **Fit&Proper Regulation** (see Annex sub 6).

The Board recommends to the Shareholders, in the same way as for the preparation of the Board List, that in the selection of the candidates, the availability of time they can devote to the position be adequately taken into account.

To this end, it should be noted that in each fiscal year of the 2021-2023 three-year period, the following were held on average:

- No. 21 Board meetings, with an average duration of 3 hours and 11 minutes;
- No. 16 RAC meetings, with an average duration of 2 hour and 14 minutes;
- No. 10 meetings of the Nomination Committee, with an average duration of approximately 52 minutes ;
- No. 19 meetings of the Remuneration Committee, with an average duration of 1 hour and 30 minutes;

- No. 9 RPT Committee meetings, with an average duration of approximately 45 minutes.

It should also be borne in mind that around 7 days per year devoted to training activities and non-board meetings, as well as the commitment necessary for the preparation of meetings, taking into account the multiplicity of issues to be discussed and the time required to analyze the supporting documentation which can be estimated on average at n.15 days. In total, therefore, the required effort (taking into account the number of board meetings, participation in an average of two committees, the number of days dedicated to training, and the number of days dedicated to the analysis of documentation) is estimated between no. 35 and no. 40 days full time equivalent.

6.2. Limits to the number of offices

With regard to the limits on the cumulation of positions, candidates must comply with the requirements of Art. 17 of the Fit&Proper Requirements, (cfr. allegato sub 7).

6.3. Board evaluations of time availability and limits on the number of offices

When preparing the list of the Board of Directors, the Board complies with the guidelines set out in the previous paragraphs concerning the time availability and the limits to the number of offices. It expects that the Shareholders will pay great attention to the above-mentioned information when identifying their candidates.

The candidates for the position of Director of the Company shall provide the Board with the updated situation of the administrative, management and control offices held by each one of them, as well as any other useful element to carry out the assessments on the availability of time and compliance with the limits to the number of offices. After their appointment, the Directors must keep the Board promptly updated on their positions, so that the Board can carry out its assessments.

7. ADDITIONAL GUIDANCE ON BOARD COMPOSITION

7.1. Diversity

On the topic of diversity, the Bank responds to Article 11 of the **Fit&Proper Regulations** (see Annex sub 8).

Pursuant to the combined provisions of **art. 147-ter of the Consolidated Law on Finance** and **art. 144-undecies**, point 1, of the Issuers' Regulation, the less represented gender must obtain at least two fifths of the Directors elected for six consecutive terms.

Pursuant to the **Diversity Policy**:

1. the Board is aware that diversity and inclusion are two fundamental elements of the corporate culture of a multinational Group such as the BFF Group, which is constantly evolving and expanding into other countries and other business sectors in addition to those in which it traditionally operates. In particular, the enhancement of diversity as a fundamental element of the medium-long term sustainability of the business is a reference paradigm both for employees and for the members of the administrative and control bodies of the Bank;
2. the Board - in compliance with the prerogatives of the Shareholders when appointing and nominating the Directors and assuming the presentation of the Board's List - wishes that its composition aims at featuring different managerial and professional profiles, including international ones, with particular regard to the banking and economic-financial sector and to economic, financial, legal, accounting, corporate management, risk management and remuneration policies, with focus on sustainable success;
3. in the presentation of the candidacies, it is advisable to take into account the importance of a balanced presence of independent members and a balanced representation of gender in compliance with the provisions of the law, as well as the benefits that may arise from the presence of different age brackets and seniority in office, also in terms of plurality of perspectives and managerial and professional experience;
4. the Board considers it a priority to maintain and consolidate a collaborative, loyal and synergic climate within the Board, and an inclusive environment in which each Board member is able to express his or her professionalism to the full, enriching the collegial dialogue, which is the prerequisite for any well thought out and informed decision;
5. the Board, also on the basis of the results of the self-assessment, believes that - without prejudice to what is stated with regard to the independent directors in paragraphs 5.5. and 5.6 - its optimal composition shall be oriented so as to comply with at least the following criteria, in addition to the requirements set out in paragraph 5.3.5:
 - a. the presence of an adequate number of non-executive and/or independent Directors other than the Chairman of the Board, who should play an important role in the discussion process and contribute with an effective to the monitoring of management;
 - b. maintenance of at least two-fifths of the Board members belonging to the least represented gender, rounded up to the next higher unit;
 - c. combination of different age brackets within the Board, so as to allow a balanced plurality of perspectives and managerial and professional experiences, without prejudice to the adoption of adequate training plans to ensure that the technical skills of the Directors are preserved over time, in order to pursue a balance between the need for continuity and renewal in management, observing a combination of different seniority of office;
 - d. in view of the international scope of the Group's activities, ensure that one third of the Directors have (a) adequate international experience (preferably with reference to the markets in which the Group operates and, in particular, to Eastern Europe, *i.e.* Poland, the Czech Republic, Slovakia and Croatia). The international profile is aimed, among other things, at preventing the standardization of opinions and the phenomenon of "*group thinking*", and is assessed on the basis of the managerial, professional, academic or institutional activities carried out by each Director in international contexts; or (b) in the specific *business* of custodian bank, payment services and related services;

- e. in general, the Directors should be characterized by a managerial and/or professional and/or academic and/or institutional profile such as to achieve a mix of different and complementary skills and experiences, gained for at least three years. In particular, it is meant by:
- **managerial profiles**, the acquisition of skills and experience in positions of responsibility in the banking or financial sector, or, in any event, within listed companies and groups of a size and/or complexity greater than or comparable with those of the Bank and the Group, as well as the possession of a strong orientation towards strategies and results, in compliance with the principles of proper corporate and entrepreneurial management, and with focus on Sustainable Success;
 - **professional profiles**, with skills and experience gained in administrative or managerial positions within qualified professional firms, consultancy companies or public or private bodies in the credit, financial, securities or insurance sectors, acquiring knowledge, for example, in economic, accounting, legal (with particular reference to the banking sector, financial matters, as well as extraordinary financial transactions, risk management and remuneration policies, with particular regard to the current and prospective activities of the Bank and the Group;
 - academic and/or institutional **profiles**, skills and experience gained through activities carried out in an academic and/or institutional context, particularly in the legal-economic sector or which, in any case, may be useful for the development and consolidation of the BFF Group's business.

Finally, from the **Self-Assessment and the benchmark analysis** that is an integral part of the self-assessment process itself, it was found to value:

- the inclusion of at least one member under the age of 50;
- that the most senior member (in terms of age) of the board not be identifiable in top management roles (CEO and Chairman) and that these roles be held by members under the age of 70.

7.2 Board diversity assessments

When preparing the list of the Board of Directors, the Board complies with the guidelines set out in the previous paragraphs with regard to diversity. It wishes that the Shareholders, when identifying their candidates, pay great attention to the above-mentioned indications and, in particular, ensure (i) that the profiles of the candidates identified are **complementary in terms of professional background and skills**, so as to ensure the development of internal dialogue and the efficient functioning and overall suitability of the Board and its Committees to carry out their duties. Therefore, the Shareholders are invited to submit lists containing candidates with an optimal combination of profiles having the features described above; and (ii) the presence of a number of Directors reserved to the less represented gender, which is not lower than the number set out by the law. If the Board of Directors consists of **9 (nine)**

members, at least 4 (four) Directors shall be appointed belonging to the less represented gender.

8. INDUCTION

Pursuant to the **Supervisory Provisions**, the Bank adopts training plans that are adequate to ensure that the technical skills of the members of the Board are preserved over time; in case of new appointments, specific training programmes are prepared to facilitate the integration of the new members into the corporate bodies.

Pursuant to the **Regulations of the Board of Directors**, the Bank adopts suitable training plans to ensure that the technical skills of the members of the Board of Directors and the Board of Statutory Auditors, as well as the heads of the main corporate functions, necessary to carry out their roles with awareness, are preserved over time. In the event of new appointments, specific training programmes are set up to facilitate the integration of new members into the Corporate Bodies and to foster adequate training homogeneity, especially as regards the technical, regulatory and business aspects that are typical of the Bank.

The **Self-Assessment** found that the Bank should continue to ensure that all members participate actively and consistently in training sessions, and that training sessions are held on topics that were found to be worthy of further study.

8.1. Board assessment of induction

In the case of the inclusion of new Board members, the Board suggests that consideration be given to promoting ways to ensure continuity and preservation of the outgoing Board's cumulative experience.

Therefore, the outgoing Board recommends that the new Board:

- i) Promote special *induction* sessions for new Board member in a timely manner to quickly align their knowledge with that of reappointed Board members;
- ii) Promote ongoing *training* and *induction* sessions to consolidate and develop the knowledge of each Director,

also taking into account the internationalization of the Group and the new areas of its operations.

For new Directors, it is advisable to formalize a basic path, with the possibility of conducting customized in-depth studies based on specific interests or responsibilities that the individual Director may assume in the Committees. On a more general level, it is important to update all Directors on the main trends that may have an impact on the Group's current and prospective performance.

9. CONCLUSIONS

In order to allow the Shareholders to properly assess the profiles of the candidates for the position of Director, the Board shall make public the Board's List **at least 30 days before the Shareholders' Meeting**, according to the process described in **Annex A** of the Guidelines, while the ordinary term of 25 days applies to the other lists.

With regard to the procedures for submitting lists, reference should be made to the relevant provisions of the art. 15 of Articles of Association, as mentioned in the call notice, which will be published within the deadlines set forth by law.

The Board invites the Shareholders to take into account the Guidelines - which also reflect the results of the self-assessment - when preparing the lists, and in particular the compliance with the indications contained in the following paragraphs:

- paragraph 4 as regards the quantitative composition of the Board;
- in paragraphs 5, 6 and 7 regarding the qualitative composition of the Board, and diversity.
- paragraph 5.3.1 regarding the selection of the candidate for the role of Chairman of the Board;
- paragraph 5.3.2 as regards the selection of the candidate for the role of Chief Executive Officer;
- paragraphs 5.1 to 5.4 regarding the requirements of professionalism, integrity, and the criteria of competence and fairness;
- paragraphs 5.5 and 5.6 as regards the independence requirements;
- paragraphs 6.1 and 6.3 on time availability;
- paragraphs 6.2 and 6.3 with regard to compliance with the limits on the number of offices held;
- to the paragraphs 5.7 and 5.8 regarding compliance with the prohibition of *interlocking*.

In this regard, candidates are encouraged to provide the additional information referred to above as part of their *resume* or an attachment thereto from the time they submit their application, in preparation for the "*Fit & Proper*" analysis of each Director, which will be one of the first tasks of the new Board's responsibilities.

Finally, the Shareholders are reminded, as explained in greater detail in the preceding paragraphs of the Guidelines, that, as anticipated:

- the Shareholders' right to carry out their own assessments and submit candidacies in line with these, giving reasons for any differences with the analyses carried out by the Board, remains unaffected;
- the new Board of Directors elected by the Shareholders' Meeting - subject to the opinion of the Nomination Committee - after the appointment and within the scope of ascertaining the existence of the requirements set out in article 26 of the Consolidated Banking Act, the Fit&Proper Requirements, the Articles of Association, the BoD

Regulations, and other applicable legislation, is asked to verify the correspondence between the qualitative and quantitative composition deemed optimal and the actual composition resulting from the appointment process. The results of the analyses carried out and any opinions of the Nomination Committee are submitted to the Bank of Italy, if requested;

- the lists for the renewal of the bodies in view of the next Shareholders' Meeting¹ must be filed within the time limits and according to the procedures that will be indicated in the call notice available on the Bank's website in the section "Governance/Documents for Shareholders' Meetings";
- the information on the characteristics of each candidate, to be filed at the same time as the presentation of the lists, shall include, for each candidate:
 - an updated *curriculum vitae* - in Italian and English -, issued on a date not earlier than one month, aimed at identifying for which theoretical profile the candidate is suitable and, therefore, containing full information on the personal and professional characteristics of the person concerned and the skills acquired in the banking, financial and/or other relevant fields indicated in these Guidelines, as well as the list of offices held by them;
 - the statement - in Italian and English - as per **Annex B**, with which each candidate, in addition to accepting the candidacy and the possible appointment as Director, attests, under his/her own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of the requirements prescribed for the office;
 - the declaration on the relationship between majority and minority shareholders as per **Annex C** ;
- whoever submits a list containing a number of candidates exceeding half the number of Directors must indicate the candidate for the office of Chairman of the Board, whose appointment is made according to the procedures set out in the art. 15 of Articles of Association.

Finally, the candidates are recommended to provide the additional information requested in the questionnaire under **Annex D**, which the Bank expects to receive at the same time as the filing of the lists, not for publication purposes, but to allow the Board to carry out its own evaluations, in view of the fact that the "Fit&Proper" assessment of each Director and of the Board as a whole will be one of the first tasks of the newly appointed Board of Directors.

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¹ That it will be convened for the approval of the budget for the fiscal year 2023, and for the appointment of corporate bodies, indicatively in April 2024

These Guidelines and its annexes may be subject to changes and/or additions depending on the legislative and regulatory updates that may occur before the deadline for filing lists.

- Annex A): Guidelines on the presentation of a list of candidates for the office of Director of BFF Bank S.p.A..
- Annex B): The declaration - in Italian and English - with which each candidate, in addition to accepting the candidacy and the possible appointment as Director, attests, under his/her own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of the requirements prescribed for the office.
- Annex C): A Statement on the Relationships between Majority and Minority Shareholders, and between the shareholders submitting a list and the list submitted by the Board of Directors.
- Annex D): Questionnaire for verifying the requirements of the members of the Board of Directors of BFF Bank S.p.A. with respect to the Fit&Proper Requirements and the Guidelines.

ALLEGATO 1 – HONORABILITY REQUIREMENTS

In compliance with the provisions of the Fit&Proper Requirements and Ministerial Decree no. 162/00, for the purposes of the integrity requirements,

1. candidates shall not

- a. being in a state of legal disqualification or in another of the situations envisaged by art. 2382 of the Italian Civil Code (disqualification, incapacitation, bankruptcy, conviction entailing disqualification, even temporary, from holding public office or the inability to exercise executive offices);
- b. have been convicted by a final judgment:
 - 1) to a prison sentence for a crime envisaged by the provisions on corporate and bankruptcy matters, banking, finance, insurance, payment services, anti-money laundering, intermediaries authorized to provide investment services and collective savings management, markets and centralized management of financial instruments, public savings appeals, issuers, as well as for one of the crimes envisaged by articles 270-bis, 270-ter, 270-quater, 270-quater.1, 270-quinquies, 270-sexies, 416, 416-bis, 416-ter, 418, and 640 of the Italian Criminal Code;
 - 2) to imprisonment for a term of not less than one year for a crime against the public administration, against public trust, against property, in tax matters;
 - 3) to imprisonment for a term of not less than two years for any involuntary offence;
- c. have been subject to preventive measures ordered by the judicial authorities pursuant to Legislative Decree no. 159/11, as subsequently amended and supplemented;
- d. at the time of taking office, to be in a state of temporary disqualification from holding management offices of legal entities and companies, or in a state of temporary or permanent disqualification from holding administration, management and control functions, pursuant to art. 144-ter, paragraph 3 of the Consolidated Law on Banking and art. 190-bis, paragraphs 3 and 3-bis, of the Consolidated Law on Finance, or in one of the situations referred to in art. 187-quater of the Consolidated Law on Finance.

2. Offices may not be held by those to whom one of the envisaged penalties has been applied with a final sentence at the request of the parties, or following an abbreviated judgement:

- a. by paragraph 1, letter b), number 1) above, except in the case of the cancellation of the crime pursuant to article 445, paragraph 2, of the Italian Code of Criminal Procedure;

- b. by paragraph 1(b), number 2) and number 3) above, in the duration specified therein, except in the case of the cancellation of the offense pursuant to Article 445, paragraph 2, of the Italian Code of Criminal Procedure.
3. With reference to cases governed in whole or in part by foreign legislation, verification of the non-existence of the conditions set out in points 1 and 2 above is carried out on the basis of an assessment of substantial equivalence.
4. With reference to point 1, letters b) and c) and point 2 above, this is without prejudice to the effects of rehabilitation and reversal of the sentence for abolition of the crime pursuant to article 673, paragraph 1, of the Italian Code of Criminal Procedure.

ANNEX 2 – FAIRNESS CRITERIA

The following shall be considered for these purposes:

- a. criminal convictions imposed with sentences (even if not final), that apply the penalty upon request of the parties or following an accelerated trial, criminal decrees of conviction, even if not irrevocable, and personal precautionary measures related to a crime envisaged by the provisions on corporate and bankruptcy matters, banking, finance insurance, payment services, usury, anti-money laundering, taxation, intermediaries authorized to carry out investment services and collective savings management, markets and centralized management of financial instruments, call for public savings, issuers, as well as for one of the crimes envisaged by articles 270-bis, 270-ter, 270-quater.1, 270-quinquies, 270-quinquies.1, 270-quinquies.2, 270-sexies, 416, 416-bis, 416-ter, 418, 640 of the Italian Criminal Code;
- b. criminal convictions imposed with sentences, including non-final ones, that apply the penalty at the request of the parties or following an accelerated trial, criminal decrees of conviction, even if they have not become irrevocable, and personal precautionary measures relating to offences other than those referred to in letter a.; application, including on a provisional basis, of one of the prevention measures ordered by the judicial authorities pursuant to Legislative Decree no. 159/11;
- c. final sentences sentencing to compensation for damages for acts carried out in the performance of duties in entities operating in the banking, financial, markets and securities, insurance and payment services sectors; final sentences sentencing to compensation for damages due to administrative-accounting responsibilities;
- d. administrative sanctions imposed on the representative for violations of corporate, banking, financial, securities, insurance, anti-money laundering and market and payment instrument regulations;
- e. revocation or precautionary measures ordered by the Supervisory Authorities or at their request; removal measures ordered pursuant to Articles 53-bis, paragraph 1, letter e), 67-ter, paragraph 1, letter e), 108, paragraph 3, letter d-bis), 114-quinquies, paragraph 3, letter d-bis), 114-quaterdecies, paragraph 3, letter d-bis), of the Consolidated Banking Act, and Articles 7, paragraph 2-bis, and 12, paragraph 5-ter, of the Consolidated Banking Act;
- f. carrying out duties in entities operating in the banking, financial, securities markets and markets, insurance and payment services sectors which have been subject to an administrative sanction, or a sanction pursuant to Legislative Decree no. 231/01;
- g. performance of duties in companies that have been subject to extraordinary administration, resolution, bankruptcy or compulsory administrative liquidation procedures, collective removal of members of administration and control bodies,

withdrawal of authorization pursuant to Article 113-ter of the Consolidated Banking Act, cancellation pursuant to Article 112-bis, paragraph 4, letter b), of the Consolidated Banking Act or equivalent procedures;

- h. suspension or expulsion from professional bodies, cancellation (adopted as a disciplinary measure) from professional lists and orders imposed by the competent Authorities on the professional bodies themselves; revocation measures for just cause from offices held in management, administration and control bodies; similar measures adopted by bodies entrusted by law with the management of lists and directories;
- i. a negative assessment by an administrative authority regarding the suitability of the representative within the scope of authorization procedures provided for by the provisions on corporate, banking, finance, securities, insurance and the rules on markets and payment services;
- j. ongoing investigations and criminal proceedings relating to the offences referred to in letters a. and b. above;
- k. negative information on the representative contained in the *Centrale dei Rischi* set up pursuant to Article 53 of the Consolidated Banking Law; negative information means information on the representative, even when not acting as a consumer, which is relevant for the purposes of fulfilling the obligations set out in Article 125, paragraph 3, of the said Consolidated Law.

With reference to cases governed in whole or in part by foreign legislation, verification of the existence of the above situations is carried out on the basis of an assessment of substantial equivalence.

ANNEX 3 – PROFESSIONALISM REQUIREMENTS FOR NON-EXECUTIVE DIRECTORS

In Compliance to the Article 7 of the Corporate Governance Code:

1. who have practiced, for at least three years, even alternately,
 - a. administration or control activities or management duties in the credit, financial, securities or insurance industry;
 - b. administration or control activities or management tasks at listed companies or companies whose size and complexity is greater than or comparable with that of the Bank (in terms of turnover, nature and complexity of the organization or activity carried out),
2. or who have practiced for at least three years, even alternately,
 - a. professional activities related to the credit, financial, securities and insurance sectors or, in any event, connected to the Bank's activities. The professional activity must be characterized by adequate levels of complexity, also with reference to the recipients of the services provided, and must be carried out on a continuous and significant basis in the above-mentioned sectors;
 - b. university teaching activities, as first or second level lecturer, in legal or economic subjects or in other subjects however linked to the activity of the credit, financial, securities or insurance sector;
 - c. managerial, executive or top management functions, howsoever called, in public bodies or public administrations related to the credit, financial, securities or insurance sector, provided that the entity in which the person held such functions is of a size and complexity comparable with that of the Bank.

For the purposes of meeting the requirements set out in the previous points, the experience gained during the twenty years prior to taking office is taken into account. Experience gained simultaneously in more than one function is counted only for the period of time in which it was carried out, without accumulating it.

Pursuant to the Code of Corporate Governance:

- the Chairman of the CRC must be selected from among the Directors who meet the independence requirement and have adequate experience in accounting and finance and/or in the risk management process;
- at least one member of the Remuneration Committee must have adequate knowledge and experience in financial and compensation policy matters.

ALLEGATO 4 – COMPETENCE CRITERIA FOR REPRESENTATIVES

To this end, theoretical knowledge - acquired through studies and training - and practical experience, acquired in the performance of previous or current work activities, are taken into account.

1. The criteria is evaluated by the Board, which:

a. considers theoretical knowledge and practical experience possessed in more than one of the following areas:

1. financial markets;
2. regulation in the banking and finance industry;
3. addresses and strategic planning;
4. organizational and corporate governance structures;
5. risk management (identification, assessment, monitoring, control and mitigation of the Bank's principal types of risk, including the representative's responsibilities in these processes);
6. internal control systems and other operating mechanisms;
7. banking and financial activities and products;
8. accounting and financial reporting;
9. information technology;

b. analyzes whether theoretical knowledge and practical experience sub a. is appropriate with respect to:

- 1) the tasks inherent to the role covered by the representative and any specific delegations or powers, including participation in Committees;
- 2) the characteristics of the Bank, in terms of, inter alia, size, complexity, type of activities carried out and related risks, reference markets, countries in which it operates.

2. For the position of Chairman of the Board, the experience gained in the coordination, direction or management of human resources is also assessed, in order to ensure an effective performance of his functions of coordination and direction of the Board proceedings, of promotion of its proper functioning, also in terms of circulation of information, effectiveness of the discussion and stimulus to internal dialogue, as well as of adequate overall composition of the body.

3. The assessment referred to above may be omitted in the case of representatives who meet the professional requirements set out in the preceding paragraphs, when they have been held for a period at least equal to that indicated in the table below.

Board Chairman	10 years (in the last 13)
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Chief Executive Officer who performed the activities described in Section 5.3.1(1)(a)	10 years (in the last 13)
Non-Executive Directors who performed the activities set forth in Section 5.3.3(1).	3 years (in the last 6)
Other non-executive Directors	5 years (in the last 8)

ALLEGATO 5 – INDEPENDENCE REQUIREMENTS

1. A non-executive director for whom none of the following situations apply is considered independent:
 - a. is the spouse (unless legally separated), a person bound by civil union or de facto cohabitation, relative or similar within the fourth degree: 1) of the Chairman of the Board and of the Bank's executive officers; 2) of the managers of the main corporate functions of the Bank; 3) of persons who are in the conditions described in points b. to i.;
 - b. is a participant in the Bank (i.e., a person who controls or exercises significant influence over the Bank or who holds equity interests that allocate at least 10% of the voting rights or capital of the Bank);
 - c. holds, or has held in the last two years at a shareholder in the Bank or its subsidiaries, the position of Chairman of the Board of Directors, Management Board or Supervisory Board, or has held, for more than nine years in the last twelve years, the position of member of the Board, as well as management positions at a shareholder in the Bank or its subsidiaries;
 - d. has served as an executive officer of the Bank for the past two years;
 - e. holds the position of independent director in another bank belonging to the same banking group, except in the case of banks that are directly or indirectly wholly controlled by the same bank;
 - f. has held Board membership and management positions at the Bank for more than nine of the last twelve years;
 - g. is an executive officer in a company in which an executive officer of the Bank holds the office of board director or manager;
 - h. directly or indirectly entertains, or has entertained in the two years prior to taking office, any self-employment or subordinate working relationships or other relationships of a financial, asset or professional nature, even if not continuous, with the Bank or its executive officers or its Chairman, with companies controlled by the Bank or its executive officers or their chairmen, or with a participant in the Bank or its executive officers or its Chairman, such as to compromise independence;
 - i. holds or has held within the past two years one or more of the following positions:
 - 1) Member of national and European Parliament, Government or European Commission;
 - 2) regional, provincial or municipal councillor or councillor, president of a regional council, president of a province, mayor, president or member of a district council, president or member of the board of directors of consortia of local authorities, president or member of the boards or councils of unions of

municipalities, board member or president of special companies or institutions pursuant to article 114 of Leg.267/00, mayor or councillor of metropolitan cities, chairman or member of the bodies of mountain or island communities, when the overlapping or contiguity between the territorial area of reference of the body in which the above-mentioned offices are held and the territorial structure of the Bank or the banking group to which it belongs are such as to compromise independence.

2. With regard to offices held in non-corporate bodies, the provisions of the previous paragraphs shall apply to subjects who perform functions within the body that are equivalent to those indicated in the same paragraphs.

In order to provide a proper understanding of the above-mentioned provisions, it is specified that "representative" means any person who holds or has held offices on i) the Board of Directors, the Supervisory Board and the Management Board; ii) the Board of Statutory Auditors; iii) as General Manager, however named. With regard to foreign companies, offices equivalent to those under i), ii) and iii) are considered according to the law applicable to the company.

3. Failure to meet the requirements set forth in the preceding paragraphs shall result in forfeiture of the office of independent director. If, following disqualification, the remaining number of independent directors on the body is sufficient to ensure compliance with the Supervisory Provisions on Corporate Governance or other provisions of the law that establish a minimum number of independent directors, the director who fails to meet the requirements set forth in this article shall retain his or her position as a non-independent director.

Also in accordance with the indications set forth in the Fit&Proper Regulations, at the time of acceptance of the candidacy, all the situations referred to in paragraph 1 above (letters a., b., c., h., i.) and the reasons why, in the opinion of the candidates, such situations do not materially affect their independence of judgment, must be disclosed to the Bank.

ALLEGATO 6 – TIME AVAILABILITY

In accordance with the directions of the Fit & Proper Regulations:

1. each candidate ensures that he/she can devote adequate time to carrying out the office. Upon appointment, and promptly in case of new facts, he/she shall inform the Board of the offices held in other companies, enterprises or bodies, of the other working and professional activities carried out and of the other situations or facts pertaining to the professional sphere that may affect his/her time availability, specifying the time that these offices, activities, facts or situations require;
2. based on the information obtained in accordance with the preceding point, the Board assesses whether the time that each representative can devote is appropriate for the effective performance of the assignment;
3. if the representative declares in writing that he/she can devote at least the necessary time estimated by the Bank to the assignment, the above assessment may be omitted provided that all the following conditions are met: a) the offices held by the representative do not exceed the limits set out in paragraph 6.2; b) condition a) is met without benefiting from the provisions of paragraph 6.2; c) the representative does not hold the office of Chief Executive Officer or General Manager nor is he/she chairman/chairwoman of a body or committee;
4. the Board verifies the appropriateness of the time actually dedicated by the representatives, also in light of their attendance at the Board and/or Committee meetings;

if the availability of time is insufficient, the Board asks the representative to renounce one or more assignments or activities or to undertake specific commitments suitable for increasing his/her time availability, or adopts measures including the revocation of proxies or specific tasks or the exclusion of the representative from Committees.

ALLEGATO 7 – THE LIMIT TO THE NUMBER OF OFFICES

In consideration of the Bank being among the larger Banks as its shares are listed on Euronext Milan:

1. Except as set forth below, no person may hold an aggregate number of positions in banks or other business organizations in excess of one of the following alternative combinations:
 - a. No. 1 executive assignment and no. 2 non-executive assignments;
 - b. No. 4 non-executive assignments.
2. For purposes of calculating the limits set forth in Item 1, the position held at the Bank (the "Limits") shall be included.
3. The Board revokes the office if it ascertains that the Limits have been exceeded and the representative concerned renounce the office or the offices that cause the Limits to be exceeded within 30 days of the appointment or from becoming aware of the event.

The Limits do not apply to members who hold positions in the Bank representing the Government or other public bodies.

For the purposes of calculating the Limits, positions held by the representative shall not be considered:

- a. at companies or entities the sole purpose of which is to manage the private interests of a representative or of a spouse who is not legally separated, a person bound by civil union or *de facto* cohabitation, a relative or a relative-in-law within the fourth degree and which do not require any type of day-to-day management by the representative;
- b. as a professional in a professional company;
- c. as alternate auditor.

For purposes of calculating the Limits, the aggregate of the positions held in each of the following cases shall be considered as one position:

- a. within the same group;
- b. in banks belonging to the same institutional protection system;
- c. in companies, not part of the group, in which the bank holds a qualifying holding as defined in Regulation (EU) No. 575/2013, Article 4(1), point 36.

If more than one of the cases referred to in paragraph 3(a), (b) and (c) occurs at the same time, the assignments shall be added together.

The set of offices counted as one is considered an executive office if at least one of the offices held in the situations referred to in (a), (b) and (c) above is executive; in other cases it is considered a non-executive office (the "**Aggregation**").

The taking of a non-executive position in addition to the Limits (the “**Additional Position**”) is permitted provided that it does not impair the ability of the representative to devote adequate time to the position with the Bank to perform his or her duties effectively.

To that end, the Board shall consider, among other things:

- a. the fact that the representative holds an executive position within the Bank or is a member of Committees;
- b. the size, business and complexity of the Bank or other company at which the additional assignment would be made;
- c. the duration of the additional assignment;
- d. the level of expertise accrued by the representative for carrying out the position in the Bank and any synergies between the different positions.

The taking on of the Additional Position is not permitted to representative who:

- a. holds the position of Chief Executive Officer at the Bank, or Chairman of the Board, of the Board of Auditors or of a Committee;
- b. benefits, for other offices, from the Aggregation.

The Additional Position is not eligible for Aggregation.

ANNEX 8 – CRITERIA OF ADEQUATE COLLECTIVE COMPOSITION OF ORGANS (DIVERSITY)

- the composition of the Board must be suitably diversified so as to: encourage internal debate and dialogue, foster a plurality of approaches and perspectives in the analysis of issues and in the taking of decisions, effectively support the corporate processes of strategy formulation, management of activities and risks, control over the work of top management, and take into account the multiple interests that contribute to the sound and prudent management of the Bank.
For these purposes, consideration is given to the presence on the Board of members:
 - a. diversified in terms of age, gender, length of tenure and, limited to banks operating significantly in international markets, such as the Bank, the geographical origin of the representatives;
 - b. whose skills, collectively considered, are appropriate to achieve the above objectives;
 - c. adequate, in number, to ensure the functionality and non plethoric nature of the body;
- in ensuring compliance with the objectives set out in the previous paragraph, it is important to take into account the Bank's *governance* model, the type of business carried out, the ownership structure (i.e. the fact that BFF is a *public company*), whether or not it belongs to a banking group, and the constraints arising from legal and regulatory provisions on the composition of corporate bodies;
- the Board identifies in advance (by means of the Guidelines) its optimal qualitative and quantitative composition in order to achieve the aforementioned objectives and subsequently verifies the correspondence between this and the actual composition resulting from the appointment process.