
**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE SECOND
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)**

(CONVENEND FOR 13 APRIL 2023 IN SINGLE CALL)

2. Allocation of profits for the year Related and consequent resolutions.

BFF Bank S.p.A.

Via Domenichino 5 - 20149 Milan

Tax code and VAT n. 07960110158

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Dear Shareholders,

the Board of Directors has convened you, in ordinary session, on Thursday 13 April 2023 at 11.00 a.m. (the "**Shareholders' Meeting**"), conventionally at the registered office of BFF Bank S.p.A. (the "**Company**" or the "**Bank**" or "**BFF**") in Milan, Via Domenichino no. 5 (the "**Registered Office**"), in a single call, to approve, among other things, the proposal for the allocation of the profit for the year.

The Company's financial statements as at 31 December 2022, which are to be approved by the Shareholders' Meeting, show a profit of € 261,438,215, which it is proposed to allocate as follows:

- i) Euro 47,410 to the legal reserve (to bring the reserve to 20% of the Share Capital as of today;
- ii) Euro 85,970,465 to the Retained earnings reserve;
- iii) Euro 146,029,730 to the Shareholders, of which 77,479,836 to be distributed in April 2023 and Euro 68,549,894 already distributed in August 2022 in the form of an interim dividend.

Therefore, the Shareholders will be due a dividend of roughly €0.419 for each of the 185,623,140 shares.

Furthermore, American type option contracts were still admitted to trading on the Derivative Instruments Market (IDEM) with BFF shares as their underlying asset. In light of the foregoing and in compliance with what is set forth in the Instructions to the Regulation of the Markets organized and managed by Borsa Italiana (Title IA.2, Section IA.2.1, Art. IA.2.1.3), for the payment date of dividends to be paid by companies issuing shares in the FTSE MIB index or underlying derivative contracts on shares traded in the IDEM market, the reference date needs to coincide with the first day of trading subsequent to the third Friday of each calendar month.

Therefore, in light of the foregoing, the month for the payment of any dividend drawn from the results of the year 2022 will be April 2023 with the coupon date (no. 7) of April 24, 2022

("ex-date"). Pursuant to Article 83-terdecies of Italian Legislative Decree no. 58 of February 24, 1998 as amended (**Consolidated Law on Finance**), entitlement to the dividend payment is established based on the accounts of the intermediary as referred to in Article 83-quater, paragraph 3, of the Consolidated Law on Finance, at the end of the accounting day of April 25, 2023 ("record date"). The payment of such dividend, gross of the withholdings required by law, is planned for April 26, 2023 ("payment date").

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We submit the following proposed resolution for your approval:

"The Shareholders' Meeting of BFF Bank S.p.A., having examined the illustrative report of the Board of Directors,

resolved

- i)* to distribute to Shareholders part of the profit for the year of Euro 77,479,836, equal to Euro 0.419 before tax for each of the 185,623,140 ordinary shares outstanding at coupon date (no. 7) of April 24, 2023 (ex-date). Such dividend includes the portion attributable to any treasury share held by the Company at the record date. Pursuant to Article 83-terdecies of Italian Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance), entitlement to the dividend payment is established based on the accounts of the intermediary as referred to in Article 83-quater, paragraph 3, of the Consolidated Law on Finance, at the end of the accounting day of April 25, 2023 (record date);
- ii)* to allocate Euro 47,410 to the Legal Reserve;
- iii)* to allocate the remainder of the profit for the year, equal to Euro 115,361,074, to the Retained earnings reserve;
- iv)* to pay the above-mentioned dividend as of April 26, 2023 (payment date). Payment will be made through authorized intermediaries with which shares have been registered in the Monte Titoli system.

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For the Board of Directors
THE CHAIRMAN
(Salvatore Messina)

Milan, 8 March 2023