
EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE SECOND
ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING

(PREPARED PURSUANT ARTICLE *125-ter* OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998)

AS AMENDED AND SUPPLEMENTED)

(CONVENED FOR 17 APRIL 2025 IN A SINGLE CALL)

2. Allocation of profit for the year to 31 December 2024.
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REPORT OF THE BOARD OF DIRECTORS

Foreword

Dear Shareholders,

The Board of Directors has convened you, in ordinary session, on Thursday 17 April 2025 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, Viale Scarampo no. 15 (the "**Registered Office**"), in a single call, to approve, among other things, the proposed allocation of the 2024 result for the year.

It is recalled that on 29 April 2024, the Bank received from the Bank of Italy (the "**Supervisory Authority**") the *report* containing the results of the *follow up* inspections concluded on 12 January 2024. (the "**Inspection Report**").

In the context of the Supervisory Letter (the '**Supervisory Letter**'), the Supervisory Authority found certain critical issues and formalised compliance findings *(i)* concerning the remuneration mechanisms of the Chief Executive Officer, *(ii)* concerning the corporate *governance* mechanisms, and *(iii)* concerning the classification of public loans based on the indications contained in the EBA Guidelines. In particular, this last finding concerns the application of the suspension to the calculation of days in arrears for the purposes of the prudential classification of credit exposure to *default*.

On 11 July 2024, the Bank submitted its responses to these findings.

The Supervisory Authority, while waiting to examine the Bank's determinations on the basis of the inspection findings, ordered the Bank to refrain - temporarily - from making or implementing resolutions:

- i.* the distribution of profits (generated from the financial year 2024 onwards) or other elements of assets;
- ii.* the payment of the variable part of remuneration;
- iii.* the further expansion of operations abroad through the opening of new branches or expansion into new countries under the freedom to provide services.

The financial statements of the Company as at 31 December 2024, which are to be approved at the Shareholders' Meeting, show a profit of EUR 160,196,420, which is proposed to be distributed as follows:

i) Euro 211,816 to the Legal Reserve (to bring the reserve to 20% of the share capital as of today's date);

iii) Euro 159,984,604 to earnings;

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We therefore 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

Administration,

resolution

- i) to allocate Euro 211,816 to the Legal Reserve;
- ii) to allocate Euro 159,984,604 to the "Retained Earnings Reserve";

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On behalf of the Board of Directors

THE CHAIRMAN

(Ranieri de Marchis)

Milan, 12 March 2025