
**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE THIRD
ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING**
(PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS
AMENDED AND SUBSEQUENT AMENDMENTS AND ADDITIONS)
(CONVENED FOR 31 MARCH 2022 IN A SINGLE CONVOCATION)

- 3. Appointment of two Directors to complete the Board of Directors pursuant to 2386 of the Italian Civil Code. Inherent and consequent resolutions.**
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BFF Bank S.p.A.

Via Domenichino 5 - 20149 Milan

Fiscal code and VAT number n. 07960110158

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Dear Shareholders,

the Board of Directors of BFF Bank S.p.A. (the "**Bank**" or the "**Company**") has called you to an Ordinary Shareholders' Meeting, at the registered office, in a single call (the "**Shareholders' Meeting**") to discuss and resolve, among other things, on the appointment of two new Directors, following the resignations tendered by *i*) Director Ing. Barbara Poggiali, on 3 February 2022, and *ii*) Director Amelie Scaramozzino, on 24 February 2022 (both Directors were appointed by the Shareholders' Meeting, by voting list, from the list submitted by the outgoing Board of Directors - the "**BoD List**" - which had obtained the majority of votes at the Shareholders' Meeting).

Following the resignation of Ing. Poggiali, the Chairman of the Nominations Committee, in agreement with the Chairman of the Board of Directors, immediately began the search for a new director to be appointed, with the urgent objective of contributing to the recomposition of the Board of Directors, so as to (a) re-establish the number of independent directors required by the Articles of Association; (b) integrate the Committees with the number of independent directors necessary to ensure proper operation, as well as (c) ensure, in accordance with the reference legislation, the presence of an adequate number of directors from the less represented gender.

At the end of the selection process, Monica Magri was identified as the most suitable candidate for substitution, also in consideration of the fact that her profile was considered consistent with the criteria set forth in the "*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*". (the "**Guidelines for Shareholders**") published on the Bank's website in the "*Investor/Corporate Governance/ Shareholders Documentation*" section already at the time of the renewal of the Board of Directors in March 2021 and, for this reason, he was

included in the long list from which the persons included in the Board List were drawn.

Ms. Magrì confirmed her availability and interest in replacing.

At the end of the preliminary activity carried out by the Nomination Committee, the candidate's profile was considered by the Board of Directors to be appropriate to satisfy *i*) the provisions of the law and the Articles of Association concerning the requirements of directors, as well as *ii*) the criteria and objectives of diversity in the composition of the Board of Directors established by the Board of Directors' Diversity Policy (the "**Diversity Policy**").

Ms Magrì's profile was also consistent with the following areas indicated in the Guidelines: *(i)* experience in corporate management and organization acquired through multi-year activity in administration, management or control in companies, or groups of significant economic size, or in the Public Administration; *(ii)* international experience and knowledge of foreign markets, acquired through the performance of multi-year entrepreneurial or professional activities in foreign institutions or entities, companies or groups with an international vocation; *(iii)* sustainability and social responsibility expertise; *(iv)* business management and organization, including human resources management - including remuneration and incentive systems, operations and information systems - gained mainly in the banking and financial sector.

Based on the above, on 10 February 2022, the Board of Directors, having acknowledged the positive evaluation expressed by the Nomination Committee, appointed, with urgent procedure, by co-optation, Ms. Magrì, pursuant to Article 2386 of the Italian Civil Code and Article 15 of the Articles of Association - with a resolution approved by the Board of Statutory Auditors - as a non-executive and independent Director. The appointment was made in accordance with and in compliance with paragraph 2.5 of the "*Supervisory Provisions on the procedure for assessing the suitability of directors of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee schemes*", as the Bank, a listed issuer, would otherwise have lacked the minimum number of independent directors required by the current Articles of Association.

With the appointment of Ms. Magrì, the composition of the Board of Directors, compared to that prior to the resignation of Mr. Poggiali, among other things

- is unchanged with respect to the ratio of non-executive and/or independent Directors,

already considered adequate at the time

- is unchanged with respect to the number of Directors belonging to the least represented gender, which is currently 4 out of 9 and, therefore, consistent with the provisions of the Consolidated Finance Act and the Diversity Policy;
- is essentially unchanged as regards the diversification of age brackets within the Board of Directors;
- maintains the plurality of managerial and professional experience, since in many respects the profile of the co-opted Director is similar to that of the outgoing Director, also in terms of adequate experience gained in an international context, as can be seen from his curriculum vitae;
- - satisfies, considering the combination of factors mentioned above, the adequacy of the qualitative and quantitative composition of the Board of Directors, also on the basis of the Guidelines, which, in turn, express the assessments that emerged at the time from the Board of Directors' self-assessment.

In the same way, following the resignation of Ms. Scaramozzino, the Chairman of the Nomination Committee, in agreement with the Chairman of the Board of Directors, immediately started the search for a new Director, with the aim of contributing to the urgent recomposition of the Board of Directors, so as to (a) restore the number of independent Directors required by the Articles of Association; (b) integrate the Committees with the number of independent Directors necessary to ensure their proper functioning; and (c) ensure, in compliance with the reference legislation, the presence of an adequate number of directors of the less represented gender.

At the end of the selection process, Anna Kunkl was identified as a suitable candidate to replace, taking into account the fact that her profile - like that of Ms. Magri - was considered consistent with the criteria set out in the Guidelines to Shareholders already on the occasion of the renewal of the Board of Directors in March 2021, and, for this reason, was included in the long list from which the persons included in the Board of Directors List were drawn.

Ms. Kunkl therefore confirmed her availability and interest in being co-opted.

At the end of the preliminary activity carried out by the Appointments Committee, the candidate's profile was deemed by the Board of Directors to be adequate to meet i) the

provisions of the law and the Articles of Association concerning the requirements of directors, and *ii*) the criteria and objectives of diversity in the composition of the Board of Directors set out in the Diversity Policy.

Dr Kunkl's profile was consistent with the following areas of the Guidelines Ms. Kunkl's profile was consistent with the following areas indicated in the Guidelines: *(i)* adequate knowledge of the banking sector, of the dynamics and the economic-financial system, of banking and financial regulations and, above all, of risk management and control methodologies, acquired through many years of experience in administration, management and control in the financial sector; *(ii)* ability to read and interpret economic-financial data acquired through many years of experience in administration and control in companies, or in the exercise of professional activities, or university teaching; *(iii)* the business in which the Bank and its subsidiaries operate, also with regard to its prospective evolution, and, therefore, with proven experience in the securities services, payment infrastructure services sectors, with specific know-how on new markets and business lines; *(iv)* information and communication technologies, including digital innovation and cybersecurity; *(v)* credit and financial risk assessment; *(vi)* banking accounting (accounting and financial reporting, interpretation of a credit institution's financial data, identification of the main problems and appropriate safeguards and measures based on such information).

On the basis of the above, on 1 March 2022, the Board of Directors, having acknowledged the positive assessment expressed by the Appointments Committee, appointed, with urgent procedure, by co-option, Ms. Magrì, pursuant to Article 2386 of the Italian Civil Code and Article 15 of the Articles of Association - with a resolution approved by the Board of Statutory Auditors - as a non-executive and independent Director. The appointment was made in accordance with and in compliance with paragraph 2.5 of the "*Supervisory Provisions on the procedure for assessing the suitability of directors of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee schemes*", as the Bank, a listed issuer, would otherwise have lacked the minimum number of independent directors required by the current Articles of Association.

With the appointment of Dr. Kunkl, the composition of the Board of Directors, compared to that prior to the resignation of Dr. Scaramozzino, *inter alia*

- is unchanged with respect to the ratio of the number of non-executive and/or independent Directors, which was already deemed adequate at the time
- is unchanged with regard to the number of Directors belonging to the least represented gender, which is currently 4 out of 9 and, therefore, consistent with the provisions of the Consolidated Law on Finance and the Diversity Policy;
- preserves the plurality of managerial and professional experience;
- satisfies, considering the combination of factors mentioned above, the adequacy of the qualitative and quantitative composition of the Board of Directors, also on the basis of the Guidelines, which, in turn, express the assessments that emerged from the Board of Directors' self-assessment.

As provided for by Article 2386 of the Italian Civil Code, Directors appointed by co-optation remain in office until the first subsequent Shareholders' Meeting, which is therefore called to resolve on the matter.

In consideration of the above, the Board of Directors, taking into account not only the individual characteristics of the co-opted directors, but also the overall composition of the Board from a qualitative and quantitative point of view, proposes to confirm the appointment of Ms. Magri and Ms. Kunkl, who have indicated their willingness to accept the relevant nominations. The curricula vitae of the candidates, together with the Declarations of acceptance of their respective candidatures for the office of director, and the "Fit&Proper" questionnaire, in accordance with the format attached to the Guidelines for Shareholders, are published, together with this report and the opinions of the Appointments Committee, on the Bank's website at the following path *Investor>Governance>Shareholders' Meeting Documentation*.

It should also be noted that, pursuant to the provisions of Article 15 of the Articles of Association, for the appointment of Directors, since it is a matter of co-optation, the Shareholders' Meeting shall resolve by legal majority, without the application of list voting, without prejudice, in any case, to compliance with the balance between genders and the minimum total number of independent directors provided for by the Articles of Association and regulations.

Shareholders who intend to submit other candidates are invited to take into account the guidelines given to the shareholders by the Board of Directors, as illustrated in the Guidelines for Shareholders, to which reference is expressly made.

These applications must also be accompanied by:

- declarations - in Italian and/or English - with which the individual candidates (i) accept the candidacy, and (ii) certify, under their own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of the requirements prescribed by law and the Articles of Association - a facsimile of which, in accordance with the Shareholders' Guidelines, is available on the Company's website in the section Investors > Governance > Shareholders' Meeting Documentation
- the curriculum vitae - in Italian and English - of each candidate, signed and dated, containing exhaustive information on his or her personal and professional characteristics, as well as on the skills acquired in the banking, financial and/or other relevant fields, as better indicated in the Guidelines for Shareholders, accompanied by an indication of the directorships and audit appointments held in other companies, and the suitability to qualify as independent
- the "Fit&Proper" questionnaire - which complies with Annex D to the Guidelines for Shareholders - is available on the Company's website in the section Investors > Governance > Shareholders' Meeting documentation;

Although no specific procedures are envisaged for the submission of nominations, Shareholders are invited to deposit them at the Company's registered office, Via Domenichino 5, Milan, for the attention of the Corporate Affairs Secretary, or by certified e-mail assemblea@pec.bffgroup.com, in order to allow the Company to publish them, at least 15 days before the date of the Shareholders' Meeting.

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We therefore submit the following proposal for your approval if you agree with the contents and arguments set out in the Directors' Report:

"The Shareholders' Meeting of BFF Bank S.p.A., having examined the report of the Board of Directors on this item on the agenda,

resolve

1. *to integrate the Board of Directors, confirming the appointment of the director already co-opted by the Board of Directors on 10 February 2022, Monica Magri, born in Catania on 13/08/1964, resident in Milan, viale Monte Nero 40, tax code MGRMNC64M53C351Z, who will remain in office until the expiry of the current Board of Directors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the year 2023;*
2. *to assign to Director Monica Magri, pursuant to Article 2389, first paragraph of the Italian Civil Code, the same total annual gross remuneration assigned to the other members of the Board of Directors, amounting to EUR 50,000, to be allocated pro rata temporis, in addition to the reimbursement of documented expenses incurred for the assignment";*
3. *to integrate the Board of Directors, confirming the appointment of the director already co-opted by the Board of Directors on 1 March 2022, Anna Kunkls Magri, born in Milan, on 09/11/1972, resident in Milan, via Balestrieri Domenico 6, tax code KNKNNA72S49F205Z, who will remain in office until the expiry of the current Board of Directors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the year 2023;*
4. *to assign to the Director Anna Kunkl, pursuant to Article 2389, first paragraph of the Italian Civil Code, the same total annual gross remuneration assigned to the other members of the Board of Directors, amounting to EUR 50,000, to be allocated pro rata temporis, in addition to the reimbursement of documented expenses incurred for the assignment".*

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For the Board of Directors

THE CHAIRMAN

(Salvatore Messina)

Milan, 1° march 2022