

Courtesy translation

Guideline for Shareholders on the qualitative and quantitative composition of the Board of Statutory Auditors

INDEX

FOREWORD	4
1. REGULATORY FRAMEWORK	7
2. INTRODUCTION.....	8
3. BANK GOVERNANCE MODEL	10
4. ASSESSMENT OF THE OPTIMAL QUANTITATIVE COMPOSITION OF THE STATUTORY AUDITORS.....	10
4.1. <i>General Principles</i>	10
4.2. <i>Assessments of the Board of Statutory Auditors on its quantitative composition</i>	10
5. ASSESSMENT ON THE OPTIMAL QUALITATIVE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS	11
5.1. <i>General Principles</i>	11
5.2. <i>Integrity and fairness criteria</i>	12
5.2.1 <i>Integrity Requirements</i>	12
5.2.2 <i>Fairness criteria</i>	12
5.3. <i>Professionalism requirements and competence criteria</i>	12
5.3.1 <i>Professionalism requirements of the Auditors and the Chairman</i>	12
5.3.2 <i>Assessment of the Board of Auditors on the requirements of professionalism</i>	13
5.3.3 <i>Competence criteria for representatives</i>	13
5.4. <i>Independence requirements</i>	13
5.4.1. <i>Assessments of the Board of Statutory Auditors on the independence requirement</i>	15
5.5. <i>Incompatibility</i>	15
5.5.1. <i>Assessments of the Board of Statutory Auditors on incompatibility</i>	16
6. ADDITIONAL GUIDANCE ON THE REQUIREMENTS OF AUDITORS CANDIDATES.	16
6.1 <i>Time availability</i>	16
6.2 <i>Limits on the number of offices</i>	17
6.3 <i>Evaluations of the Board of Statutory Auditors on the availability of time and limits on the number of offices</i>	17
7. ADDITIONAL INFORMATION ON THE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS	17
7.1. <i>Diversity</i>	17
7.1.1. <i>Board of Statutory Auditors diversity Assessment</i>	19
8. INDUCTION.....	19

8.1 Board of Statutory Auditors on induction	20
9. CONCLUSIONS.....	20
Annex 1 – Honorability requirements	23
Annex 2 – Criteria of fairness	25
Annex 3 – Professionalism requirements	27
Annex 4 – Competence criteria	28
Annex 5 – Independence requirements.....	29
Annex 6 – Availability of time	31
Annex 7 – Limits on the accumulation of offices	32
Annex 8 – Criteria for appropriate collective composition of body (<i>diversity</i>)	34

FOREWORD

The Controlling Body of a parent bank of a banking group, such as BFF Bank S.p.A. (the "**Bank**" or "**BFF**"), parent company of BFF Banking Group (the "**Group**") is, moreover, responsible for overseeing the governance mechanisms and the functionality of the overall system of internal controls so that the strategic objectives can be pursued with sound, prudent and effective management.

In particular, the Board of Statutory Auditors of the Bank (the "**Statutory Auditors**"), in view of the "traditional" governance model adopted by the Bank, supervises compliance with the Law, the Articles of Association and regulations, compliance with the principles of proper administration, the adequacy of the organizational, administrative and accounting structure adopted by the Bank and its actual functioning, on the completeness, adequacy, functionality and reliability of the system of internal controls and risk management, on the exercise of management and coordination activities by the Bank, on the other acts and facts specified by the Law, fulfilling all the duties entrusted to it in compliance with the relevant regulations provided by the Law. The Board of Statutory Auditors ascertains the adequate coordination of all functions and structures involved in the system of internal controls, including the auditing firm in charge of accounting control, promoting, if necessary, the appropriate corrective actions.

That being said, this document has been drawn up, pursuant to the Supervisory Provisions, the Corporate Governance Code as well as the Rules of Conduct for the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants, by the outgoing Board in view of the next renewal of the Board of Statutory Auditors, (i) with the aim of providing indications on the qualitative-quantitative composition of the body itself deemed optimal (in terms of, inter alia, of skills, experience, age, gender and international projection), having regard to the characteristics and objectives of the Bank, and (ii) so that the lists of candidates are composed of individuals appropriate to the responsibilities they would be assuming, in order to Bank's proper and prudent management of the Bank (the "**Guidelines**").

The Guidelines are, therefore, the instrument considered appropriate to guide BFF's shareholders (the "**Shareholders**") in the selection of candidates for the Bank's Statutory Auditors.

The drafting of the Guidelines takes into account:

- (i) of the Fit&Proper Regulations (defined below), and
- (ii) of the results of the self-assessment process of the qualitative composition and functioning of the Board of Statutory Auditors related to 2023, which was overseen by

the by the Chairman of the Board of Statutory Auditors (the "**Self-Assessment**" or the "**Evaluation**").

The Self-Assessment was conducted with the support of Parente & Partners S.r.l. ("**P&P**"), an external professional specialized in the matter, the same company that supported the Board of Directors in the Board's self-assessment process. The self-assessment document (the "**Cs 2023 Self-Assessment Document**") was then approved by the Board of Statutory Auditors on October 3, 2023.

With the hope that the Shareholders will take into account the indications expressed in the Guidelines, approved by the Board of Statutory Auditors on October 19, 2023, it obviously remains without prejudice to their right to carry out independent and different evaluations on the best composition of the Supervisory Board, justifying, however, the deviation of the nominations from the indications expressed in this document.

As a reminder, regarding the mechanism for the appointment of the Board of Statutory Auditors, pursuant to Article 22, Paragraph 15 of the Articles of Association, the election of the members of the Board of Statutory Auditors will be carried out as follows:

- (a) two Standing Auditors and one Alternate Auditor shall be taken from the list that obtained the highest number of votes (so-called majority list), in the progressive order with which they are listed in the same list;
- (b) from the list that received the highest number of votes at the shareholders' meeting after the majority list, and that is not connected in any way, not even indirectly, with those who presented or voted for the majority list (so-called minority list), are drawn, in the progressive order with which they are listed in the same list, the remaining Statutory Auditor, who assumes the role of Chairman, and the other Alternate Auditor

In the event that more than one list has obtained the same number of votes, a new runoff vote shall be held among those lists by all eligible voters present at the Meeting, with the candidates of the list obtaining a simple majority of votes being elected.

For the appointment of Statutory Auditors for any reason not appointed pursuant to the procedure provided for here, the Shareholders' Meeting shall act with the legal majorities, subject, in all cases, to compliance with the gender balance provided for in the regulations.

If the application of the list voting mechanism does not ensure, considering separately the Standing Auditors and the Alternate Auditors, the minimum number of Auditors belonging to the least represented gender provided for by the regulations, the candidate belonging to the most represented and elected gender, indicated as the last in progressive order in each section of the majority list, will be replaced by the candidate belonging to the least represented and not elected gender drawn from the same section of the same list according to the progressive order of presentation.

If only one list has been submitted, the Shareholders' Meeting shall vote on it; if the list obtains a relative majority, the candidates indicated in the respective section of the list shall be elected as standing and alternate auditors; the chairmanship of the Board of Statutory Auditors shall be held by the person indicated in first place in the aforementioned list.

1. REGULATORY FRAMEWORK

The following table shows the main EU and national legislation relevant to the Board of Statutory Auditors'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- <i>undicies</i>
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- <i>quinquies</i> 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.	
Rules of Conduct	Standards of Conduct of the Board of Statutory Auditors of Listed Companies issued by the National Council of Certified Public Accountants and Accounting Experts latest version of April 2018	

The following table shows the Bank's main internal regulations relevant to the renewal of the Board of Statutory Auditors.

Articles of Association	the Bank's Articles of Association available on the Bank's website at https://investor.bff.com/en/articles-of-association the last version of the 12 October 2023 in Italian only
Regulations of the Board of Statutory Auditors	The " <i>Regulations of the Board of Statutory Auditors</i> ", the last update on 13 July 2021
Board Self-Evaluation Regulations	The "Regulations on the Board of Statutory Auditors' self-evaluation process" approved by the Board of Statutory Auditors on 13 July 2021.
Diversity Policy	the " <i>Diversity Policy of the Board of Statutory Auditors of BFF Bank S.p.A.</i> " approved by the Board of Directors on 18 January 2021.

2. INTRODUCTION

The Supervisory Provisions on Corporate Governance:

- (i) provide that banks' supervisory bodies are required to identify their own qualitative and quantitative composition considered optimal for the effective execution of the tasks and responsibilities assigned to them by the law, the Supervisory Provisions itself, and the company's articles of association;
- (ii) establish the principles that:
 - 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 structure in order to effectively oversee the entire business operations in terms of management and controls;
 - b) from a **qualitative point of view**, the proper performance of functions that fall under the responsibility of bodies with control functions requires the presence of exponents:
 - fully aware of the powers and obligations associated with the functions each of them is called to perform;

- with professional skills appropriate to the role to be filled and tailored to the Bank's operational and size characteristics;
 - with skills spread throughout all members and appropriately diversified, so that each of the members can effectively contribute to ensuring effective risk governance in all areas of the Bank;
 - that they commit adequate time and resources to the complexity of their assignment;
 - that they direct their actions to the pursuit of the Bank's overall interest, at the Group level, regardless of the corporate component that voted for them or the list from which they are drawn, with the obligation to operate with full independence of judgment;
- (iii) establish that the result of the analysis carried out on the quali-quantitative composition of the Supervisory Board must be made available to the Shareholders in time for them to take it into account when selecting candidates.

The goal of the Supervisory Provisions - as well as that of the Fit&Proper Regulations - is, therefore, to ensure that - both in the appointment process, which involves several corporate bodies (the Board of Statutory Auditors and the Shareholders' Meeting), and on an ongoing basis - there are individuals in the top management bodies who can ensure that the role assigned to them is carried out effectively. This requires that the professional skills needed to achieve this are clearly defined ex ante - and, if necessary, revised over time to take into account any critical issues that emerge - and that the process of selecting and appointing candidates takes these indications into account.

For the sake of expository clarity, it should be noted that, for the purpose of the application of the Supervisory Provisions on corporate governance only, the Bank, as an issuer of shares listed on the Euronext Milan organized and managed by Borsa Italiana S.p.A. ("**Euronext**"), falls among banks of greater size or operational complexity.

Article 12 of the MEF Decree (as defined below) requires that each body-which is therefore to be understood as referring to both the Board of Directors and the Board of Statutory Auditors-identify in advance its optimal quali-quantitative composition. Specifically, Article 11 of the MEF Decree requires that the composition of the administrative and supervisory bodies be adequately diversified so as to:

- o increase the discussion and dialectic within the bodies;
- o foster the emergence of a plurality of approaches and perspectives in the analysis of issues and decision-making;
- o effectively support the corporate processes of strategy development, management of activities and risks, and control over the work of senior management;

- take into account the multiple interests that contribute to the sound and prudent management of the bank.

3. **BANK GOVERNANCE MODEL**

To facilitate the best identification of the candidates to be proposed for the renewal of the Board of Control, the Board of Statutory Auditors considers it useful, first of all, to draw the attention of Shareholders to the essential components of the governance model adopted by BFF.

As noted in the Foreword, the Bank adopts a traditional governance model, based on the appointment by the Shareholders' Meeting of the Board of Directors and the Board of Statutory Auditors, which exercises control over compliance with legal, regulatory, and statutory requirements.

The bylaws, in particular, provide for the following:

- in Article 22 paragraph 1, that the Board be composed of 3 (**three**) regular auditors and 2 (**two**) alternate auditors;
- in Article 22, Paragraph 16, that the chairmanship of the Board of Statutory Auditors shall be held by the regular member indicated as the first candidate in the minority list.

Below, for each requirement or criteria, the hetero regulation, any specifications under the Bank's self-regulation 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) have been reported.

4. **ASSESSMENT OF THE OPTIMAL QUANTITATIVE COMPOSITION OF THE STATUTORY AUDITORS**

4.1. ***General Principles***

Article 22(1) of the Bank's **Articles of Association** and the **Regulations of the Board of Statutory Auditors** provide that the Board of Statutory Auditors shall be composed of 3 standing auditors, including the Chairman, and 2 alternate auditors.

4.2 ***Assessments of the Board of Statutory Auditors on its quantitative composition***

The Board of Statutory Auditors considers the current size of the Board of Statutory Auditors to be adequate and to be maintained in the future, as per the provision of the bylaws.

5. ASSESSMENT ON THE OPTIMAL QUALITATIVE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

The following is a list of the main requirements for Auditor candidates.

Section 5.1, 5.2 describes, taken from the relevant regulations, the General Principles, the (mandatory) Requirements of Honorability and Fairness that will be evaluated on the basis of the documentation submitted by the candidates.

5.1. *General Principles*

The members of the Board of Statutory Auditors must be suitable for the performance of their duties, in accordance with the provisions of the regulations in force from time to time and the **Articles of Association** and, in particular, they must meet the requirements of professionalism, honorability and independence and satisfy the criteria of competence, fairness and dedication of time and the specific limits on the accumulation of positions prescribed by the regulations in force from time to time.

In particular, pursuant to the **Supervisory Provisions**, from a qualitative point of view, in the Board of Statutory Auditors:

- individuals must be present:
 - fully aware of the obligations and powers inherent in the functions each of them is called upon to perform (control function);
 - with professional skills appropriate to the role to be filled and calibrated in relation to the Bank's operational and dimensional characteristics;
 - with skills spread among all members, and appropriately diversified, so that each Auditor can effectively contribute, among other things, to identifying and pursuing appropriate strategies, and to ensuring effective risk governance in all areas of the Bank, at the Group level;
 - that they dedicate time and resources appropriate to the complexity of their office, subject to compliance with the limits on the accumulation of offices provided for in the Fit&Proper Regulations;
 - who direct their actions to the pursuit of the Bank's overall interest, regardless of the corporate structure that voted for them or the list from which they are drawn, operating with independent judgment;

Pursuant to Article 26 of the TUB and Ministerial Decree No. 162/00, the provisions of which are absorbed by the **Fit&Proper Regulations**, members of the Board must:

- be suitable for the performance of the task, and
- possess the requirements of professionalism, honorability and (where applicable) independence and meet the criteria of competence and fairness;

- dedicate the time necessary for the effective performance of the assignment, so as to ensure the sound and prudent management of the Bank.

5.2. *Integrity and fairness criteria*

5.2.1 *Integrity Requirements*

In view of the importance of reputational requirements, candidates for the office of Statutory Auditor of the Bank must meet the honorability requirements set forth in Article 3 of the **Fit&Proper Regulations and Ministerial Decree No. 162/00** (see Annex sub 1).

5.2.2 *Fairness criteria*

In addition to the possession of the aforementioned legal and statutory requirements of honorability, the lack of which in itself entails forfeiture of the office held, candidates must also meet the criteria of fairness in past personal and professional conduct, according to the specific provisions of Article 4 of the **Fit&Proper Regulations** (see attachment sub 2)

The evaluation of fairness is conducted by the Board in accordance with **Article 5 of the Fit&Proper Regulations**.

5.3. *Professionalism requirements and competence criteria*

5.3.1 *Professionalism requirements of the Auditors and the Chairman*

With regard to professional requirements, the specific provisions of Article 9 of the **Fit&Proper Regulations** -which incorporate, as more exhaustive, the requirements of Ministerial Decree No. 162/00- must be complied with (see attachment sub 3).

In addition, the position of Chairman of the Board of Statutory Auditors is, according to the **Article of Association**, reserved for a member expressed by minority shareholders, which introduces an additional element of balance.

In addition, the Chairman of the Board of Statutory Auditors, as indicated in **the Diversity Policy**, must be a person with experience and authority such as to ensure during the course of his or her term of office adequate coordination of the work of the Board of Statutory Auditors, and connection with the activities carried out by the other parties involved in various capacities in the Company's system of internal control and risk management, in order to maximize the effectiveness and efficiency of internal controls. The Chairman should ensure proper, efficient and effective management of the functioning of the Board of Statutory Auditors, in which he has the task of creating a strong spirit of cohesion, while representing, like the other Statutory Auditors, a figure of guarantee for all Shareholders.

5.3.2 *Assessment of the Board of Auditors on the requirements of professionalism*

The Self-Assessment found that:

- the current composition in terms of professionalism (no. 2 accountants and no. 1 lawyer) is adequate;
- the Board of Statutory Auditors considers it essential to have members with experience in dealing with the Authorities and expertise in supervisory regulation.

The Board of Statutory Auditors hopes that the Shareholders, in identifying their candidates, will pay close attention to the above requirements, and to the indications that emerged during the Self-Assessment, as explicated, in particular, in this paragraph and in Section 7.1 of this document. Any deviations, as already anticipated, must be adequately argued in the documentation attached to the filing of the List.

5.3.3 *Competence criteria for representatives*

In compliance with the provisions of Article 10 of the **Fit&Proper Regulations**, in addition to the professionalism requirements referred to in the preceding paragraphs, candidates must satisfy **competence criteria** aimed at proving their suitability to take on the position, considering the tasks inherent to the role held and the characteristics, dimensional and operational, of the Bank (see Annex sub 4). Theoretical knowledge-acquired through studies and training-and practical experience, gained in the performance of previous or ongoing work activities, are considered for these purposes.

5.4. *Independence requirements*

Candidates must be chosen from among individuals who are not in any of the conditions of ineligibility or disqualification provided for in Article 2399, paragraph 1, of the **Civil Code**, Article 148, paragraph 3, of the TUF, and Article 14 of the Fit&Proper Regulations (see Annex sub 5).

In addition, in order to comply with the principles of Article 2, Recommendation No. 9, of the Corporate Governance Code (2020) of listed companies, it is recommended that the Statutory Auditor candidates also meet the independence requirements for Directors in Recommendation No. 7¹. With reference to this recommendation, pursuant to the

¹ Recommendation No. 7 reports that "Circumstances that compromise, or appear to compromise, a director's independence include at least the following:

(a) if he/she is a significant shareholder of the company;

(b) if he/she is, or has been in the previous three fiscal years, an executive director or employee:

- of the company, a strategically important subsidiary of the company, or a company under common control;

- of a significant shareholder of the company;

(c) whether, directly or indirectly (e.g., through subsidiaries or companies of which he or she is an executive director, or as a partner in a professional firm or consulting firm), he or she has, or has had in the previous three fiscal years, a significant commercial, financial, or professional relationship

Regulation of the Board of Statutory Auditors, a business relationship will be deemed "significant" based on two parameters:

- continuity: more than six months in duration, and
- maximum 10% threshold:
 - of the turnover of the company or professional firm to which the auditor belongs, or
 - of the auditor's own income as an individual.

The Board of Statutory Auditors will evaluate in compliance with this threshold on the basis of a self-certification made by the Auditor.

In the case of an Auditor who is also a partner in a professional firm or consulting firm, the Board of Statutory Auditors shall assess the significance of professional relationships that may have an effect on his or her position and role in the firm or consulting firm or that, in any case, pertain to important operations of the Bank and the Group, even independently of the quantitative parameters indicated above.

In the case of a Statutory Auditor who is also a partner in a professional firm or consulting firm, the Board of Statutory Auditors will assess the significance of professional relationships that may have an effect on his or her position and role in the firm or consulting firm or that, in any case, pertain to important operations of the Bank and the Group, even independently of the quantitative parameters indicated above.

-
- with the company or its subsidiaries, or with its executive directors or top management;
 - with a person who, including together with others through a shareholders' agreement, controls the company; or if the parent company is a company or entity, with its executive directors or top management;
 - d) if he/she receives, or has received in the previous three fiscal years, from the company, one of its subsidiaries, or the parent company, significant remuneration in addition to the fixed remuneration for the office and the remuneration provided for participation in the committees recommended by the Code or provided for by the regulations in force
 - e) if he/she has been a director of the company for more than nine fiscal years, including non-consecutive fiscal years, in the last twelve fiscal years;
 - f) if he/she holds the position of executive director in another company in which an executive director of the company holds a directorship;
 - (g) if he/she is a partner or director of a company or entity belonging to the network of the company appointed to conduct the statutory audit of the company;
 - (h) if he/she is a close family member of a person in any of the situations referred to in the preceding points.

The board of directors shall predefine, at least at the beginning of its term of office, the quantitative and qualitative criteria for assessing the significance referred to in (c) and (d) above. In the case of a director who is also a partner in a professional firm or consulting company, the administrative body shall assess the significance of professional relationships that may have an effect on his or her position and role in the firm or consulting company or that otherwise pertain to important operations of the company and the group headed by it, even independently of the quantitative parameters.

The chairman of the board of directors, who has been indicated as a candidate for this role in accordance with Recommendation 23, may be assessed as independent where none of the above circumstances apply. If the chairman evaluated as independent participates in the committees recommended by the Code, the majority of the committee members shall be other independent directors. The chairman evaluated as independent shall not chair the compensation committee and the audit and risk committee.

Finally, all candidates to hold office as members of the Board of Statutory Auditors are required to act, inter alia, pursuant to Article 15 of the Fit&Proper Regulations² with full independence of judgment and awareness of the duties and rights inherent in the office, in the interest of sound and prudent management of the Bank and in compliance with the applicable pro tempore regulations in force, and will be required to provide the information requested pursuant to Article 15, paragraph 2, of the MEF Decree and the reasons why any relevant facts pursuant to this provision do not materially affect their independence of judgment.

5.4.1. Assessments of the Board of Statutory Auditors on the independence requirement

The Board of Statutory Auditors hopes that the Shareholders, in identifying their candidates, will pay close attention to the aforementioned indications, as well as to the indications that emerged during the Self-Assessment, as explicated in Sections 5.3.2 and 7.1 of this document.

In any case, the Board of Statutory Auditors believes that all of its members must act with independence of judgment and, therefore, calls for attention to situations that could create conflicts of interest, and potentially hinder the independence of judgment of the Statutory Auditors.

5.5. Incompatibility

Pursuant to **Article 36 of the Save Italy Decree** (so-called interlocking directorship prohibition), holders of positions in management, supervisory and control bodies, and top officials of companies or groups of companies operating in the credit, insurance and

² Article 15 "Independence of judgment and its evaluation" of the Fit&Proper Regulations specifies that "1. All exponents shall act with full independence of judgment and awareness of the duties and rights inherent in the office, in the interest of sound and prudent management of the bank and in compliance with the law and any other applicable regulations.

2. All exponents shall disclose to the competent body information regarding the situations referred to in Article 13, paragraph 1, letters a), b), c), h) and i) and the reasons why, in their opinion, those situations do not materially affect their independent judgment.

3. *The competent body assesses the exponent's independence of judgment in light of the information and reasons provided by the exponent and verifies whether the safeguards provided for by legal and regulatory provisions, as well as' any additional organizational or procedural measures adopted by the bank or the exponent, are effective in addressing the risk that the situations referred to in paragraph 2 may affect the exponent's independence of judgment or the body's decisions. Of particular relevance are the safeguards provided by the following articles: 2391 and 2391-bis of the Civil Code and related implementing provisions; Chapter IX of Title V of Book V of the Civil Code; 53, paragraphs 4 and 4-quater, and 136 of the Consolidated Banking Act and related implementing provisions; 6, paragraph 2-novies, of the Consolidated Finance Act; 36 of Decree-Law No. 201 of December 6, 2011, converted with amendments by Law No. 214 of December 22, 2011.*

4. *If the existing safeguards are deemed insufficient, the competent body may: a) identify additional and more effective ones; b) modify the specific duties and roles assigned to the exponent, including any delegations of authority, in a manner consistent with the objective indicated in paragraph 1. If the measures indicated in this paragraph are not taken or are insufficient to eliminate the deficiencies identified, the competent body shall declare the exponent's disqualification pursuant to Article 23.*

5. *The competent body shall verify the effectiveness of the safeguards and measures taken to preserve the exponent's independence of judgment, including in light of the exponent's actual conduct in the performance of the assignment"*

financial markets, are prohibited from taking or holding similar positions in competing companies or groups of companies. .

5.5.1. Assessments of the Board of Statutory Auditors on incompatibility

The Board of Statutory Auditors advises Shareholders that the lists for the appointment of the Board of Statutory Auditors include candidates for whom the absence of causes of incompatibility has been verified in advance and, in particular, hopes that those who find to be in one of the situations of incompatibility that may fall under the prohibition of interlocking are not appointed as auditors.

6. ADDITIONAL GUIDANCE ON THE REQUIREMENTS OF AUDITORS CANDIDATES.

6.1 Time availability

With regard to the availability of time, the requirements of Article 16 of the Fit&Proper Regulations must be met (see Annex sub 6).

The Board of Statutory Auditors advises Shareholders that in selecting candidates, adequate consideration should be given to the availability of time they can spend on the assignment.

To this end, it should be noted that in the three-year period 2021-2023 an average of:

- No. 21 Board meetings, with an average duration of 3 hours and 11 minutes;
- No. 49 meetings of the Board of Statutory Auditors, with an average duration of 2 hours and 34 minutes;
- No. 16 meetings of the RAC, with an average duration of 2 hours and 14 minutes;
- No. 10 meetings of the Nomination Committee, with an average duration of about 52 minutes;
- No. 19 Remuneration Committee meetings, with an average duration of 1 hour and 30 minutes;
- No. 9 meetings of the RPT Committee, with an average duration of about 45 minutes.

It is also necessary to consider about 7 days per year devoted to training activities and any extra-consultative meetings, as well as the effort required for the preparation of meetings, taking into account the multiplicity of topics to be examined and the time required to review supporting documentation, which can be estimated on average at 35 days. Finally, the use of time, for the organization of meetings and the finalization of the related minutes, which can be estimated for a regular auditor at 2 hours per meeting, and at least double that for the

Chairman. In total, therefore, the commitment required (taking into account the number of meetings of the Board of Statutory Auditors, the Board of Directors, participation in Committees, the number of days devoted to training, and those devoted to the analysis of documentation, organization, and verbalization) is estimated at no. 85 days.

6.2 Limits on the number of offices

Regarding the limit on the limit on the total number of positions, candidates must comply with the provisions of Article 17 of the Fit&Proper Regulations (see Annex sub 7)

6.3 Evaluations of the Board of Statutory Auditors on the availability of time and limits on the number of offices

The Board of Statutory Auditors hopes that the Shareholders in identifying their candidates will take great care of the above indications.

A candidate's availability of time may affect his or her future ability to participate in the activities of the Board of Statutory Auditors and consequently the contribution he or she can make to the Board of Statutory Auditors with his or her various skills and abilities.

Candidates for the position of Statutory Auditor of the Company must provide the Board of Statutory Auditors with the updated situation of the positions of administration, management and control held by each of them, as well as any other element useful for making assessments on the availability of time and compliance with the limits on the accumulation of positions. In filling out the Fit&Proper, candidate Statutory Auditors must also declare the time absorbed by additional professional activities.

Subsequent to appointment, the Statutory Auditors must keep the Board of Statutory Auditors promptly updated on their assignments in order to enable the Board of Statutory Auditors to make its evaluations within its competence.

7. ADDITIONAL INFORMATION ON THE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

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 **Article 148 of the TUF** and **Article 144-undecies, point 1, of the Listing Regulations**, the lesser represented gender must obtain at least two-fifths of the standing members of the Board of Statutory Auditors for six consecutive terms.

According to **Article 22, paragraph 17 of the Articles of Association**, if the application of the list voting mechanism does not ensure, considering separately the standing auditors and alternate auditors, the minimum number of auditors belonging to the least

represented gender provided for by the regulations, the candidate belonging to the most represented and elected gender listed as the last in sequential order in each section of the majority list will be replaced by the candidate belonging to the least represented and not elected gender drawn from the same section of the same list according to the sequential order of submission.

Pursuant to the **Diversity Policy**,

- the Board of Statutory Auditors is conscious of the fact 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 to other countries and into various business areas. In particular, the enhancement of diversity as a foundational element of the medium- to long-term sustainability of business activity represents a paradigm of reference for both employees and members of the Bank's management and supervisory bodies;
- the Board of Statutory Auditors, in respect of the prerogatives due to the Shareholders in the nomination and appointment of the Statutory Auditors, hopes that in its composition an objective of integration of professional profiles, which are different from each other (with particular regard to the banking and economic-financial sector and to economic, financial, legal, accounting, business management, risk management and remuneration policy subjects), and which by their characteristics may, in any case, allow an optimal performance of the supervisory functions entrusted to the Board of Statutory Auditors;
- account should also be taken - in addition to the possession of the necessary requisites of honorability, professionalism and independence required by law - of the importance of balanced gender representation in compliance with the requirements of the law, as well as of the benefits that can be derived from the presence of different age groups and seniority in office, including in terms of the plurality of perspectives and professional experience;
- the Board of Statutory Auditors considers it a priority that a collaborative, loyal and synergistic climate is maintained and consolidated internally, and an inclusive environment in which each Statutory Auditor is able to express his or her professionalism to the fullest, enriching the collegial dialectic, which is the prerequisite for any thoughtful and informed decision.

In addition, the **Diversity Policy** reports how the Board of Statutory Auditors wishes its composition to be geared toward meeting at least the following criteria:

- presence of statutory auditors in majority who are registered in the appropriate register;

- maintenance of at least two-fifths of the regular members of the Board of Statutory Auditors, at the time of appointment and during the term of office, belonging to the least represented gender, rounded down to the nearest unit;
- balanced combination of different age groups within the Audit Board, so as to allow for a balanced plurality of perspectives and professional experiences;
- the existence of the independence requirement in all auditors.

7.1.1. Board of Statutory Auditors diversity Assessment

The Self-Assessment showed that the Board of Statutory Auditors considers it relevant to ensure an appropriate balance between members with many years of experience and others who may bring additional and different skills and experience. Regarding diversification in terms of age, the Board of Statutory Auditors considers it appropriate to consider the inclusion of a member under 50 years of age.

The Board of statutory Auditors hopes that the Shareholders in identifying their candidates will pay close attention to the above indications and 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 dialectics and the efficient functioning and overall suitability of the Board of Statutory Auditors to fulfill its obligations. Shareholders are, therefore, invited to submit lists that contain candidates possessing an optimal combination of profiles having the characteristics described above; and (ii) the presence of a number of Auditors reserved for the less represented gender not less than that established by the regulations.

8. INDUCTION

Pursuant to the **Supervisory Provisions**, the Bank adopts appropriate training plans to ensure that the technical expertise of the members of the Board of Statutory Auditors is preserved over time; in the case of new appointments, specific training programs are prepared to facilitate the inclusion of new members in the corporate bodies.

Pursuant to the **Diversity Policy**, in order to enable the effective participation of the Statutory Auditors in the work of the Board itself and of the Board of Directors, as well as of the various Committees constituted within the latter, the Company prepares an appropriate induction program referable to the business of the BFF Group and the characteristics of the Company, as well as to the principles of proper risk management and the regulatory framework of reference .

8.1 Board of Statutory Auditors on induction

The Self-Assessment showed that all members of the Board of Statutory Auditors should participate actively and consistently in training sessions. Training sessions should also be organized on issues that were found to be worthy of further study.

In the case of the inclusion of new Auditors, the Board of Statutory Auditors suggests that consideration be given to promoting ways to ensure continuity and safeguard the cumulative experience of the outgoing Board of Statutory Auditors.

For this reason, the outgoing Board of Statutory Auditors recommends that the new Board of Statutory Auditors:

- i) promptly promote special induction sessions for the benefit of the new Auditors to quickly align their knowledge with that of the reappointed Auditors;
- ii) continuously promote training and induction sessions to consolidate and develop the knowledge of each Auditor,

also having regard to the context of internationalization that characterizes the Group and the new areas of its operations.

For new Mayors, it is appropriate to formalize a basic course, with the possibility of conducting customized in-depth studies based on particular interests and responsibilities. On a more general level, it is important to update all Auditors on key trends that may impact the Group's current and prospective performance.

9. CONCLUSIONS

For the procedures for the submission of lists, please refer to the relevant provisions of Article 22 paragraphs 15, 16 and 17 of the Articles of Association.

The Board of Statutory Auditors invites the Shareholders to take into account for the preparation of the lists the Guidelines, in which the results of the Self-Assessment are also reflected, and, in particular, compliance with the indications in:

- in paragraph 4 as to the quantitative composition of the Board of Statutory Auditors;
- in paragraphs 5, 6 and 7 as to the qualitative composition of the Board of Statutory Auditors, and diversity.
- to paragraphs 5.1 to 5.3 as to the requirements of professionalism, honorability, and the criteria of competence and fairness;
- to paragraph 5.4 as to the requirements of independence;
- to paragraph 5.5 as to compliance with the prohibition of incompatibility (interlocking);
- to paragraphs 6.1 and 6.3 as to time availability;
- to paragraphs 6.2 and 6.3 as to compliance with limits on the accumulation of positions;

In this regard, candidates are invited to provide the additional information mentioned above as part of their curriculum vitae or an annex thereto from the moment they submit their

candidacy, in view of the analysis of the "Fit & Proper" of each Auditor, which will be one of the first tasks of competence of the new Board.

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

- it remains the option for Shareholders to carry out their own evaluations and submit nominations consistent with these, giving reasons for any differences from the analyses carried out by the Board of Statutory Auditors;
- it is entrusted to the new Board of Statutory Auditors elected by the Shareholders' Meeting to verify subsequent to the appointment, as part of the verification of the existence of the requirements of Article 26 of the TUB, the Fit&Proper Regulations, the Bylaws, the CS Regulations, and other applicable legislation the correspondence between the qualitative-quantitative composition deemed optimal and the actual composition resulting from the appointment process. The results of the analyses conducted are transmitted to the Bank of Italy, where requested;
- the lists for the renewal of the bodies in view of the next Shareholders' Meeting must be deposited in the time and manner that will be indicated in the notice of meeting available on the Bank's website in the section "Governance/Assembly Documents";
- the information on the characteristics of each candidate, to be filed at the same time as the submission of the lists, must include, for each candidate:
 - an updated curriculum vitae - in Italian and English -, issued no earlier than one month old, aimed at identifying for which theoretical profile the candidate is suitable and, therefore, containing exhaustive information on the personal and professional characteristics of the person concerned and on the skills acquired in the field of banking, finance and/or in the other areas of relevance indicated in these Guidelines, as well as a list of the positions held by them;
 - the declaration - in Italian and English -, set out in **Annex A**, in which each candidate, in addition to accepting the candidacy and eventual appointment as Statutory Auditor, 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 linkage relationships between reference shareholders and minority shareholders in **Annex B**;

Finally, it is recommended that the candidates provide the additional information requested in the questionnaire in **Annex C**, which the Bank expects to receive at the same time as the filing of the lists, not for publication purposes, but to enable the Board of Statutory Auditors to carry out its own evaluations, in view of the fact that the "Fit&Proper" examination of each Statutory Auditor and of the Board of Statutory Auditors as a whole will be one of the first tasks of the newly appointed Control Body.

*** * ***

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

Annex A): The declaration - in Italian and English - in which each candidate, in addition to accepting the candidacy and eventual appointment as Statutory Auditor, certifies, 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 B): The statement on linkage relationships between reference and minority shareholders.

Annex C): Fit&Proper Questionnaire

Annex 1 – Honorability 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 – Criteria of fairness

1. 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.
2. 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 the purpose of professionalism requirements,

1. at least one of the Statutory Auditors, if these are three in number, and at least one of the Alternate Statutory Auditors shall be chosen from among those listed in the Register of Statutory Auditors who have been engaged in statutory auditing for a period of not less than three years;
2. the other members of the Board of Statutory Auditors shall be chosen from persons who have exercised, for at least three years, including alternately, the activity of statutory audit or one of the activities referred to in Article 7, paragraph 2, of the MEF Decree, i.e., who have exercised, for at least three years, including alternately:
 - a) professional activities in matters pertaining to the credit, financial, securities, insurance sector or otherwise functional 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 relevant basis in the above-mentioned sectors;
 - b) university teaching activities, as a first or second level lecturer, in legal or economic subjects or in other subjects that are in any case functional to the activity of the credit, financial, securities or insurance sector;
 - c) managerial, executive or top management functions, however denominated, in public entities or public;
 - d) administrations pertaining to the credit, financial, securities or insurance industry and provided that the entity at which the exponent performed such functions has a size and complexity comparable to that of the Bank;
3. the Chairman of the Board of Statutory Auditors shall be chosen from among persons who meet the requirements set forth in Paragraph 1 or Paragraph 2 of Article 9 of the MEF Decree, respectively-as referred to above-who have at least two years more professional experience than that required by the same paragraphs;
4. for the purpose of meeting the above requirements, experience gained during the twenty years prior to taking office shall be taken into account for Statutory Auditors who are not registered as statutory auditors; experience gained at the same time in more than one function shall be counted only for the period of time in which they were performed, without accumulating them.

Annex 4 – Competence criteria

1. The [competence] criteria is evaluated by the Board of Statutory Auditors, 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. 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.

Registered with the register of statutory auditors who have statutory audit assignments on public interest entities or entities subject to the intermediate regime pursuant to Legislative Decree No. 39/2010	3 years
Other Auditors	5 years (accrued within the last 8 years)
Chairman	10 years (accrued in the last 13 years)

Annex 5 – Independence requirements

Pursuant to Article 14 of the Fit&Proper Regulations:

No person may serve as a member of the Board of Statutory Auditors who:

- a) is in one of the situations indicated in Article 13, Paragraph 1 b), g) and h);
- b) is a spouse not legally separated, a person bound in a civil union or de facto cohabitation, a relative or a relative-in-law within the fourth degree: 1) of the heads of the bank's main corporate functions; 2) of persons who are in the situations indicated in Article 13, paragraph 1, letters b), g) and h), or in letter c) of this paragraph;
- c) holds or has held in the past five years positions as a member of the board of directors or management as well as management at a participant in the bank, the bank or companies controlled by the bank.

This is without prejudice to the possibility for a member of the Board of Statutory Auditors to serve as auditor, or supervisory board member, simultaneously in one or more companies of the same banking group.

Pursuant to **Article 148 paragraph 3** of the TUF:

They may not be elected as mayors and, if elected, forfeit their office:

- a) those who are in the conditions stipulated in Article 2382 of the Civil Code;
- b) the spouse, relatives and kin within the fourth degree of kin of the directors of the company, the directors, spouse, relatives and kin within the fourth degree of kin of the directors of the companies controlled by the company, the companies that control it and those under common control;
- c) those who are related to the company or to companies controlled by it or to companies controlling it or to companies under common control or to the directors of the company and to the persons referred to in subparagraph (b) by self-employment or employment relationships or other relationships of a patrimonial or professional nature that compromise their independence.

Pursuant to **Article 2399 of the Civil Code**:

The following may not be elected to the office of auditor and, if elected, shall forfeit their office:

- a) those who are in the conditions stipulated in Article 2382;
- b) the spouse, relatives and kin within the fourth degree of kin of the directors of the company, the directors, spouse, relatives and kin within the fourth degree of kin of the directors of companies controlled by the company, companies controlling the company and companies under common control

- c) those who are linked to the company or its subsidiaries or companies controlling it or those subject to common control by an employment relationship or by an ongoing consultancy or paid work relationship, or by other relationships of a financial nature that compromise their independence. Removal or suspension from the register of statutory auditors and auditing firms and loss of the requirements set forth in the last paragraph of Article 2397 are grounds for disqualification from the office of auditor. The bylaws may provide for other causes of ineligibility or disqualification, as well as causes of incompatibility and limits and criteria for the accumulation of offices.

Annex 6 – Availability of time

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 Statutory Auditors 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 of Statutory Auditors 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 of Statutory Auditors verifies the appropriateness of the time actually dedicated by the representatives.

If the availability of time is insufficient, the Board of Statutory Auditors asks the representative to renounce one or more assignments or activities or to undertake specific commitments suitable for increasing his/her time availability.

Annex 7 – Limits on the accumulation of offices

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

- a. at companies or entities whose sole purpose is to manage the private interests of an exponent or spouse who is not legally separated, person bound in civil union or cohabitation, relative or kin within the fourth degree, and which do not require any kind of day-to-day management by the exponent;
- b. as a professional in professional companies;
- c. as an 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 of Statutory Auditors 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 Statutory Auditors or of a Committee;
 - b) benefits, for other offices, from the Aggregation.
4. The Additional Position is not eligible for Aggregation.

Annex 8 – Criteria for appropriate collective composition of body (*diversity*)

The composition of the Board of Statutory Auditors 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 Statutory Auditors 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 of Statutory Auditors 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.