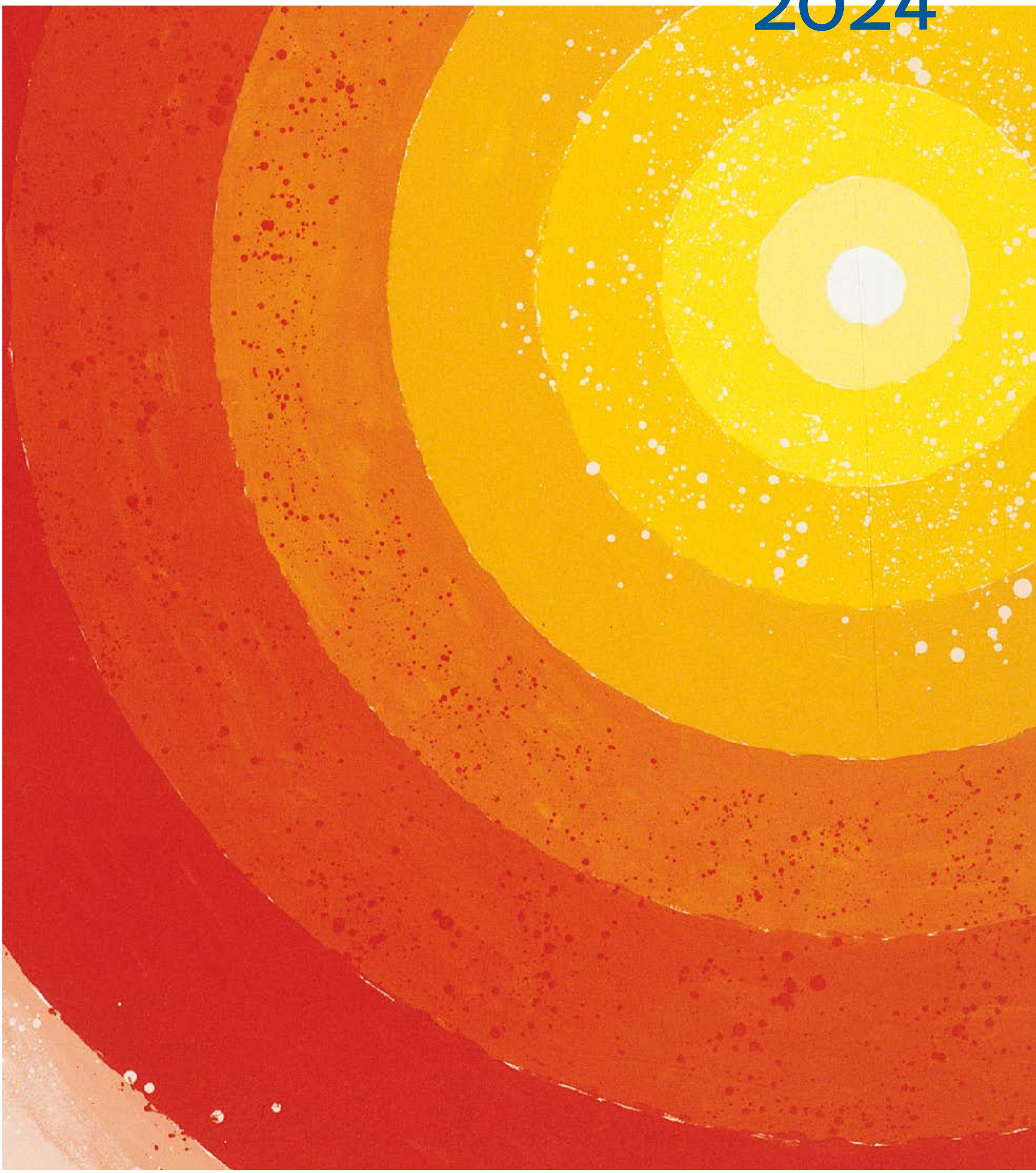
Annual Report

2024



BFF

The works of art reproduced in this report were created by the artist Hsiao Chin, and they are part of BFF's contemporary art collection.

In the 1980s, the Bank started a collection of Italian contemporary art, now consisting of around 250 artworks, an integral part of the Group's history and evolution. The artworks are by artists of the standing of Valerio Adami, Franco Angeli, Enrico Baj, Alberto Burri, Lucio Del Pezzo, Lucio Fontana, Gianfranco Pardi, Mario Schifano, Arnaldo Pomodoro, Giò Pomodoro and Emilio Tadini.

In 2019, a process of census, reconditioning and digitization of the artworks in the Collection commenced, and the "Art Factor" project for the enhancement of the Collection and the promotion of Italian art, including abroad, was initiated. Since 2021, the collection has been the focus of a traveling exhibition in Europe and the United States and of two art volumes, produced under the patronage of the Ministry of Foreign Affairs and International Cooperation and the Ministry of Culture.

In 2025, the BFF Gallery will open to the public. A museum area can be found at the Bank's new headquarters in Milan, which will be open to the public free of charge, dedicated to promoting knowledge of Italian art and culture by sharing the artworks in the collection.

BFF's commitment to culture comes from its sense of responsibility to the community and Italy's artistic heritage, and a desire to give back to society some of the value that BFF generates, in line with the Group's social and sustainability policies.

www.art-factor.eu

BFF Bank S.p.A.
Parent of the BFF Banking Group
Registered Office in Milan - Viale Lodovico Scarampo, 15
Share Capital €145.044.186,90 (fully paid-in)
Milan Company Register No.,
Tax Code and VAT No. 07960110158

Annual Report

2024

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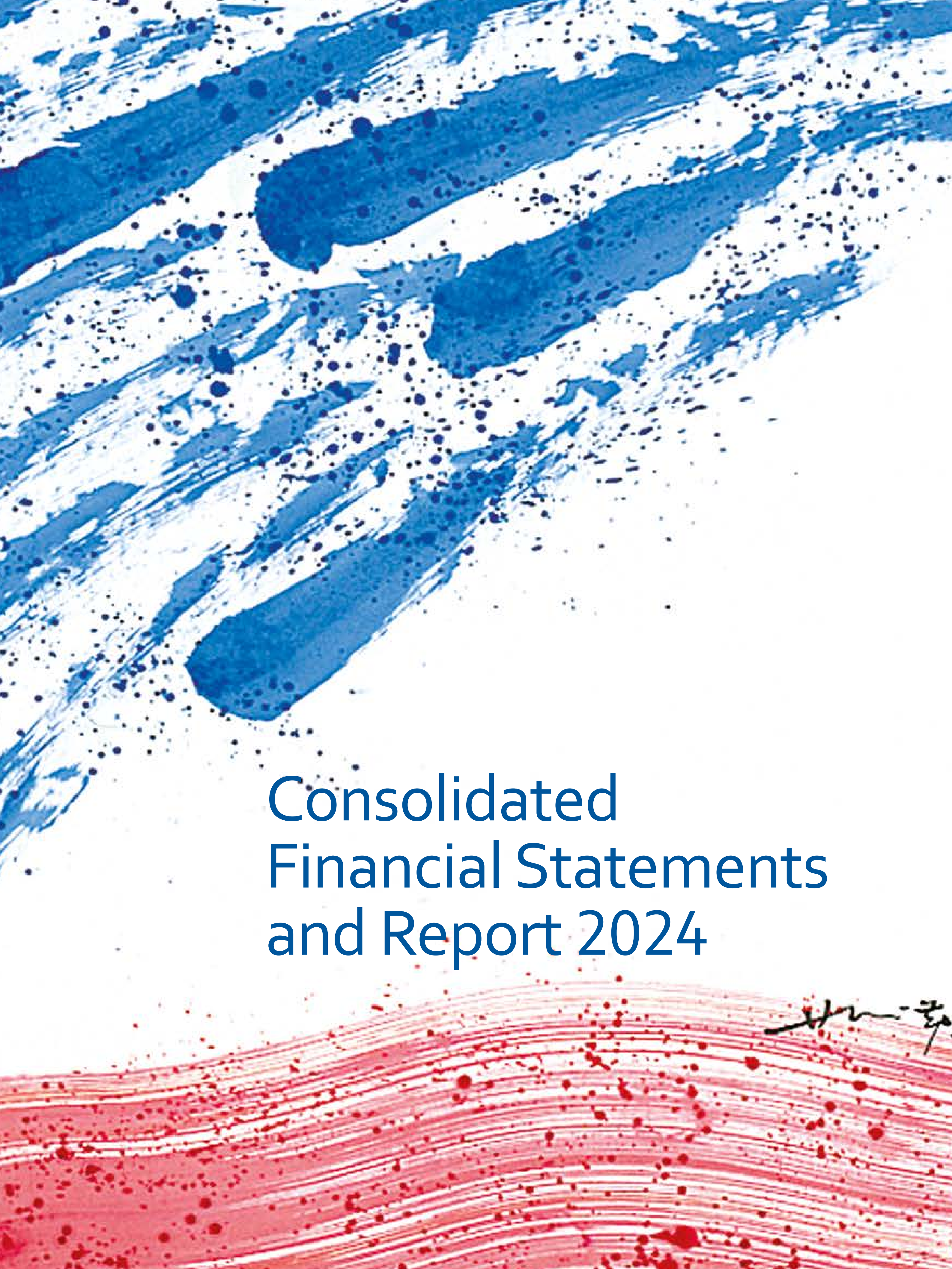
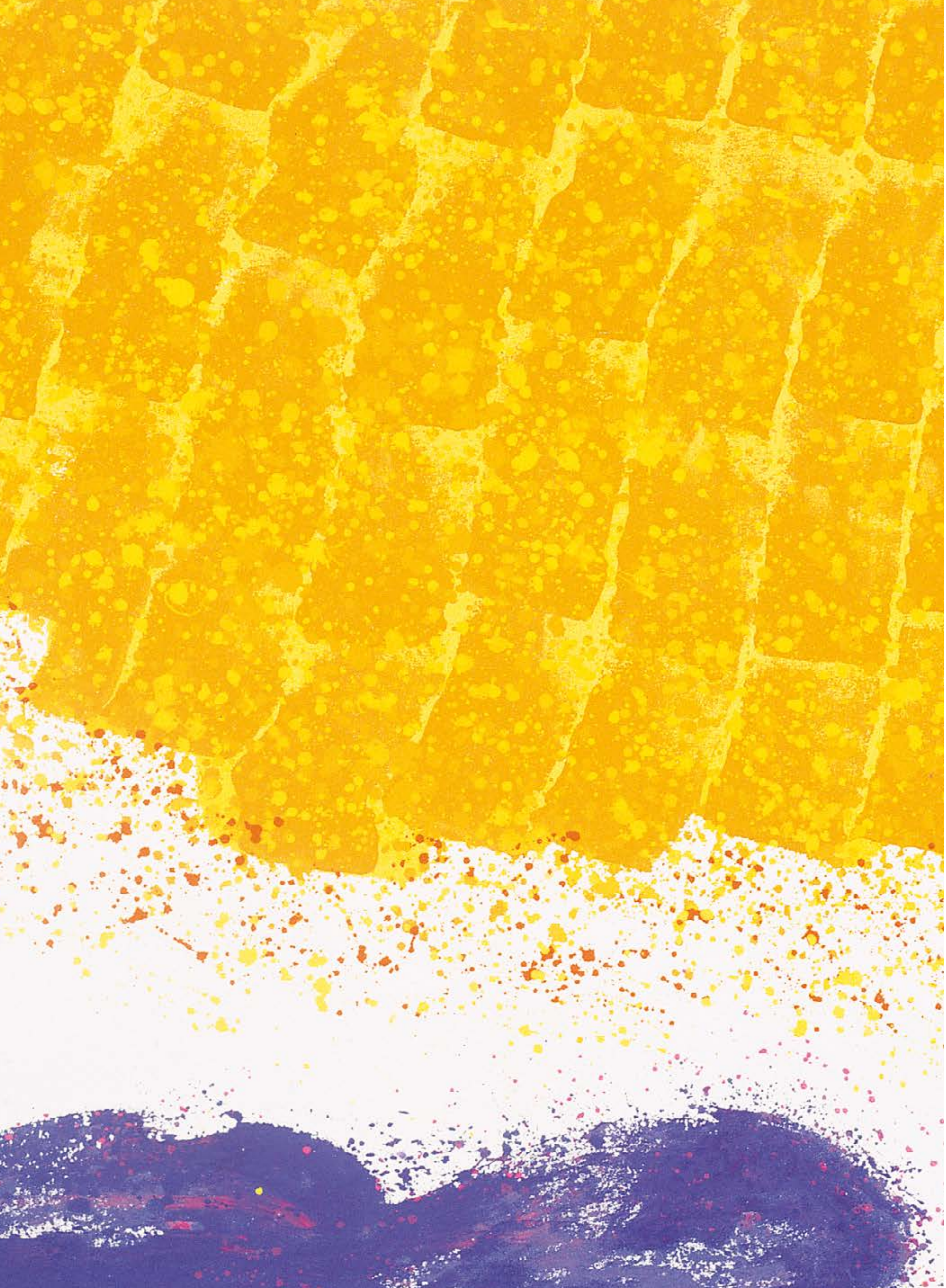
2024 Financial Statements and Report



Consolidated Financial Statements and Report 2024

The BFF Group



The BFF Group

The Evolution of BFF: a story of success and constant value creation

1985-2009

BFF is born and establishes itself in the market

Founded by a group of **pharmaceutical companies** to respond to their needs of managing and collecting receivables from the healthcare system, BFF immediately became a **leader in the market**.

2010-2014

Resilient during the crisis, the process of internationalization and transformation begins

Expansion into **new European countries**: in **Spain** in 2010; in **Portugal** in 2014.

BFF products and services are offered to **all suppliers of public bodies**, always in line with the needs of their customers.

It becomes a bank in 2013.

2015-2020

Listing and European leadership

BFF grows in **Central and Eastern Europe** through a major acquisition in Poland (2016), and is listed on the **Italian stock exchange** (2017).

The international offer is also present in **Greece**, **Croatia** and **France**.

The business in Spain is consolidated with the acquisition of **IOS Finance** (2019).

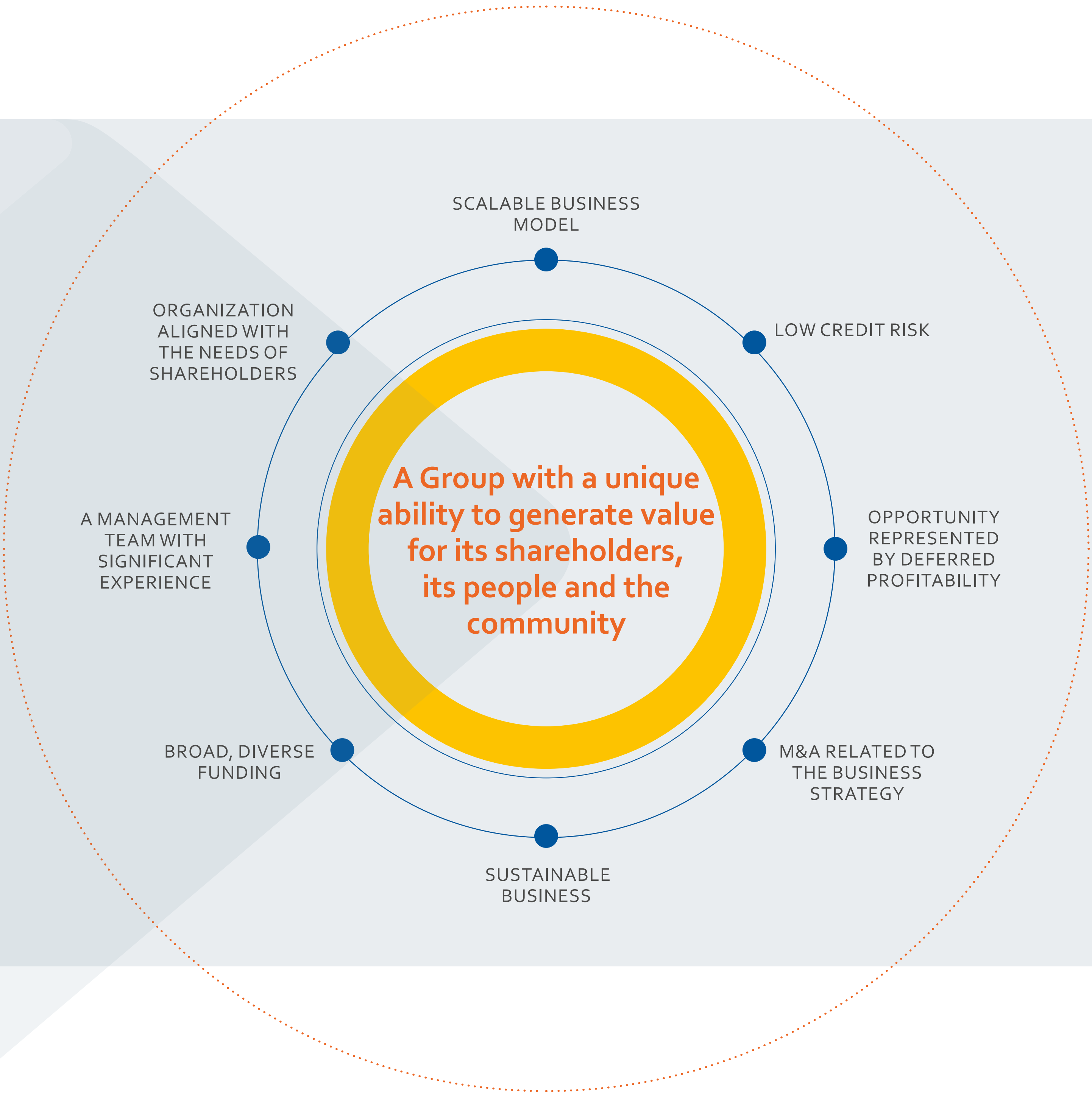
TODAY

Leader in specialized finance

BFF is the only pan-European platform – present in nine countries – specialized in the management and non-recourse purchase of trade receivables from the public administration and national health systems.

Through the merger with DEPObank, BFF has also affirmed its leadership in securities services, as the only Italian custodian bank, and in payment services, provided to more than 100 banks and Payment Service Providers (PSPs) in Italy.

As part of the new business plan, BFF has confirmed its commitment to growth within its core business and continues on the path of creating value for its shareholders and all stakeholders.


SCALABLE BUSINESS MODEL
LOW CREDIT RISK
OPPORTUNITY REPRESENTED BY DEFERRED PROFITABILITY
M&A RELATED TO THE BUSINESS STRATEGY
SUSTAINABLE BUSINESS
BROAD, DIVERSE FUNDING
A MANAGEMENT TEAM WITH SIGNIFICANT EXPERIENCE
ORGANIZATION ALIGNED WITH THE NEEDS OF SHAREHOLDERS
A Group with a unique ability to generate value for its shareholders, its people and the community

BFF 2028: ever more a bank like no other

BFF is the largest specialized finance operator in Italy, as well as one of the leaders in Europe, in the management and non-recourse disposal of trade receivables due from Public Administrations, and in the area of Securities Services and payment services.

	SECTOR LEADER	CUSTOMERS
Factoring & Lending	#1 in public sector factoring in **EUROPE**	Suppliers of Public Entities Large multinationals Hospitals and Municipalities
Securities Services	#1 independent custodian bank in **ITALY**	Domestic asset managers and banks Pension Funds, Mutual Funds and Investment Funds Social Insurance Funds, Foundations, Social Security Institutions
Payments Services	#1 in intermediary services in **ITALY**	Banks, Payment Institutions and IMELs Corporates Partnership with Nexi

OFFER	OPPORTUNITY
Non-Recourse Factoring Financing for the public sector and healthcare Credit Management	€1,000 billion of market opportunities with potential for volume growth in Italy and abroad
Custodian Global custody Fund accounting Transfer agent	Long-term growth in assets under management and administration in Italy
Payment intermediary Corporate payments Checks and bills	Epochal transition from cash payments to digital payments in Italy

ORGANIC GROWTH

Business Model

The Group operates in Italy, Croatia, France, Greece, Spain and Portugal, where it engages in non-recourse factoring and credit management activities with respect to the Public Administration. It also has operations in Poland, the Czech Republic and Slovakia, offering a diversified range of financial services designed for ensuring access to credit as well as providing liquidity and solvency support to the private system of companies that interface with the Public Administration.

As well as providing the Factoring & Lending services mentioned above the Group is a leader in Italy in Securities Services and banking payment services. It provides these services to more than 400 clients including investment funds, banks, payment and money institutions, large corporations and Public Administrations.

The services offered and the relative benefits for customers are presented below.

BFF manages operational complexity, facilitates cost reduction and eliminates risks for customers, including through:

FACTORING & *LENDING*

- **The optimization of liquidity** and the management of working capital of private businesses operating with the Public Administration.
- **Planning and maintenance of a target collection time**, irrespective of the actual payment times of the Public Administrations.
- **Improvement in financial statements ratios**, thanks to the possibility of definitively deconsolidating exposure to public agencies.
- **Reduction in operating costs,** thanks to revolving agreements for the assignment of trade receivables and an integrated Business Model that combines non-recourse factoring and credit management services to guarantee the best possible performance on loans and receivables.
- **Direct funding of public bodies** in Central and Eastern Europe, with vendor finance solutions and loans for medium/long-term investments.
- **Multi-country operations,** for a better and more efficient management of country risk and the exposure of multinationals to the nine European countries that the Group operates in.

The business model described above is based on core values, such as:

- honesty;
- transparency;
- respect for people;
- enhancement of resources;

ensuring leadership in innovation and execution in BFF's target markets.

SECURITIES SERVICES

PAYMENTS

- **The structural reduction of costs** for the customer thanks to outsourcing services that guarantee constant adaptation to and compliance with the regulatory framework without the financial burden that usually follows.
- A single interlocutor – **"one stop shop"** – for all back office services for better **cost efficiency and management**.
- **Rapid, customized solutions** thanks to a superior flexibility and agility in managing customer needs.
- **Operational simplification for PSPs*** thanks to a single interbank account, which can be monitored in real time, to join all Italian and European payment services at the same time.

* Payment Services Providers

Our Mission

Work with honesty and transparency, respecting and valuing people, maintaining leadership in innovation, customer service and execution in the markets, with a low risk profile and high operational efficiency.

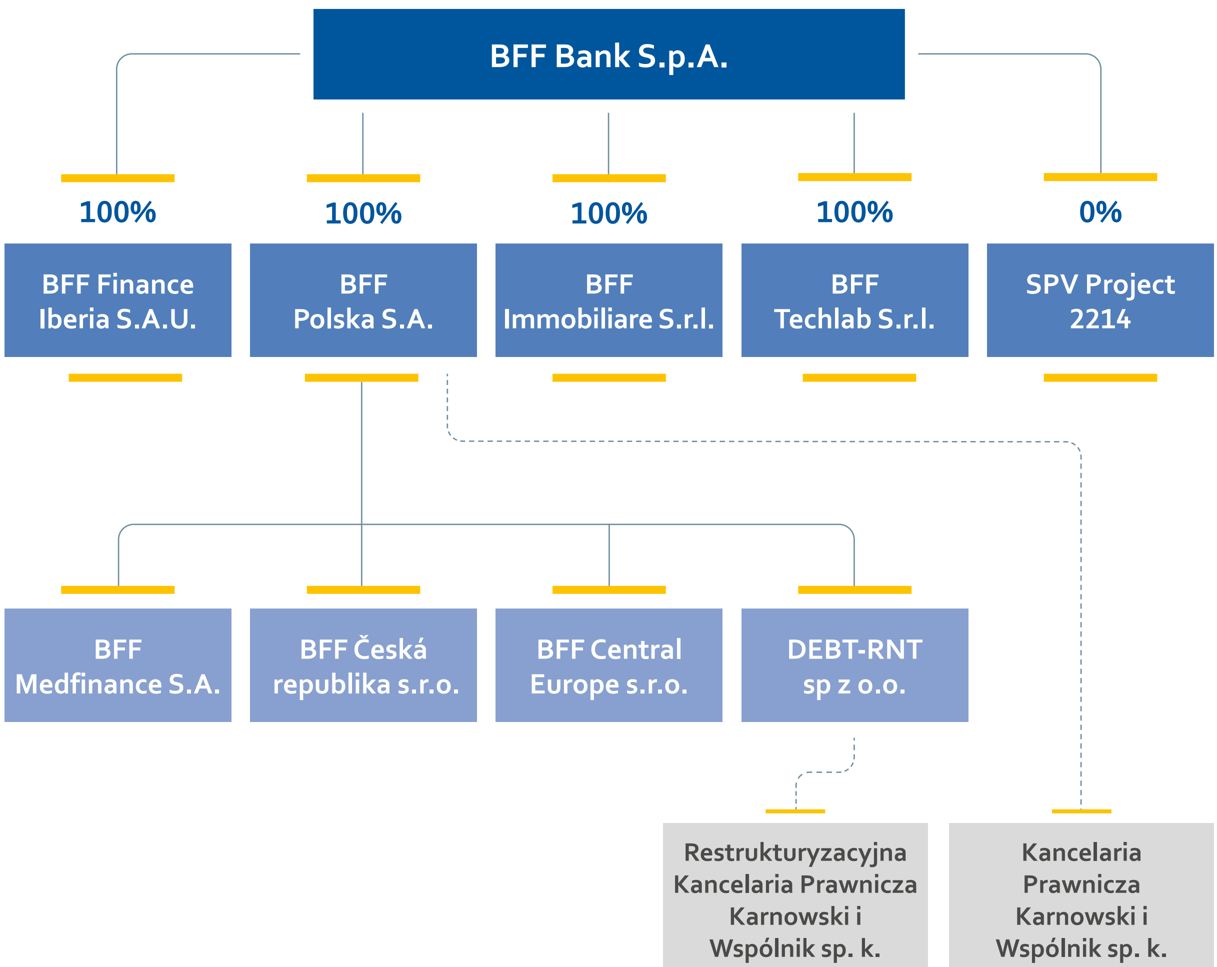
Our Vision

Be a leader in specialty finance thanks to a value proposition that is unique in its target markets: a highly specialized and sustainable bank like no other.

Our Values

Meritocracy, ownership, pursuit of excellence (continuous improvement), results oriented, respect.

Group Structure



At December 31, 2024, BFF Banking Group included the Parent Company BFF Bank S.p.A. and the following companies:

Company name	Registered and operating office	Type of relationship(1)	Ownership relationship		Voting rights % (2)
			Held by	Holding %	
1. BFF Immobiliare S.r.l.	Milan - Viale Scarampo , 15	1	BFF Bank S.p.A.	100%	100%
2. BFF Techlab S.r.l.	Brescia - Via C. Zima, 4	1	BFF Bank S.pA.	100%	100%
3. SPV Project 2214	Milan - Corso Vittorio Emanuele II, 24/28	4	BFF Bank S.pA.	0%	0%
4. BFF Finance Iberia. S.A.U.	Madrid - Paseo de la Castellana, 81	1	BFF Bank S.p.A.	100%	100%
5. BFF Polska S.A.	Łodz - Jana Kilińskiego, 66	1	BFF Bank S.p.A.	100%	100%
6. BFF Medfinance S.A.	Łodz - Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
7. BFF Česká republika s.r.o.	Prague - Roztylská 1860/1	1	BFF Polska S.A.	100%	100%
8. BFF Central Europe s.r.o.	Bratislava – Mostova, 2	1	BFF Polska S.A.	100%	100%
9. Debt-Rnt sp. Z O.O.	Łodz - Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
10. Komunalny Fundusz Inwestycyjng Zamknięty	Warsaw - Plac Dąbrowskiego, 1	4	BFF Polska S.A.	100%	100%
11. MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	Warsaw - Plac Dąbrowskiego, 1	4	BFF Polska S.A.	100%	100%
12. Kancelaria Prawnicza Karnowski i Wspólnik sp.k.	Łodz - Jana Kilińskiego, 66	4	BFF Polska S.A.	99%	99%
13. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspolnik sp.k.	Łodz - Jana Kilińskiego, 66	4	Debt-Rnt sp. Z O.O.	99%	99%

Key:

(1) Type of relationship:
1 = having the majority of voting rights at ordinary shareholders' meetings
2 = dominant influence at the ordinary shareholders' meeting
3 = arrangements with other shareholders
4 = other forms of control

(2) Voting rights at ordinary shareholders' meetings, distinguishing between actual and potential voting rights or percentage of shares.

As far as points 10 and 11 are concerned, voting rights refer to the investors' right to vote at the Meeting.

The companies in points 12 and 13 above are limited partnerships and are consolidated according to the equity method since their total asset figures are not significant.

BFF Bank also holds a stake in Unione Fiduciaria S.p.A. amounting to 24% of the shares issued, which is consolidated with the equity method (and not line-by-line), as it is a company subject to significant influence.

The measurement criteria are adopted with a view to a going concern and comply with the principles of accruals, relevance and materiality of accounting information and the precedence of economic substance over legal form.

In November 2024, the Bank subscribed for 33% of the share capital, amounting to €6,600, of the new law firm "PB & Partners Società tra Avvocati a responsabilità limitata". As at December 31, 2024, the law firm is not yet operational, as the process of authorization by the Bar Council has not yet been completed.

Corporate Bodies as of December 31, 2024

BOARD OF DIRECTORS

Chairperson	Ranieri De Marchis
Chief Executive Officer	Massimiliano Belingheri
Deputy Chairperson	Anna Kunkl
Directors	Alexia Ackermann Guido Cutillo Domenico Gammaldi Mimi Kung Susana Mac Eachen Piotr Enryk Stepniak

The Board of Directors will remain in office until the Shareholders' Meeting that will approve the Financial Statements at December 31, 2026.

ROLE OF BOARD OF DIRECTORS MEMBERS AND INDEPENDENCE REQUIREMENTS

NAME	OFFICE HELD IN BFF	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
Ranieri de Marchis	Chairperson			✓
Anna Kunkl	Deputy Chairperson			✓
Massimiliano Belingheri	Chief Executive Officer	✓		
Alexia Ackermann	Director			✓
Guido Cutillo	Director			✓
Domenico Gammaldi[1]	Director			✓
Mimi Kung	Director			✓
Susana Mac Eachen	Director			✓
Piotr Enryk Stepniak	Director		✓	

The composition of BFF's Board of Directors meets the diversity and gender criteria and ensures the presence of a consistent number of Non-executive and/or independent directors, recommended by the Corporate Governance Code as set out in the Corporate By-laws, the Board of Directors' Regulations most recently approved by the Board on June 27, 2023 and the Board of Directors' Diversity Policy, most recently approved by the Board on July 28, 2021.

1) As of January 1, 2025, Mr Domenico Gammaldi began an executive role as the new AML Representative, a role previously held by the Chief Executive Officer.

BOARD OF STATUTORY AUDITORS

Chairperson	Simone Scettri
Standing Auditors	Simona Elena Pesce Vittorio Dell'Atti
Alternate Auditors	Carlo Carrera Francesca Masotti

The Board of Statutory Auditors will remain in office until the Shareholders' Meeting that will approve the financial statements as of December 31, 2026.

INDEPENDENT AUDITORS

KPMG S.p.A.

FINANCIAL REPORTING OFFICER

Giuseppe Manno

Composition of the board committees as of December 31, 2024[2]

REMUNERATION COMMITTEE

NAME	QUALIFICATIONS	POSITION
Guido Cutillo	Independent Director	Chairperson
Domenico Gammaldi	Independent Director	Committee Member
Mimi Kung	Independent Director	Committee Member

COMMITTEE FOR THE EVALUATION OF TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED ENTITIES

NAME	QUALIFICATIONS	POSITION
Anna Kunkl	Independent director	Chairperson
Guido Cutillo	Independent director	Committee member
Susana Mac Eachen	Independent director	Committee member

NOMINATIONS COMMITTEE

NAME	QUALIFICATIONS	POSITION
Mimi Kung	Independent Director	Chairperson
Alexia Ackermann	Independent director	Committee Member
Susana Mac Eachen	Independent Director	Committee Member

CONTROL AND RISKS COMMITTEE[(*)]

NAME	QUALIFICATIONS	POSITION
Domenico Gammaldi	Independent director	Chairperson
Alexia Ackermann	Independent director	Committee member
Piotr Henryk Stepniak	Non-Executive Director	Committee Member

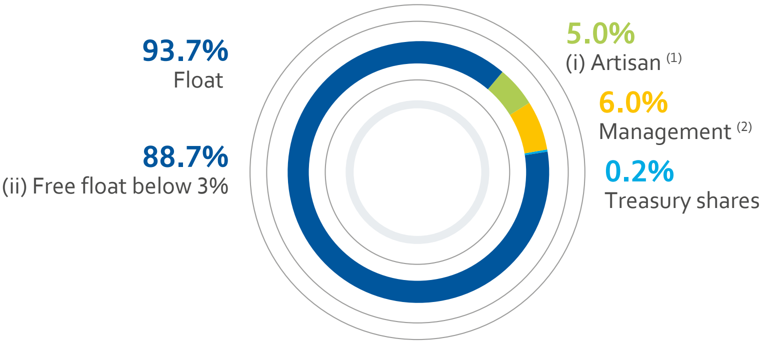
2) For the composition of committees as of January 1, 2025, please refer to the "Other Issues" paragraph of Section 5 of Part A1 "General Part" of the Accounting Policies, within the Notes to the Consolidated Financial Statements.

(*) As of 2020, the Board of Directors assigned the following responsibilities in the Environment, Social and Governance ("ESG") area to the Control and Risks Committee: investigative, advisory and proposal provision functions and, more generally, support to the Board of Directors on sustainability issues. This includes the periodic review of updates on the progress of sustainability measures and the subsequent impact on the Consolidated Sustainability Report. Furthermore, since 2023, in order to incorporate the provisions introduced by the Bank of Italy's Supervisory expectations for ESG climate-related and environmental risks published on April 8, 2022 in line with analogous ECB initiatives and supplemented on November 24, 2022, the Control and Risks Committee has also supported the Board of Directors in approving the strategic aims and policies on sustainability, including the model for social and cultural responsibility and combating climate change, contributing towards ensuring better risk oversight and taking into account the objectives of the robust and sustainable creation and distribution of value for Bank stakeholders.

Shareholder Structure

BFF represents one of the few Italian listed companies that is truly shareholder-owned, with a free float equal to almost the entire share capital.

As at December 31, 2024, Management and their Closely Associated Persons held 6.0% of the share capital, stable when compared to December 31, 2023. Treasury shares held by the Bank – 391,426 – amount to 0.2% of the share capital.



Total number of shares issued 188.302.214
Source: CONSOB and information held by BFF. Percentages are calculated on the total number of shares issued as at 12/31/2024.

(1) As at 09/20/2024, Artisan Partners Limited Partnership held 9.4 million shares, accounting for 5.0% of the Bank's share capital.
(2) (i) As at 12/31/2024 pursuant to the Market Abuse Regulation, Massimiliano Belingheri - the Bank's Relevant Person - and his Closely Associated Persons, were beneficiaries (directly or indirectly) of a total shareholding of 11.0 million shares equal to 5.8% of the Bank's share capital. The remaining percentage for management refers to the BFF shares held by the 5 Vice Presidents in force as at that date, and their respective Closely Associated Persons. (ii) As at 03/10/2023, in accordance with the ownership structure regulations, the Bali Trust indirectly held 9.0 million BFF shares equal to 4.8% of the Bank's share capital. The Bali Trust is an irrevocable trust attributable to Massimiliano Belingheri and his heirs.

Letter from the Chairman of the Board of Directors

Dear Shareholders,

this year, BFF's annual report once again represents an important moment of reflection on the most significant events that have shaped the life of the Bank during the past year, and on the next steps for growth that the Group wishes to undertake, at a time in which the banking sector is undergoing major changes.

The new Board of Directors was appointed on April 18, 2024, with five new members out of a total of nine, characterized by strengthened independence, strong international exposure, and marked diversity in terms of both gender and professional background.

In the same month of April, BFF received the results of the inspections by Bank of Italy conducted during 2023, which formalized, among other things, a compliance finding on the classification of public receivables and governance. These outcomes led to a temporary ban on the distribution of profits, pending examination of the Bank's decisions and the remedial actions implemented by the same.

The new Board of Directors was therefore strongly committed to defining and implementing the remediation plan, promptly transmitted to the Authorities, which involved both the reclassification of part of the portfolio, from performing to past due, according to the Bank of Italy Guidelines, with a subsequent increase in RWA, and the implementation of a plan to strengthen governance and the internal control system.

During 2024, these events had an impact on the performance of BFF stock on the stock market, bucking the trend of the banking sector, with a negative performance of 11%. In spite of the above, the total return for shareholders as at December 31, 2024 from the IPO placement price was 260%. The FTSE Italia All-Share Index total return was 119%. Moreover, BFF continues to be a Group with high asset quality and a very solid capital position, with a Common Equity Tier 1 ratio of 12.2% and a Total Capital Ratio of 15.1%.

In 2024, factoring continued to be a relevant tool of financial support to businesses, enabling them to reconcile payment times and the liquidity needs of businesses supplying Public Administrations and National Health Systems. The growth recorded in 2024 was supported by the positive performance of Spain, Poland, Greece and France. The Italian market has experienced the impact of both internal and external factors, including the impacts of the implementation of new processes related to the management of Past Due receivables, the contraction of short- and medium-term bank lending - which also reflects a more general sluggishness in investments - and the consequences of the ECB's monetary policy decisions.

For the Payments sector, 2024 was a very positive year, characterized by market growth and the increasing digitization of the Payments System, thanks also in part to the evolution of European regulations and the policy strategy implemented by the Authorities, which ensured a very significant impetus for the transformation of the sector, within which BFF was able to position itself favorably by leveraging new services. With the expansion of instant payment services, during the year the Bank recorded the entry of new, important customers and achieved higher-than-expected results, mainly concerning the intermediary functions of banks, Electronic Money Institutions and Payment Institutions. BFF has further strengthened its role as a service bank, including by strengthening its operational and commercial structure, which is always consistent with the number of customers served and volumes handled.

For the Securities Services area, 2024 was also a positive year, supported by the good performance of financial markets and the results of several commercial initiatives. Within the Custodian Bank, there was an increase in Assets under Management (AuM) and the balance of customer deposits. In fact, during 2024, the entry of several new Alternative Funds resulted in significant growth in AuM and consolidated BFF's role in supporting this type of Fund. In fact, in the supplementary pension system, BFF is currently ranked first in terms of market share, exceeding 50% in terms of the number of pension fund customers to which it offers its custodian services.

In this context of growth, which was also demonstrated by the decision of Cassa Forense to entrust BFF with the performance of custodian bank services at the beginning of 2024, BFF intends to further strengthen its presence, not only through the service of Pension Funds, but also of Health Funds, a sector that needs to establish an infrastructure to support its needs and in which BFF, thanks to the role it plays for Pension Institutions, is able to position itself as a reference bank.

Finally, there were also positive results in Global Custody in 2024, brought about by the consolidation of a number of strategic initiatives aimed at broadening and improving the business experience, expanding also to new financial players through the provision of specialized value-added services, and new opportunities arising from the evolving regulatory environment.

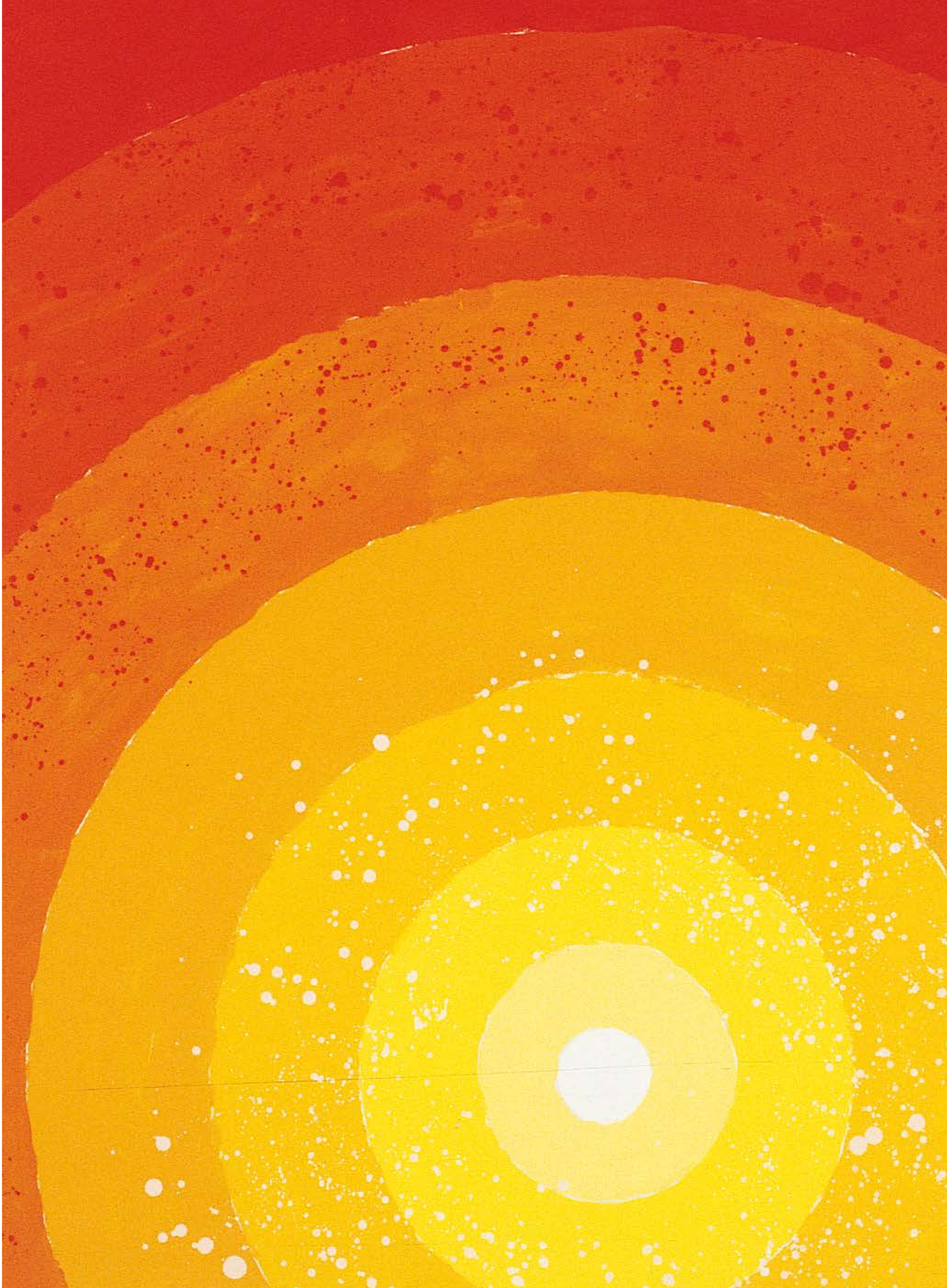
In 2024, the Bank also entered Casa BFF, its new headquarters in Milan. The move to the new headquarters is of great significance for BFF, firstly in terms of efficiency, due to the relocation of all the employees in Milan to a single building, and secondly in terms of sustainability. Casa BFF is characterized by the best international standards of well-being for people and respect for the environment. This is also combined with BFF's participation in a broader process of redevelopment of the historic Portello area in Milan, thanks to the new outdoor spaces that are part of the project and the creation of a museum area, dedicated to the collection owned by the Bank, which will open in spring 2025.

In addition to these sustainability initiatives, the Morningstar Sustainalytics and Standard Ethics ratings also improved in 2024, along with the successful placement of a new social bond, totaling €300 million, aimed at investors who wish to contribute to the Group's sustainability objectives while simultaneously achieving their responsible investment targets. Through the ESG initiatives pursued in recent months, the Group continues to strive to give back to society some of the wealth it generates.

In 2025, BFF will celebrate the first 40 years since its founding. The Group, which began as a business founded by pharmaceutical companies looking for a solution to the needs of managing and collecting loans and receivables with the National Health System, in these 40 years has become a leader in its target market in Italy and Europe and, since 2021 with the acquisition of DEPO Bank, also in securities services - as the only Italian Custodian Bank - and in payment services, offered to more than 100 banks and Payment Service Providers in Italy. BFF is about to pass this milestone with feelings of satisfaction and gratitude towards those who have been part of these 40 years of history and growth, with the hope that it will continue to share much more with its stakeholders, employees and customers, progressing and bringing value to the economic, social and cultural context in which the Group operates.

Ranieri De Marchis

Chairperson of the Board of Directors
of BFF Bank S.p.A.



Report on Operations

Operational context and significant events

International Economic Landscape

In 2024, in a tense geopolitical environment caused by the continuing war in Ukraine and rising tensions in the Middle East, economic indicators showed persistent growth in the United States, the emergence of a slow recovery in Europe, and a widespread decline in both overall and core inflation (that is, net of the volatile food and energy components), paving the way for the reversal of monetary policies. In fact, an expansionary cycle has been underway since June by the ECB - which cut the deposit rate by one percentage point, to 3.00% - since August by the Bank of England - which lowered the base rate by half a point, to 4.75% - and since September by the Federal Reserve - which lowered federal funds rates by 100 basis points, to 4.25% - 4.50%.

The European economy

THE MAIN MACROECONOMIC INDICATORS OF THE EUROPEAN UNION

Indicators	2023	2024	2025*	2026(*)
Real GDP (annual change)	0.4%	0.9%*	1.3%	1.6%
Inflation rate (annual change)	6.2%	2.5%	2.2%	2.0%
Unemployment rate	6.7%	6.6%	6.7%	6.6%
Balance of payments (% of GDP)	2.5%	3.3%*	3.1%	3.0%
Public Budget Balance (% of GDP)	-3.5%	-3.2%	-3.1%	-2.9%

(*) Consensus estimates from Bloomberg, updated at 02/05/2025.

After the sharp slowdown in 2023, GDP recovered in 2024, albeit at moderate levels. Growth is being sustained by a gradual improvement in household demand, supported by higher real incomes caused by lower inflation, greater government expenditure and recovering exports. On the other hand, businesses reduced investment, affected by the past restrictiveness of monetary policy and the continuing difficulties in the manufacturing sector; in particular, the automotive sector entered a crisis, hit by the decline in both domestic and foreign demand. In addition, the recovery in business confidence observed in the first part of the year partly - and the improvement in the sentiment of households - supported by the curb on inflation, has diminished in the last two months. According to consensus estimates, GDP growth, after picking up from 0.4% in 2023 to 0.9%, is expected to gradually strengthen in 2025 (to 1.3%) and 2026 (to 1.6%), with consumption expected to benefit from the recovery in real household income and investment is to benefit from the expansiveness of monetary policy.

In December 2024, inflation fell to 2.73% from 3.4% in December 2023, benefiting from the downturn in the core figure (excluding the volatile components of food, energy, alcohol and tobacco) from 4.0% to 2.9%. On average, analysts estimate inflation should fall further, from 2.5% in 2024 to 2.2% in 2025 and to 2.0% in 2026.

As usually takes place after a restrictive monetary policy cycle, the European Central Bank kept rates stagnant for a relatively long period (9 months) until confirming that inflation had started to return towards its target. Once it ascertained that inflationary pressures were abating, it began a round of easing in early June, specifically lowering the deposit rate from 4.00% to 3.00%. In addition, as part of a change in liquidity management arrangements, it narrowed the spread between the main refinancing operations rate and the deposit rate from 50 to 15 bps. By the end of 2025, operators expect further cuts in official rates, with the implied deposit rate in the market falling to 1.83% at the end of December.

In bond markets, the resilience of US economic growth has caused long-term rates to rise significantly despite falling inflation and easing monetary policies. In fact, 10-year Treasury yields rose 69 basis points and 10-year Bund yields rose 34 basis points. However, the benchmark rate cuts implemented by the Fed and ECB have resulted in a sharp steepening of the curves, with two-year yields stable on US bonds and down 32 on German bonds.

The ECB's expansionary stance has helped spreads fall; in particular, it has allowed the yield spread between the 10-year BTP and Bund to drop 52 bps to 116. The decline in spreads was only temporarily curbed by fears - which arose after the European elections of June 9 - that a Eurosceptic coalition might go into government in France; these fears faded following the French elections of June 30, and spreads quickly returned to values recorded prior to the European elections, with only the OAT/Bund spread remaining relatively high.

The decision in late July to open an Excessive Deficit Procedure (EDP) against our country (along with six others), due to a net borrowing significantly above 3%, had little impact on BTPs. However, in order to define a corrective path for the public accounts, in mid-October the Italian Government sent the European Commission its Medium-Term Fiscal-Structural Plan, with which it set a more substantial and faster path for public deficit reduction than the one indicated by the Commission itself, which should enable the closure of the EDP as early as 2026. In fact, by that date the Executive has set a goal of reducing the deficit below 3% (to 2.8%), a target that in the Commission's estimates is envisaged for 2031. To achieve the path of public deficit reduction, the crucial new indicator of net expenditure, which will be the only one monitored over the duration of the Plan, will need to grow by an average of 1.5% over the 2025-2031 period. The Plan was then approved by the Commission in late November.

The lower risk premium demanded by investors to buy Italian government bonds, allowing BTP yields to fall 57 basis points on the two-year maturity and 18 on the 10-year maturity, resulted in a positive performance of our bond market, which according to the general MTS index appreciated by 5.0%.

The budget policies implemented in 2024 were moderately restrictive - due to the elimination of the measures taken in previous years to benefit households and businesses to counter the impact of rising energy prices - and should have resulted, according to consensus estimates, in a decline in the EU's public deficit to 3.2% of GDP (from 3.5% in 2023), a value that should decline further to 3.1% in 2025 and to 2.9% in 2026.

To achieve the improvement in net borrowing, revenue was acted upon, letting government expenditure increase slightly as a share of GDP compared to 2023, to 49.2% (from 49.0%). In this regard, the European Commission estimates that government expenditure grew by 3.8% in 2024 and will increase by 3.7% in 2025 and 3.3% in 2026. Among the countries in which BFF operates, the largest increases in 2024 were achieved in Poland (+12.3%), Croatia (+9.0%), Spain (+6.0%) and Portugal (+5.6%); in the next two years, the Commission expects the largest overall changes to be achieved in Slovakia (+8.9% in 2025 and 3.5% in 2026), Poland (+7.6% and +6.5%) and Croatia (+7.5% and +5.2%). Looking at all the countries where BFF is present, public expenditure is estimated to grow by 2.9% in 2024, to increase by 3.5% in 2025 and 3.2% in 2026.

PUBLIC EXPENDITURE OUTLOOKS IN THE COUNTRIES WHERE BFF IS PRESENT

Countries	2024 Public Expenditure (billion euros)	2024 Public Expenditure (% of GDP)	Chg 2024/2023	2025 Public Expenditure (billion euros)	2025 Public Expenditure (% of GDP)	Chg 2025/2024	2026 Public Expenditure (billion euros)	2026 Public Expenditure (% of GDP)	Chg 2026/2025
European Union (27 countries)	8,747	49.2	3.8%	9,072	49.3	3.7%	9,369	49.1	3.3%
BFF countries	**4,368.5**	**51.3**	**2.9%**	**4,521.5**	**51.2**	**3.5%**	**4,664.9**	**51.0**	**3.2%**
France	1,678	57.5	4.3%	1,714	57.4	2.1%	1,760	57.3	2.7%
Italy	1,096	50.7	-4.3%	1,131	51.1	3.2%	1,150	50.6	1.7%
Spain	721	45.4	6.0%	753	45.4	4.4%	784	45.5	4.1%
Poland	395	49.6	12.3%	425	49.5	7.6%	453	49.5	6.5%
Czech Republic	142	43.3	2.1%	148	43.0	4.0%	152	42.2	2.8%
Portugal	120	42.9	5.6%	124	42.9	3.9%	130	43.0	4.2%
Greece	115	48.7	3.5%	117	47.5	1.6%	122	47.6	4.2%
Slovakia	61.0	47.2	2.3%	66.4	48.2	8.9%	68.7	47.4	3.5%
Croatia	39.6	47.6	9.0%	42.6	48.4	7.5%	44.8	48.4	5.2%

(*) Source: BFF Insights calculations based on European Economic Forecast, Autumn 2024 and Eurostat.

In the area of government spending, trends in spending on goods and services and investment are of particular significance to BFF's business.

So far public spending on goods and services has maintained quite a lively trend. In the twelve months up to September 2024 it grew by 5.8%, with intermediate consumption up in particular (+5.9%), while social benefits in kind rose to a slightly more limited extent (+5.6%). In the countries in which BFF operates, growth was slightly lower than in the European Union, at 5.2%, due to less dynamism in social benefits in kind (+3.1%), even though intermediate consumption performed better (+6.6%). In more detail, the increase was particularly consistent in Poland (+15.9%), Croatia (+9.1%), Slovakia (+7.1%) and the Czech Republic (+6.1%).

THE TREND OF PUBLIC EXPENDITURES FOR GOODS AND SERVICES IN THE COUNTRIES WHERE BFF IS PRESENT

Countries	Intermediate Consumption to Q3 2024 (€ billion)	Intermediate Consumption to Q3 2024 (% GDP)	Chg yoy	Social Benefits in Kind to Q3 2024 (€ billion)	Social Benefits in Kind to Q3 2024 (% GDP)	Chg yoy	Public Expenditure on Goods and Services to Q3 2024 (€ billion)	Public Expenditure on Goods and Services to Q3 2024 (% GDP)	Chg yoy
European Union (27 countries)	1,088.2	6.1	5.9%	953.6	5.4	5.6%	2,041.8	11.5	5.8%
BFF countries	**489.9**	**5.8**	**6.6%**	**323.2**	**3.8**	**3.1%**	**813.1**	**9.6**	**5.2%**
France	164.1	5.6	8.2%	182.9	6.3	2.7%	347.0	11.9	5.2%
Italy	124.7	5.7	2.4%	51.4	2.4	-2.0%	176.0	8.1	1.0%
Spain	89.3	5.7	5.7%	41.9	2.7	4.9%	131.2	8.4	5.5%
Poland	54.0	6.6	16.2%	17.6	2.2	15.0%	71.6	8.8	15.9%
Czech Republic	18.5	5.8	5.2%	11.3	3.6	7.4%	29.8	9.4	6.1%
Portugal	14.3	5.1	5.3%	4.9	1.8	6.5%	19.2	6.9	5.6%
Greece	11.7	5.0	-0.7%	6.9	2.9	0.4%	18.5	7.9	-0.3%
Slovakia	7.1	5.5	6.0%	4.5	3.5	9.1%	11.6	9.0	7.1%
Croatia	6.3	7.5	8.0%	1.8	2.2	13.0%	8.1	9.7	9.1%

Source: BFF Insights calculations based on Eurostat data. Cumulative data Q4 2023 - Q3 2024

Public expenditure on goods and services includes intermediate consumption and social benefits in kind acquired in the market. Intermediate consumption is all goods and services destined to be transformed into production processes for the direct provision of health and welfare services and the provision of welfare and social security benefits in cash. The social benefits in kind acquired in the market regard goods and services produced by parties that are not part of Public Administrations and made available directly to households; spending on those goods and services regards the Healthcare (expense for pharmaceutical assistance and for healthcare services provided under agreement) and Social Protection functions for the acquisition of welfare services.

Public investment has increased its weight in the economy, thanks to the RRF, EU structural funds and investments approved by governments. According to the Commission's estimates, in the European Union its share of GDP should have increased to 3.7% (from 3.4% in 2023) and is expected to rise further to 3.8% in 2025 and 2026. In countries where BFF is present, its weight is estimated to remain at higher levels, rising from 3.8% in 2023 to 3.9% in 2024 and 4.0% in 2025-2026. This should take place following persistently sustained growth, reaching 11.1% in the EU in 2024 (from 14.8% in 2023, which was impacted by the factors already mentioned as well as high nominal GDP growth), 6.3% in 2025 and 3.7% in 2026. In the countries where BFF operates, a growth of 8.3% has been calculated in the year just ended (from 19.7% of the previous year), 5.6% in 2025 and 2.5% in 2026. In particular, undoubtedly brilliant trends and higher overall than those of the EU are estimated for Portugal (+28.3% in 2024, +7.3% in 2025 and +13.8% in 2026), Croatia (+14.2%, +9.4% and +3.4%), Spain (+9.8%, +7.9% and +7.3%), Poland (+5.5%, +7.8% and +10.8%) and Italy (+13.3%, +11.2% and 0.0%).

PUBLIC INVESTMENT OUTLOOKS IN THE COUNTRIES WHERE BFF IS PRESENT

Countries	2024 Public Investments (billion euros)	2024 Public Investments (% of GDP)	Chg 2024/2023	2025 Public Investments (billion euros)	2025 Public Investments (% of GDP)	Chg 2025/2024	2026 Public Investments (billion euros)	2026 Public Investments (% of GDP)	Chg 2026/2025
European Union (27 countries)	657.8	3.7	11.1%	699.2	3.8	6.3%	725.1	3.8	3.7%
BFF countries	**333.9**	**3.9**	**8.3%**	**352.6**	**4.0**	**5.6%**	**361.4**	**4.0**	**2.5%**
France	125.5	4.3	4.8%	125.4	4.2	-0.1%	126.0	4.1	0.4%
Italy	75.7	3.5	13.3%	84.1	3.8	11.2%	84.1	3.7	0.0%
Spain	47.6	3.0	9.8%	51.4	3.1	7.9%	55.1	3.2	7.3%
Poland	39.8	5.0	5.5%	43.0	5.0	7.8%	47.6	5.2	10.8%
Czech Republic	15.4	4.7	0.4%	16.9	4.9	9.2%	16.6	4.6	-1.7%
Portugal	8.7	3.1	28.3%	9.3	3.2	7.3%	10.6	3.5	13.8%
Greece	11.6	4.9	34.4%	11.1	4.5	-4.3%	10.0	3.9	-9.9%
Slovakia	4.8	3.7	-17.1%	6.3	4.6	32.5%	6.1	4.2	-3.9%
Croatia	4.7	5.7	14.2%	5.2	5.9	9.4%	5.4	5.8	3.4%

Source: BFF Insights calculations based on European Economic Forecast, Autumn 2024 and Eurostat data.

* Annual cumulative figures.

The factoring market in Europe

In 2024, the European factoring market stabilized after experiencing sustained growth in recent years. Data for the first six months show that overall turnover was €1,200 billion, essentially the same level as a year earlier. The reasons for the stabilization are to be found in the slow recovery of GDP and a monetary policy that remained restrictive longer than expected.

The importance of factoring in Europe's real economy is confirmed by its high GDP penetration rate, at 11.3%, albeit down from 11.9% in the previous year.

Narrowing the analysis to the geographical area in which BFF operates, as many as six countries showed positive growth rates above the European average: Greece by 11.4%, Croatia by 7.7%, Italy by 3.7%, Spain by 1.3%, Poland by 1.1% and France by 0.3%. In contrast, Slovakia was stable and Portugal (-0.7%) and the Czech Republic (-1.0%) had fallen slightly[3].

Looking ahead, a recovery in factoring volumes seems to be on the horizon, to the extent that economic growth should show greater dynamism and the conduct of monetary policies should be made more expansionary. However, some deterrent factors could intervene to slow it down, such as restructuring in supply chains and possible marked fluctuations in demand in specific sectors.

Looking specifically at the Italian factoring market[4], preliminary figures for 2024 note a turnover of €288.6 billion (including €55.8 billion in recourse and €232.7 billion in non-recourse). The result is broadly in line (-0.4%) with the January-December 2023 period and up slightly (+1.0%) considering volumes net of purchases for tax credits from building bonuses.

In the same period, the outstanding amounted to €70.7 billion (of which €15.7 billion in recourse and €54.9 billion in non-recourse), marking slight growth (+0.5%) compared to December 31, 2023. Advances and fees paid amounted to €59.2 billion (+1.8%). The ratio of advances to outstanding stood at 83.7%, recording a slight increase compared to 82.7% one year prior.

Based on estimates in the November ForeFact Report[5], which collects the assessments of industry players, forecasts based on economic data show that the expected change in turnover for 2024, considering the factoring/GDP ratio, ranges between +1.6% and +3.4%.

Restricting the analysis only to factoring for the public administration, in the first nine months of 2024[6] there was a 3.9% decline in turnover compared to the same period in 2023, with a total turnover value of €14.2 billion, equal to 6.8% of total factoring volumes in Italy. This result, while marking an improvement compared to the June survey (-8.6%), reflects the effects of still modest economic growth, uncertainties related to geopolitical tensions, and delays in the implementation of the NRRP as well as in the allocation of transition plan incentives, despite the first signs of easing registered on the monetary policy front.

3) EUF - Newsletter Autumn 2024.
4) Assifact - Factoring in figures, December 2024, preliminary data.
5) Assifact – ForeFact 1-2025.
6) Assifact - Factoring in supervisory reporting as of September 30, 2024; Data on customers and characteristics of the factoring market as at September 30, 2024; Factoring in figures as at September 30, 2024.

The volume of receivables from public bodies as at September 30 amounted to €7.2 billion, of which €3.0 billion (or 41.7% of the total) were past due. Of these, €2.3 billion are more than a year past due, in connection with the notoriously longer payment times of public bodies.

Based on the breakdown of outstanding receivables by type of debtor, those from the health care sector accounted for 31.9% of the total and those from central, local, and other Public Bodies for 68.1%.

The Securities Services Market

BFF is the main independent player in Italy in the field of custodian banking, fund accounting, transfer agent and security custody and settlement services.

In 2024, the equivalent value of assets under management in Italy, to which the performance of the businesses of ***Fund Services*** and ***Global Custody*** of the Group is closely linked, grew to €2,460 billion, an increase of 5.2% compared to the end of 2023, as a result of the sharp growth of stock markets, the positive performance of BTPs, an increase in net inflows of 12.6 billion, even though the main foreign bond markets declined.

THE ITALIAN MANAGED SAVINGS INDUSTRY

Management Schemes	Net inflows 2024* € million (A)	(A)/ Assets under management Dec '23	Net inflows Jan-Sept '24 € million (B)	(B)/ Assets under management Dec '23	Assets under management Dec '24* € million	Assets under management Dec '24/Dec '23	Assets under management Sept '24 € million	Assets under management Sept '24/ Dec '23	Assets under management Dec '23 € million
Collective management	**14,190**	**1.1%**	**5,486**	**0.4%**	**1,340,315**	**7.8%**	**1,321,991**	**6.4%**	**1,242,840**
Open funds	9,177	0.8%	2,045	0.2%	1,270,671	10.6%	1,253,979	9.1%	1,149,299
Italian-law funds	15,927	6.4%	11,076	4.4%	283,750	13.2%	276,493	10.3%	250,569
Funds under foreign law	-6,750	-0.8%	-9,032	-1.0%	986,921	9.8%	977,486	8.8%	898,731
Harmonized (UCITs)			1,787	0.2%			1,205,169	9.5%	1,100,969
Alternatives			258	0.5%			48,810	1.0%	48,330
Closed funds	5,013	5.4%	3,442	3.7%	69,644	-25.5%	68,011	-27.3%	93,540
Portfolio management	**15,951**	**1.5%**	**2,624**	**0.2%**	**1,159,348**	**5.9%**	**1,141,066**	**4.2%**	**1,094,870**
Management of retail assets	9,425	6.0%	6,456	4.1%	162,452	4.0%	157,190	0.6%	156,251
Management of institutional assets	6,526	0.7%	-3,832	-0.4%	996,897	6.2%	983,876	4.8%	938,619
Management of insurance products			-2,108	-0.3%			715,709	4.5%	685,069
Management of social security assets			2,546	2.3%			122,284	11.5%	109,711
Other management			-4,270	-3.0%			145,883	1.4%	143,839
Total managed savings	**30,141**	**1.3%**	**8,111**	**0.3%**	**2,499,664**	**6.9%**	**2,463,057**	**5.4%**	**2,337,710**

Source: BFF Insights calculations based on Assogestioni data. * Provisional data

Analyzing the disaggregated data on net inflows, it can be seen that the increase was driven by Italian open-end funds (+15.9 billion), the management of retail assets (+9.4 billion), the management of institutional assets (+6.5 billion) and closed-end funds (+5.0 billion), while inflows were slowed down by foreign open-end funds (-6.7 billion). Compared with December 2023, the increase was 6.4% for Italian open-end funds, 6.0% for retail asset management, 5.4% for closed-end funds, and 0.7% for institutional asset management, while the decrease was 0.8% for foreign open-end funds.

Among open-end funds, data for the first 9 months showed growth for both harmonized funds (+1.8 billion, +0.2% since the beginning of 2024) and alternative funds (+258 million, +0.5%).

Assets under management thus came at the end of the year to €1,271 billion for open-end funds (50.8% of the total), €69.6 billion for closed-end funds (2.8%), €162.5 billion for retail portfolio management (6.5%) and €996.9 billion for institutional portfolio management (39.9%). From the beginning of the year, the equivalent value managed rose by 10.6% for open-end funds, by 6.2% for institutional asset management and by 4.0% for retail asset management, while it was down by 25.5% for closed-end funds.

Among institutional portfolio management, pension assets--relevant to BFF's business--increased 11.5% to 122.3 billion in the first three quarters, partly as a result of the good performance of net inflows (+2.5 billion, up 2.3% compared to the end of 2023).

The Payment Market in Italy

In line with that which has been observed in recent years, the expected and hoped-for growth in digital payments other than payment cards continued to materialize in 2024. In March 2024, the migration to the new SEPA schemes (postponed since the original date of November 2023) was completed successfully, coinciding, for BFF Bank and for various Italian banks, also with the closure of Nexi's ACH SEPA and of the CSM NEXI_BICOMP. On the operational side, BFF took the opportunity to channel all SEPA transactions handled on PEACH EBA Clearing, while on the commercial side, BFF further strengthened its market position by activating SEPA processing in 14 new banks.

In 2024, the regulation came into force making it mandatory for PSPs to offer instant payments commencing January 9, 2025 in receipt and October 2025 in dispatch. The new regulation led many banks to activate this service for the first time, an obligation that BFF Bank managed to turn into an opportunity by enabling more than 40 PSPs during the year.

Regarding other regulatory changes underway for the payments industry, please note that the European Authorities are in the process of approving the following two regulations:

- Payment Systems Directive (PSD3) and its Regulations (PSR)
- Regulation on Open Finance (FIDA)

These two initiatives by the legislator are intended to significantly change the payments market in the coming years by opening up further competitive challenges in the industry, pursuing the goals outlined by the European Commission's 2020 Retail Payments Strategy.

The proposed amendment to the PSD directive, in addition to addressing the security issues in the "customer to bank" route, aims to harmonize the rules on authorization and supervision of payment institutions. The main innovation of this initiative is the integration of the second e-money directive into the Payment Services Directive (PSD2) and the extensive reduction of authorization requirements. The proposal integrates former e-money institutions (IMELs) as a subcategory of payment institutions (PIs). As previously indicated, the regulatory details that may allow payment institutions to carry out these transactions are still being drafted by the Authorities, the conclusion of the regulatory process is expected within the first half of 2025.

The regulation on Open Finance (FIDA) appears to be further along than the PSD3 and nearing completion. The provision for opening the system to third-party enablers, other than PSPs, also on services not strictly related to payments, could represent a breakthrough in the entry of new players who will be able to offer competitive, data aggregation services and new use cases for the target markets.

The Digital Euro project also continues, for which the first version of the rulebook has been completed. The Digital Euro proposal outlines the basic principles of how the ECB's digital currency is to function, which, in its intentions, should complement the use of cash and have the same peculiarities of being free of charge to end users, facilitating both financial inclusion and access to digital payments, as well as being a key element in consolidating monetary sovereignty within the EU. BFF is part of the ABI and ABILab working groups overseeing the development of the project in the interbank sphere; it is also participating in a European round table for the purpose of determining the costs of the initiative and its potential.

With the Digital Euro, every European citizen may have a digital wallet tied to a payment account, to be used for transactions, both offline and online, with a spending limit managed at operational level by their PSP that will provide the wallet service. Online transactions would offer the same level of data protection as existing digital means of payment, while offline payments would guarantee a high level of privacy and data protection for users.

Banks and other PSPs across the EU would distribute the Digital Euro to citizens and businesses, providing basic Digital Euro services free of charge to individuals. PSPs that will deliver the Digital Euro are left with the option of charging a fee for payments to merchants and offering value-added services for a fee to develop innovation.

Merchants throughout the Eurozone would be required to accept the Digital Euro, except for very small merchants who may choose not to accept digital payments. The Digital Euro project was launched in October 2021, and in the fall of 2023 the ECB Governing Council completed the ongoing investigation into the technical characteristics and related deployment arrangements, and launched a preparation phase in order to develop and test the new currency.

Given its role as a collector and intermediary for many banks and PSPs, BFF could play an important role in ensuring interoperability and reachability of the new digital currency, including greater efficiency and effectiveness in any distribution and reporting. In this regard, every effort is being made to represent in every institutional forum the need to include in the final model of operation of the Digital Euro, the role of correspondent bank (or second-tier), in continuity with all SEPA payment schemes to date.

Key events in the Group

This section shows the main events that occurred in the financial year 2024.

On April 8, BFF successfully placed a new social unsecured senior preferred bond in the total amount of €300 million maturing on March 20, 2029 (with an option for early redemption on March 20, 2028) at a fixed rate of 4.750% per annum. The Bonds were placed at a reoffer yield of 4.775% (corresponding to a spread of 190 basis points on the reference mid-swap rate) payable every year and were intended only for qualified institutional investors in Italy and abroad, pursuant to Regulation S of the United States Securities Act of 1933, as amended. The transaction recorded an overall demand of more than €675 million, amounting to around 2.25 times the supply (approximately €425 million at reoffer), with high quality and broad geographic diversification of institutional investors.

The net proceeds of the Bonds will be allocated to finance and/or refinance the Eligible Social Assets, as defined in the Bank's Social Bond Framework published in September 2023.

On April 18, the Shareholders' Meeting elected the new Board of Directors, with Ranieri de Marchis as the new Independent Chairperson; the new Board of Directors confirmed Massimiliano Belingheri as Chief Executive Officer.

The Shareholders' Meeting also approved the 2023 financial statements and the proposed distribution of a dividend from the 2023 profits of €0.541 per share, which, along with the interim dividend of €0.438 distributed in September 2023, brought the total dividend for 2023 to €0.979 per share.

On April 24, BFF paid the balance of the 2023 dividend, which was approved by the Shareholders' Meeting on April 18.

On April 29, 2024, BFF received the report from the Bank of Italy containing the results of the follow up inspections concluded on January 12, 2024; at the same time, the Bank of Italy announced that it had initiated the sanctioning procedure. In the Supervisory Letter, the Bank of Italy identified certain critical issues and submitted compliance findings on i) Chief Executive Officer remuneration mechanisms, ii) corporate governance mechanisms and iii) the classification of public receivables based on the indications set forth in EBA guidelines. In particular, this last finding regards the application of the suspension of the calculation of late payment days for the purpose of the prudential classification of the credit exposure in default.

The Bank responded to these findings on July 11, 2024.

Pending the examination of the Bank's decisions on the basis of the inspection findings presented, the Regulator established that the Bank should temporarily refrain from approving or carrying out (i) the distribution of profits (generated starting from the current year 2024) or other capital elements; (ii) the payment of the variable part of remuneration; (iii) the additional expansion of operations abroad, by opening new branches or expanding under the provision of services regime in new countries.

On May 23, 2024 the Moody's rating agency placed all of BFF's ratings and assessments under review for downgrade. The rating action originated from that which was disclosed to the market by BFF on May 9 and 10, 2024 relating to the supervisory measures undertaken by the Bank of Italy. The review for downgrade was closed on November 19, 2024, when Moody's confirmed the investment grade on the Bank's long-term and short-term deposits as "Baa3"/"prime 3", respectively.

On June 20, 2024, the rating agency DBRS Morningstar confirmed BFF's ratings, with the Long-Term Issuer Rating of BB (high) and the investment grade Long-Term Deposit rating of BBB (low), both with a stable outlook.

On September 25, 2024, the Bank of Italy, upon completion of the administrative process for determining the consolidated minimum requirements for own funds and eligible liabilities ("MREL"), notified the Bank that, as of January 1, 2025, BFF Bank S.p.A. will have to comply with the following consolidated capital requirements:

- MREL in terms of TREA (Total Risk Exposure Amount) of 22.90%;
- MREL in terms of LRE (Leverage Ratio Exposure) of 5.40%.

On October 11, 2024, BFF announced the update of its medium- and long-term bond program ("EMTN Program") amounting to €2,500,000,000. The EMTN Program update confirms the continuous diversification of sources of funds by BFF and access to a broader and deeper investor base through an active, long-term commitment in the capital markets.

On October 22, BFF successfully placed a new social unsecured senior preferred bond in the total amount of €300 million with a maturity date of March 30, 2028 (with an option for early redemption on March 30, 2027) at a fixed rate of 4.875% per annum. The Bonds were placed at a reoffer yield of 4.95% (corresponding to a spread of 262.2 basis points on the reference mid-swap rate) payable every year and are intended only for qualified institutional investors in Italy and abroad, pursuant to Regulation S of the United States Securities Act of 1933, as amended. This transaction recorded an overall demand of more than €670 million, amounting to around 2.2 times the supply, with high quality and broad geographic diversification of institutional investors.

This issue, together with the April 8, 2024 issue, was carried out under the Euro Medium Term Note (EMTN) Program of €2.5 billion and under the Social Bond Framework established by the Issuer. Both issues are aimed at meeting MREL requirements, which are mandatory for BFF as of January 1, 2025, and which, as previously noted, were communicated by Bank of Italy to the Bank on September 25, 2024.

On November 13, 2024, the Bank of Italy carried out thematic investigations on the money laundering risk mitigation measures set up by the banking system with regard to the customer transaction monitoring process. The investigations, which involved BFF (and other selected banking institutions), were concluded on December 20, 2024, and resulted (in February 2025) in findings only of a management nature.

On December 17, 2024, Standard Ethics Ltd. ("Standard Ethics"), an independent sustainability rating agency, at the end of the analysis process carried out for the second time in solicited form, revised upward the Bank's Corporate Standard Ethics Rating (SER) to "EE-" from the previous "E+" assigning a "Stable" Outlook.

On December 19, BFF announced that the Bank's Board of Directors, after the preparatory work and proposal by the Nominations Committee - in implementation of the Measure published by the Bank of Italy on August 1, 2023 containing amendments to the "Provisions on organization, procedures, and internal controls for anti-money laundering purposes" - appointed Mr. Domenico Gammaldi, effective January 1, 2025, as the new representative responsible for anti-money laundering (AML), a role that had until then been held by the Chief Executive Officer. In view of the above appointment, it was also necessary to review the composition of the board committees since: (a) the position of AML Representative is by its nature an "executive" position, and (b) the board committees must be composed of directors who are "all non-executive and for the most part independent", in accordance with the provisions of the laws and regulations in force.

Focus on the main phenomena affecting the Consolidated Financial Statements as at December 31, 2024

The most significant elements concerning the Consolidated Financial Statements at December 31, 2024 are the new classification of the loan portfolio for prudential purposes and the change in the estimated late payment interest and the compensation for recovery costs ("40 euros").

The new loan portfolio classification originates from the compliance finding on the classification of public receivables contained in the Bank of Italy inspection report received by BFF on April 29, 2024, to which the Bank responded on July 11, 2024.

The compliance finding regarded in particular the application of the suspension of the calculation of late payment days for the purposes of the prudential classification of the credit exposure in default, and therefore resulted in a revision of how loans classified as past due are calculated, triggering a significant increase in the item in question until reaching a level of €1,692.4 million at June 30, 2024, compared to €219.9 million at December 31, 2023 and €200.0 million at June 30, 2023.

Past Due exposures as at December 31, 2024 amounted to €1,734 million (including €84.8 million in cure period), compared to €1,692 million as at June 30, 2024.

Please recall, as already done in the previous Financial Statements 2023, that impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing loans), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Bank exposures) are treated differently. The actual credit risk profile assumed by the Bank is limited, as it has been assumed primarily with respect to public bodies not subject to procedures resulting in the risk of a loss of principal and the classification described above could result in significant distortions in the representation of the Bank's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

The change in estimate for the recognition of late payment interest and the compensation for recovery costs ("40 euros") instead took place after the updating of the time series concerning the relative collection percentages and the new elements emerging from that update. The time series are updated on at least an annual basis when the financial statements are prepared, and the change in collections is analyzed on a quarterly basis to confirm the recognition percentages in periodic reporting.

In the course of 2024, the Group, in making that update, refined several aspects of the model being used, in particular: (i) the database was critically reviewed, and (ii) the reference period of the analyses was critically analyzed, in order to make it more consistent with the mix of counterparties currently in the portfolio, with current operating methods and to ensure increased correspondence between the late payment interest and 40-euros databases. In this respect, for late payment interest the 2015-2024 time series was used, deeming the observations relating to the 2010-2014 period to be not very representative as they relate to collections that referred almost exclusively to the Italian NHS, which today represents just 31% of the overall provision. In compliance with the requirement set out in IAS 8.34, which calls for the adjustment of estimates when there are changes in the circumstances on which the estimate was based or when new information is obtained, the Bank increased the percentage of recognition of late payment interest and 40 euros, from 50% to 65%.

Pursuant to IAS 8.36, the change in estimate was recognized on a forward-looking basis during the year of the change and, therefore, reflected in the year 2024.

In 2024, the change in the recovery rate generated €137.9 million in higher receivables and non-recurring revenues (€98.0 million after tax), including €112.1 million for late payment interest and €25.7 million for the "40 euros" receivable.

Operating performance

KEY HIGHLIGHTS

Operating performance

- Profit for 2024 was €215.7 million, up 26% compared to 2023. Normalized profit for 2024 was €143.0 million;
- Loans and receivables with customers at €5.9 billion, up 5% year-on-year. In Italy, loans and receivables with customers grew 7% year-on-year, showing a reversal of the trend seen in the first 9 months and with record volumes in the fourth quarter of 2024;
- A significant increase in off-balance sheet reserves, mainly for late payment interest compared to June 2024: amounting to €529 million, + €61 million compared to June 2024;
- Ample liquidity with deposits standing at €8.5 billion, a Loan-to-Deposit Ratio at 69%, LCR at 234.2% and NSFR at 139.7%;
- CET1 ratio was at 12.2%, above the target threshold of 12%, and TCR at 15.1%, well above SREP limits. As regards 2024, CET1 stands at €639 million, up €202 million compared to 2023;
- MREL requirements, in place since January 2025, were already largely covered thanks also to the issuance of social unsecured senior preferred bonds amounting to €600 million issued during 2024.

Past due

- Compared to June 2024, more than 50% of the portfolio in past due was collected at the end of December 2024, and contagious invoices were reduced by 19%;
- Total past due stands at €1.7 billion due to the contagion effect on new purchases of debtors still in past due.

Review of 2026 targets

- Confirmation of established strategy during the definition of the Business Plan;
- Revision of financial targets to 2026 to account for a one-year delay in achieving plan targets;
- Adjusted Net Income 2026 expected to be around €240 million, ROTE above 40%, and, for the 2023-2026 period, cumulative dividends above €560 million assuming the removal of restrictions imposed by Bank of Italy.

Other significant information

- Authorization by the Bank of Italy to gather deposits in Greece;
- The European Court of Human Rights confirmed in a ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in financial distress, in the presence of judicial decisions that remain enforceable;
- The Polish presidency of the EU Council has given priority on its agenda to the Late Payments Directive. The EBA's revised guidelines on Definition of Default are expected in 2025.

MAIN ITEMS IN THE INCOME STATEMENT

(€ mln)

Normalized Income Statement[7]	2024	2023	%
Factoring & Lending Revenue	436.1	437.5	0%
Payments Revenue	67.2	63.1	7%
Security Services Revenue	24.7	23.6	5%
Other revenue	263.0	267.5	-2%
- of which HTC Securities Portfolio	192.3	180.5	7%
Total Revenue(*)	**790.9**	**791.7**	**0%**
Cost of money[8]	(391.0)	(354.9)	10%
Total Net Revenue	**399.8**	**436.8**	**-8%**
Operating Costs incl. depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(190.7)	(178.4)	7%
Cost/Income ratio (%)	48%	41%	7 bps
Net impairment losses/gains for credit risk	(9.3)	(8.6)	8%
Normalized pretax profit	199.9	249.8	-20%
Normalized profit for the year	**143.0**	**183.2**	**-22%**
Reported profit for the year[9]	**215.7**	**171.7**	**26%**

(*) the item total revenues also includes the net positive effect of adjusting the value of equity investments measured at equity at equity.

7) Income statement normalized in order to eliminate the impact of certain non-recurring items during the year, details of which are provided in the following note.
8) Including the profit on trading in derivatives used to hedge exposures to interest rates and currencies.
9) The reported profit for the period includes some non-recurring items. In 2024, these items referred to: the change in asset values, including the change relating to late payment interest and the compensation for recovery costs ("40 euros") for €(94.3) million, the cost of stock options for €4.7 million, the adjustment of the settlement agreement with the Chief Executive Officer for €(0.6) million, the amortization of customer contracts amounting to €1.9 million, the extraordinary allocations to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings for €11.7 million and other non-recurring costs for €3.9 million. In 2023 these items refer to: the extraordinary costs incurred in the period relating to non-recurring restructuring and M&A costs amounting to €3.0 million, the settlement agreement with the Chief Executive Officer for €1.7 million, the cost of stock options for €2.4 million, the amortization of customer contracts amounting to €1.9 million and other costs at €2.5 million.

During 2024, the Group, in line with its business plan, continued to focus on consolidating and developing its core businesses, offering new products and services, and pushing its role as a "second-tier bank."

With regard to funding, the focus has been on diversifying funding sources as well as optimizing the costs using the funding made available by the Securities Services and Payments BUs and the online deposit account.

In 2024, total revenues increased by 2% excluding the gain on the sale of certain government bonds, classified in the Held To Collect (HTC) portfolio, amounting to €19.8 million, realized in 2023, due to good performance of the Securities Services and Payment BUs and the HTC portfolio. The cost of funding was higher due to higher interest rate levels and senior unsecured bonds issued in April and October 2024 (+€13 million). Costs were 7% higher than last year mainly due to the renewal of the national contract of the Italian banking industry. Net value adjustments increased by 8% due to higher provisions on certain specific positions, mainly in Spain and Poland. Normalized net profit stood at €143.0 million (-22% compared to 2023, or -15% excluding the aforementioned gain on the sale of some government bonds).

Note that the BFF Group has no commercial exposure to the Russian and Ukrainian markets and is committed to strictly monitoring the processing activities of the Payments business unit to ensure compliance with the restrictions imposed on Russia.

GROUP INCOME STATEMENT

Reported net profit for the year

In terms of overall profitability, the cumulative performance of the Group's BUs, influenced by the phenomena indicated above, led to a reported profit of €215.7 million, including the non-recurring items that influenced the profit for the year, the details of which are shown in the table below.

Normalized net profit for the year

Eliminating the non-recurring items that impacted the results at December 31, 2024 the Group's normalized profit stands at €143.0 million, down 22% compared to the same period of the previous year, or down by 15% excluding the gain on the sale of several Held To Collect (HTC) government securities of €19.8 million, realized in the first half of 2023.

The main elements affecting the Group's normalized performance can be summarized as follows:

- The F&L BU revenues of €436.1 million were essentially stable compared to the same period in the previous year (€437.5 million), despite a lower "rescheduling/gains" spread on late payment interest collections (€4.4 million in 2024 compared to €29.3 million in 2023). Capital gains were higher in 2023 due to some significant transactions at the end of the year.
- Revenues from the Payments and Securities Services BUs, compared to 2023, increased by 7% to €67.2 million and 5% to €24.7 million, respectively. In both BUs, the increase in revenue was less than proportional to the increase in volume. Specifically, in the Securities Services BU this is due to the loss of a Global Custody customer in the fourth quarter of 2023.
- The operating efficiency was found to be worse than 2023, with a cost/income ratio of 48% (in 2023 41%, or 43% excluding the gain mentioned above deriving from the sale of government securities), due to the increased personnel expenses resulting from the renewal of the collective agreement in Italy, and higher costs incurred to support business growth and implement initiatives to improve the Group's processes and IT architecture, freeing up additional efficiency and reducing operational risks in the future.

The table below explains the transition from the reported profit to the normalized data.

Adjustments – €m	2024	2023	YoY %
BFF Group - Reported profit	**215.7**	**171.7**	**26%**
Stock Options & Stock Grants	4.7	2.4	
Other non-recurring costs	3.1	3.0	
Extraordinary Resolution Fund and FITD	1.5	1.2	
Non-recurring taxes	-	1.3	
Settlement agreement with the CEO	(0.6)	1.7	
Amortization of DEPObank's "customer contracts"	1.9	1.9	
Changes in asset values, including those relating to late payment interest and the compensation for debt collection ("40 euros")[10]	(94.3)	-	
Capital Gain e Impairment su real estate	(0.7)	-	
Provisions for Risks[11]	11.7	-	
BFF Group - Normalized profit	**143.0**	**183.2**	**-22%**

On the following pages, in order to provide a precise presentation of the performance of the various BUs, the comments will refer to normalized income statement data, eliminating the non-recurring elements that influenced the results for 2024 and 2023.

10) Includes the effect of tax credit rescheduling under Article 4-bis of Decree Law No. 39 of March 29, 2024.
11) This refers to an extraordinary allocation to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings.

GROUP STATEMENT OF FINANCIAL POSITION

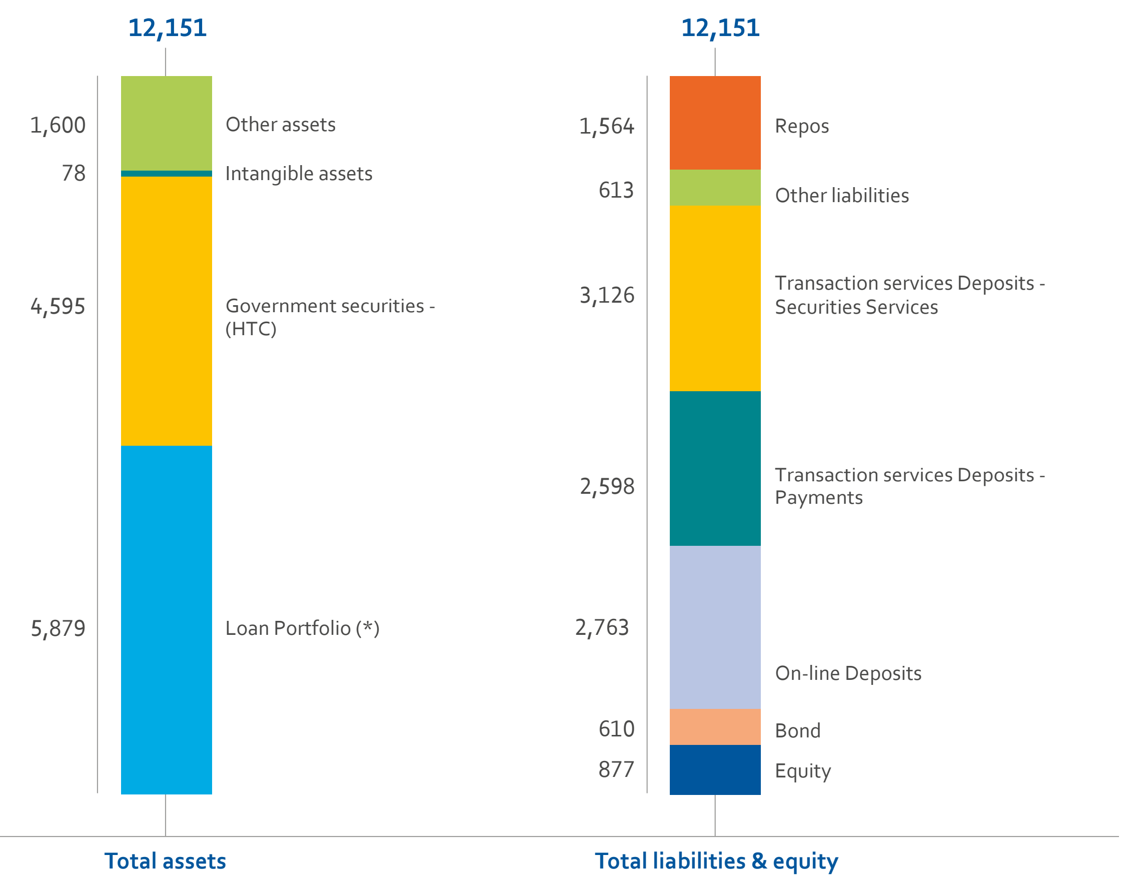
On the statement of financial position front, during 2024 the Group continued to focus on optimizing the costs related to the various forms of funding while maintaining high diversification, and on improving the returns of the various forms of lending.

Loans and receivables with customers increased to €5.9 billion, up 5% year-on-year. HTC Securities Portfolio declined 7% year-on-year to €4.6 billion. Liquidity was in line with the size of the loan portfolio, with a Loan-to-Deposit ratio at 69%.

It should be noted that on April 8, BFF successfully placed a social unsecured senior preferred bond issue in the total amount of €300 million, maturing on March 20, 2029 (with the option of early redemption on March 20, 2028) at a fixed rate of 4.750% per annum. On October 22, it successfully placed a new social unsecured senior preferred bond issue in the total amount of €300 million, maturing on March 30, 2028 (with the option of early redemption on March 30, 2027) at a fixed rate of 4.875% per annum. Both placements allow BFF to meet MREL requirements, in place since January 2025.

Lastly, please note that the loan portfolio includes the increase in receivables for late payment interest and the compensation for recovery costs ("40 euros"), resulting from the increase in the percentage of recognition from 50% to 65%.

(€m)



(*) Including "Ecobonus" tax assets in the amount of €464 million, which are accounted for under the item "Other Assets" and the amount of the "Lump-sum indemnity" and "Late payment interest" funds recognized in the income statement in the amount of €733 million.

Lending

The Factoring & Lending Loan Portfolio was €5.9 billion, up by 5% compared to December 2023. International markets now account for around 37% of total loans to customers. Compared to December 31, 2023, all countries showed an increase except Spain, which declined by 18% due to liquidity injections by the government of about €29 billion. Italy experienced a 7% increase due to higher volumes in the last quarter of 2024. Poland, +7% year-on-year, Greece, +30% year-on-year, and France, with an increase greater than 100% year-on-year, confirm a positive growth trend.

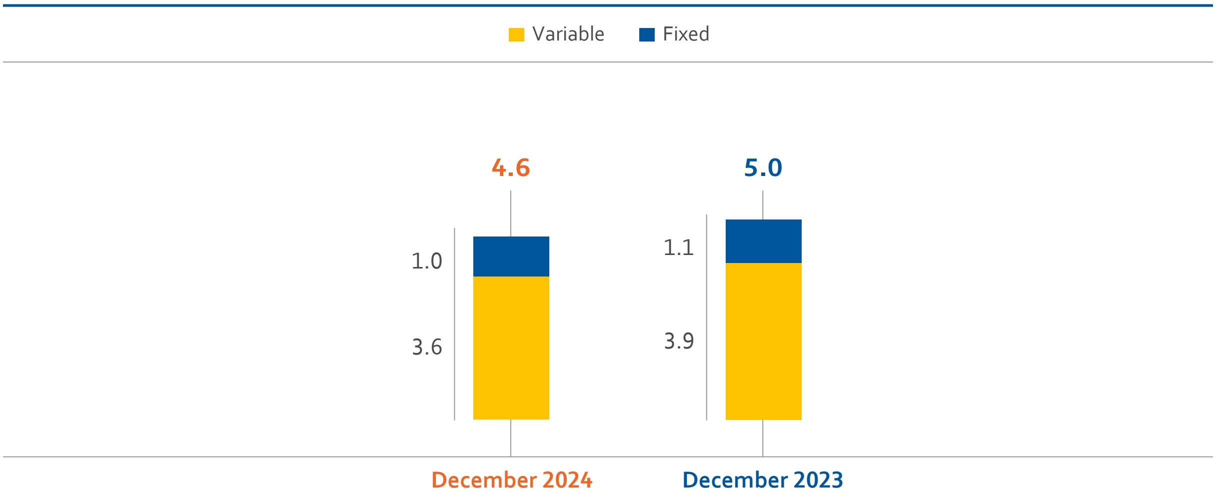
Loan Portfolio (€ mln)	12.31.2024(*)	12.31.2023(*)
Italy	3,675	3,448
Spain	492	599
Poland	983	919
Slovakia	224	245
Portugal	229	223
Greece	217	166
Other countries (Croatia, France and the Czech Republic)(**)	60	16
Total	**5,879**	**5,617**

(*) Including "Ecobonus" tax assets for €251.6 million according to the HTC Business Model (€354.2 million as at December 31, 2023) and €212.0 million according to the Trading Business Model (€59.9 million as of December 31, 2023), accounted for under Other assets in the Statement of Financial Position, and "on-Statement of Financial Position" provisions relating to late payment interest and the compensation for recovery costs ("40 euros") for €733 million (€528 million as of December 31, 2023).

(**) of which France's receivables amounted to €58 million as at December 31, 2024.

The government bond portfolio reached €4.6 billion compared to €5.0 billion as at December 31, 2023. The reduction is mainly due to securities that matured during 2024 and were not reinvested in line with the defined strategy.

HTC SECURITIES PORTFOLIO (€ billion)



Loan quality for prudential purposes

In order to analyze its credit exposures, aimed among other things at identifying any impairment losses on financial assets in accordance with IFRS 9, the Banking Group classifies exposures as Performing and Non-Performing.

With regard to credit quality, total net impaired exposures increased by €1904.2 million at December 31, 2024 compared to €333.4 million at December 31, 2023. The increase was mainly caused by impaired past due exposures (+€1,514.6 million compared to December 31, 2023). This item was significantly impacted by the portfolio reclassification carried out as at June 30, 2024 in order to respond to the compliance finding of the Bank of Italy on the definition of past due receivables, without however corresponding to an effective deterioration of the underlying credit quality.

Non-Performing exposures, whose overall gross amount was €1,930.2 million at December 31, 2024 with impairment losses totaling €26.1 million, are divided into the following categories.

Non-performing loans

These are exposures to parties that are in a state of insolvency or in basically similar situations, regardless of any loss projections recognized by the Bank.

At December 31, 2024, the total non-performing loans of the Banking Group, net of impairment, amounted to €100.9 million. Among these non-performing exposures, €94.8 million (94.0% of the total) concerned regional authorities in financial distress, which will return to performing status once the recovery procedure has been completed.

Gross non-performing loans amounted to €115.1 million (€120.9 million as of December 31, 2023) and related adjustments amounted to €14.2 million (€21.1 million as of December 31, 2023).

Please note that, as for the exposures to Local Authorities (Municipalities and Provincial Governments), in accordance with the Bank of Italy Circular no. 272 the portion subject to the relevant settlement procedure, the claims included in OSL's liabilities, are classified as non-performing, even though all claims can be collected under the law at the end of the insolvency procedure.

In this regard, it should be recalled that the European Court of Human Rights confirmed, in a ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in financial distress, in the presence of judicial decisions that remain enforceable. The Group has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

Unlikely-to-pay positions

Unlikely to pay exposures reflect the judgment made by the intermediary about the unlikelihood, excluding such actions as the enforcement of guarantees, that the debtor will fully fulfill (for principal and/or interest) its credit obligations. This assessment should be arrived at independently of the existence of any past due and unpaid amounts (or installments). Therefore, it is not necessary to wait for an explicit sign of anomaly (e.g., failure to repay) when there are factors that signal a default risk situation for the debtor.

As at December 31, 2024, gross exposures classified as unlikely to pay amounted to €78.1 million (€19.1 million as at December 31, 2023) and related adjustments amounted to €9.4 million (€5.4 million as at December 31, 2023) for a net amount of €68.8 million (€13.7 million as at December 31, 2023). The increase over the previous year can primarily be ascribed to some public exposures in Poland.

Impaired past due exposures

Impaired past due exposures consist of positions vis-à-vis entities with a past-due situation, where the overall amount of past-due and/or overdue exposures has been higher than, for at least 90 consecutive days, *(i)* the relative materiality threshold (relative limit of 1% given by the ratio between the total past-due and/or overdue amount and the total amount of all credit exposures to the same Debtor) and (ii) the absolute materiality threshold (absolute limit equal to €100 for retail exposures and €500 for non-retail exposures).

As at December 31, 2024, net past due exposures amounted to a total, for the entire Banking Group, of €1,734.5 million (€219.9 million as at December 31, 2023). Gross exposures amounted to €1,737.0 million and relevant adjustments amounted to around €2.5 million. 95.2% of these exposures relate to public counterparties.

As previously stated, this item was strongly impacted by the portfolio reclassification carried out as at June 30, 2024 in order to respond to the compliance finding on the previous classification of public receivables carried out by the Bank without, however, corresponding to an actual deterioration in the quality of the underlying receivable.

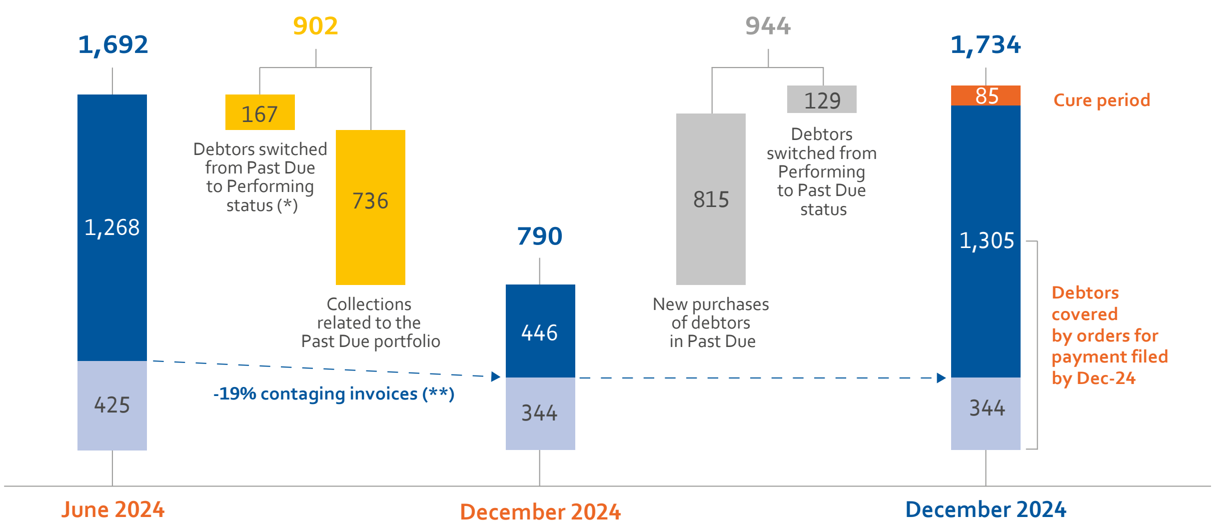
Specifically, the compliance finding regarded the application of the suspension of the calculation of late payment days for the purposes of the prudential classification of the credit exposure in default, and therefore resulted in a revision of how loans classified as past due are calculated.

Compared to June 2024, the date when the previously mentioned reclassification took place, the following is noted:

- a reduction of more than 50% of the Past Due outstanding as of June 2024, thanks to collections;
- a 19% reduction in contagious invoices (about €80 million) during the second half of 2024;
- a reduction of about 65% in the past due of the front-book
- new past due from purchases resulting almost entirely from the contagion effect.

In addition, as at December 31, 2024, about 670 orders for payment had been filed against debtors, representing about 77% of Italy's past due exposure for 2024 and about 60% of the Group's total past due exposure.

TOTAL PAST DUE EXPOSURES (€ million)



(*) In the case in which the conditions for past due classification are no longer applicable, a period of 3 months ("Probation Period) must pass before reclassifying an exposure from past due to performing.

(**) Contagious invoices are at nominal value

As already recalled when the 2023 financial statements were drafted, impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Bank exposures) are treated differently. The actual credit risk profile assumed by the Group is limited, as it has been assumed primarily with respect to public bodies not subject to procedures that entail the risk of a loss of principal and the classification described above could lead to significant distortions in the representation of the Group's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

(values in thousand euros)

Type	12.31.2024			12.31.2023		
	Gross amount	Impairment losses/gains	Net value	Gross amount	Impairment losses/gains	Net value
Impaired exposures purchased performing (Stage 3)	1,927,009	(25,855)	1,901,154	355,498	(27,668)	327,831
Impaired exposures purchased non-performing (Stage 3)	3,192	(197)	2,996	5,785	(201)	5,584
Performing exposures (Stage 1 and 2)	3,567,102	(1,619)	3,565,484	4,923,350	(1,682)	4,921,668
Total	**5,497,303**	**(27,670)**	**5,469,633**	**5,284,634**	**(29,551)**	**5,255,083**

Funding

On the liabilities side, the optimization of funding sources continues through the maintenance of online deposits and the definition of the liabilities structure aimed at complying with regulatory requirements (i.e. MREL) through the realization of two Social senior unsecured-preferred bond issues, for the total nominal amount of €600 million maturing on March 20, 2029 and March 30, 2028, respectively, both with an option for early redemption in favor of the Issuer one year before the maturity of the Securities.

The Transaction Services department, with its Securities Services and Payments BUs, raised about €5.7 billion compared to €6.4 billion as at December 31, 2023. In view of stable Securities Services funding (€3.1 billion as at December 31, 2024, €2.9 billion as at December 31, 2023), there is a reduction in Payments funding of about €0.9 billion (from €3.5 billion as at December 31, 2023 to €2.6 billion as at December 31, 2024) due to less liquidity left by customers on technical settlement accounts and due to the lower contribution of the cashier's check service.

The Group continued to offer the online deposit account solution aimed at retail and corporate customers and guaranteed by the Interbank Deposit Protection Fund in Italy with Conto Facto, in Spain, the Netherlands, Ireland and Germany with Cuenta Facto and lastly in Poland with Lokata Facto.

As at December 31, 2024 total nominal takings of Conto Facto, Cuenta Facto and Lokata Facto amounted to a total of €2.8 billion, stable with respect to December 31, 2023.

The nominal value of outstanding bond issues as at December 31, 2024 was €750 million in total (related to the AT1 issue and the new Social Senior Preferred bond issue) compared to €150 million as at December 31, 2023.

Repos amounted to €1.6 billion, down from the recorded figure of €1.7 billion as at December 31, 2023.

The leverage ratio totaled 6.3% thanks to the higher shareholders' equity.

Finally, note that BFF continues to have no financing with the European Central Bank (ECB), neither ordinary (OMA) nor extraordinary (PELTRO, TLTRO etc).

Equity, Own Funds and Equity Ratios

BFF Banking Group continues to maintain its capital strength.

The BFF Banking Group's dividend policy stipulates that the amount of normalized consolidated net profit generated during the fiscal year in excess of a 12.0% CET 1 ratio level (subject to compliance with all other current and prospective regulatory indicators) will be distributed on a semi-annual basis, with one payment based on normalized consolidated net profit for the first half of the year, and one payment based on normalized consolidated net profit at year-end. Please note that following the findings sent by the Bank of Italy on April 29, 2024, to which the Bank responded on July 11, and pending the examination of the Bank's determinations, the Regulator temporarily suspended the distribution of profits generated starting from the current year 2024.

Equity as at December 31, 2024 amounted to €877 million, while BFF Banking Group's Equity as at the same date amounted to €788.5 million, including 150 million of an Additional Tier 1 unsecured and rated subordinated bond placed on January 19, 2022. During 2024, the Bank paid accrued interest on the AT1 loan totaling €8.8 million.

The capital ratios CET1, Tier 1 Capital Ratio and Total Capital Ratio, which include the net profit for 2024, stand at 12.2%, 15.1% and 15.1% respectively, far above minimum regulatory limits, which are 9.4% for the CET1 SREP ratio and 12.9% for the Total Capital Ratio SREP. The ratios are only slightly higher than the target CET1 ratio of 12.0% and Total Capital Ratio of 15% despite the level achieved by the past due as a result of the new portfolio classification and due to the capitalization of profits for the financial year. The leverage ratio indicator has improved to 6.3% thanks to higher equity.

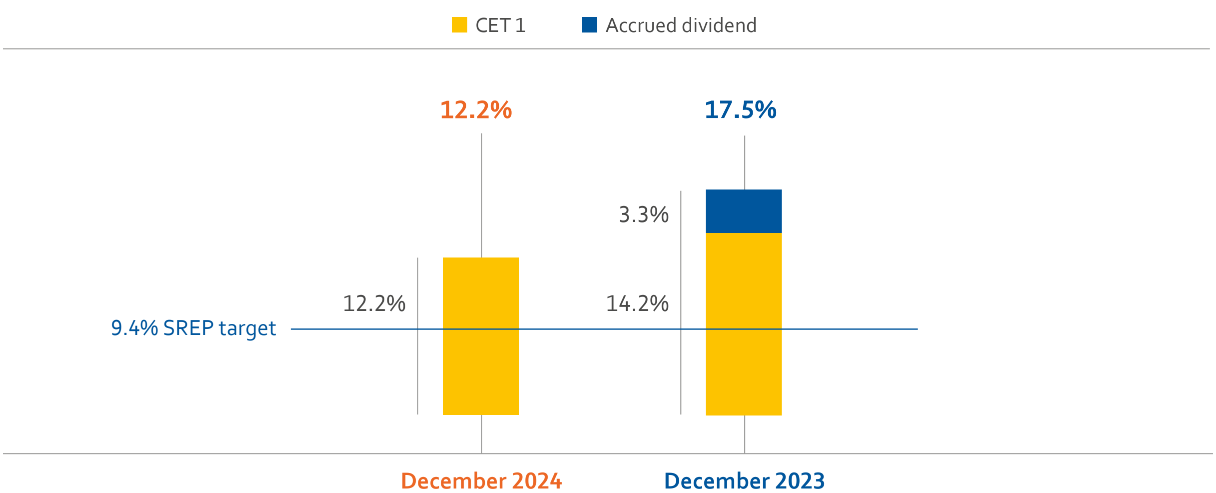
RWA[12] density, higher than in 2023 as a result of the portfolio reclassification required by Bank of Italy, decreased compared to June 2024 despite an increase in operational risk of €141 million increase following the increase in the calculation base. This base includes only the year-to-date items in December 2024, items impacted by the change in the percentage of recognition of late payment interest and the "40 euros".

Finally, please note that on September 25, 2024 the Bank of Italy, as Resolution Authority, adopted the 2023 resolution plan for BFF Banking Group, confirming resolution as a crisis management strategy for the BFF Bank Group and defining the MREL requirements, mandatory for BFF from January 1, 2025, which are largely covered.

12) RWA density is calculated as the ratio of RWA to total assets excluding cash and cash equivalents and the HTC securities portfolio.

COMMON EQUITY TIER 1 RATIO

	December 2024	December 2023
RWAs	5,215	3,077
RWAs density	70%	43%



Bonds and ratings

On November 19, 2024, Moody's Rating Agency closed the review for downgrade with regard to all BFF's ratings and assessments that had begun on May 22, 2024, confirming BFF's Investment Grade Ratings on Long-Term (LT) and Short-Term (ST) Deposits, equal to "Baa3"/" Prime-3" respectively, and decreasing all other ratings and assessments of BFF by one notch, including the Long Term Issuer and Senior Unsecured Debt ratings to "Ba3" from "Ba2," and BFF's Baseline Credit Assessment (BCA) and Adjusted BCA to "ba3" from "ba2". Please note that the rating action relating to the review for downgrade originated from that which was disclosed to the market by BFF on May 9 and 10, 2024 relating to the supervisory measures undertaken by the Bank of Italy.

The Outlook on the Rating on Long-Term Deposits and Long-Term Issuer Ratings and Senior Unsecured Debt Ratings is Stable. Previously, the Ratings were in "review for downgrade."

BFF's BCA at "ba3" also reflects the negative one-notch adjustment on corporate behavior following the inspection findings of the Bank of Italy. According to Moody's, resolution of the governance concerns could eliminate the negative one-notch adjustment, potentially resulting in an upgrade of the BCA.

The investment grade rating on Long-Term Deposits (LT) was confirmed at "Baa3". This stems from a reduction in the expected loss to depositors following the issuance of a senior unsecured bond in October 2024, which increased the debt subject to bail-in. This translates into a three-notch increase as regards BFF's Adjusted BCA compared to the previous two notches.

Long-term Issuer and Senior Unsecured Debt ratings at "Ba3" reflect the downgrade of BFF's BCA to "ba3".

In summary, the ratings assigned to BFF by Moody's are as follows:

- BFF's Baseline Credit Assessment ("BCA") of "ba3";
- The Long-Term Issuer Rating of "Ba3";
- The Senior Unsecured Debt rating of "Ba3";
- The Long-Term Bank Deposit rating of "Baa3";
- The Short-Term Bank Deposit rating of "Prime-3".

As regards the bonds issued by BFF, please note that the following issues are outstanding as of December 31, 2024:

- The Additional Tier 1 bond issued in January 2022 in the amount of €150 million, which Moody's Rating Agency gave a credit rating of "B2" at the time of issue and whose rating to date is "B3" in relation to the downgrade approved by Moody's in November 2024;
- the social unsecured senior preferred bond in the total amount of €300 million maturing on March 20, 2029 and with early redemption in favor of the Issuer on March 20, 2028 at a fixed rate of 4.750% per annum, which Moody's gave a rating of "Ba2" at the time of issue. As a result of the rating action defined by Moody's during November 2024, the issue was downgraded to "Ba3";
- the social unsecured senior preferred bond in the total amount of €300 million maturing on March 30, 2028 and with early redemption in favor of the Issuer on March 30, 2027 at a fixed rate of 4.875% per annum. The bonds were given a rating at the time of issuance of "Ba2" by Moody's and "BB (high)" by DBRS. As a result of the rating action defined by Moody's during November 2024, the issue was downgraded to "Ba3".

For further information refer to the Moody's press release published on the agency's website and the *Investors* > *Debt* > *Ratings* section of the Group website.

On December 5, 2024, Moody's published an update of the Credit Opinion, taking up the topics already outlined in the November 19 Press Release.

For more details, please see the note published by Moody's on their website.

On June 20, 2024, DBRS Morningstar ("DBRS"), following an Annual Review, confirmed the Group's ratings, with the Long-Term Issuer Rating at BB (high) and the investment grade Long-Term Deposit rating at BBB (low), both with a stable outlook. Furthermore, DBRS believes that the Bank of Italy inspection findings do not entail an actual increase in credit risk nor do they impact the outlooks and risk profile underlying BFF's business.

The DBRS analysis reflects the Bank's strong profitability, which the agency expects will continue in the near future, at levels higher than those of domestic peers, assuming that, in a declining interest rate scenario, its liability structure will be repriced more rapidly than its assets and that volumes will remain high in a context of lower liquidity, with solid operational efficiency and a low cost of risk.

DBRS's confirmation of the rating also reflects (i) the Bank's leadership position in the niche sector of the management and non-recourse factoring of trade receivables due from the Public Administration and the National Healthcare Service, and its degree of diversification by geographical area and business line, (ii) the adequate capitalization profile and asset quality and (iii) the solid liquidity position, with lower recourse to wholesale funding sources.

Specifically, the rating agency DBRS assigned the following ratings to BFF:
- Long-Term Issuer Rating: "BB (high)," outlook stable;
- Short-Term Issuer Rating: "R-3", outlook stable;
- Long-Term Senior Debt: "BB (high)", outlook stable;
- Short-Term Debt: "R-3", outlook stable;
- Long-Term Deposits: "BBB (low)", outlook stable;
- Short-Term Deposits: "R-2 (middle)", outlook stable.

For further information refer to the DBRS press release published on the agency's website and the *Investors* > *Debt* > *Ratings* section of the Group website.

On June 27, 2024, to complete the Bank's rating review process, DBRS published the Rating Report, confirming the Group's risk profile and taking up the topics already outlined in the June 20 press release.

For additional details, please refer to the DBRS website.

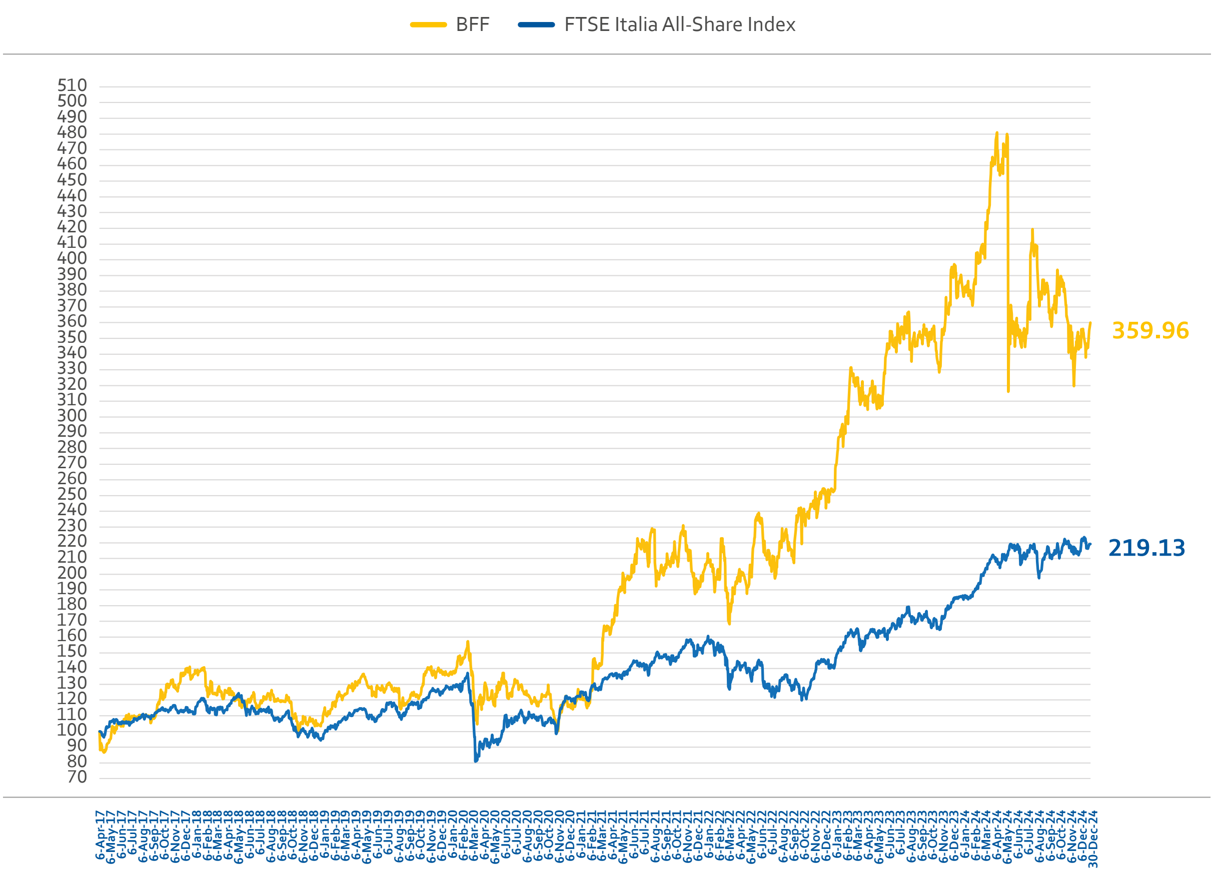
Please refer to the Sustainability Report for ESG ratings.

Share performance

The BFF Bank stock (ISIN Code: IT0005244402 – Italian stock exchange ticker: BFF) has been traded on the Euronext Milan market of Borsa Italiana since April 7, 2017, "Finance" Industry and "Financial Services" Super Sector.

The BFF share price at December 30, 2024 was €9.20, up by 96% over the IPO share placement price of €4.70. From listing to December 30, 2024, the Bank distributed a total gross dividend of €4.39 per share. Taking into consideration the distributed dividends, and assuming them to be reinvested in the BFF share on ex-date, total return for shareholders at December 31, 2024 compared to the IPO placement price was 260%. The FTSE Italia All-Share Index total return was 119%.

Total return since the IPO, with reinvested dividends (*)



(*) As at December 30, 2024, BFF stock is part of the following FTSE indices, among others: NBIM Custom FTSE Global Benchmark ITALY Index; EMEA Monitored; FTSE Italy SMID Cap Tradable Plus Index; CalPERS Custom FTSE Global Benchmark ITALY Index; FTSE Italia All-Share Financials Index; FTSE Italia All-Share Financial Services Index; FTSE Italia All Share Mid Cap Index - Specialty Finance; FTSE Italia MIB Storico; FTSE Italia PIR PMI Index; FTSE Italia PIR PMI Cap Index (WI); Russell RAFI Global Small Cap Portfolio; FTSE RAFI Developed Europe Mid Small Net Index; FTSE RAFI Developed Europe Mid Small Index - QSR; FTSE RAFI Developed Europe Mid Small Index; FTSE RAFI Developed ex US Mid Small 1500 Index; FTSE RAFI Developed ex US Mid Small 1500 Net Index; FTSE RAFI Developed Mid Small ex US 1500 Index - QSR; FTSE Shariah Exclusion List; FTSE Italy Small Cap Index - Specialty Finance; Universe ITALY Index.

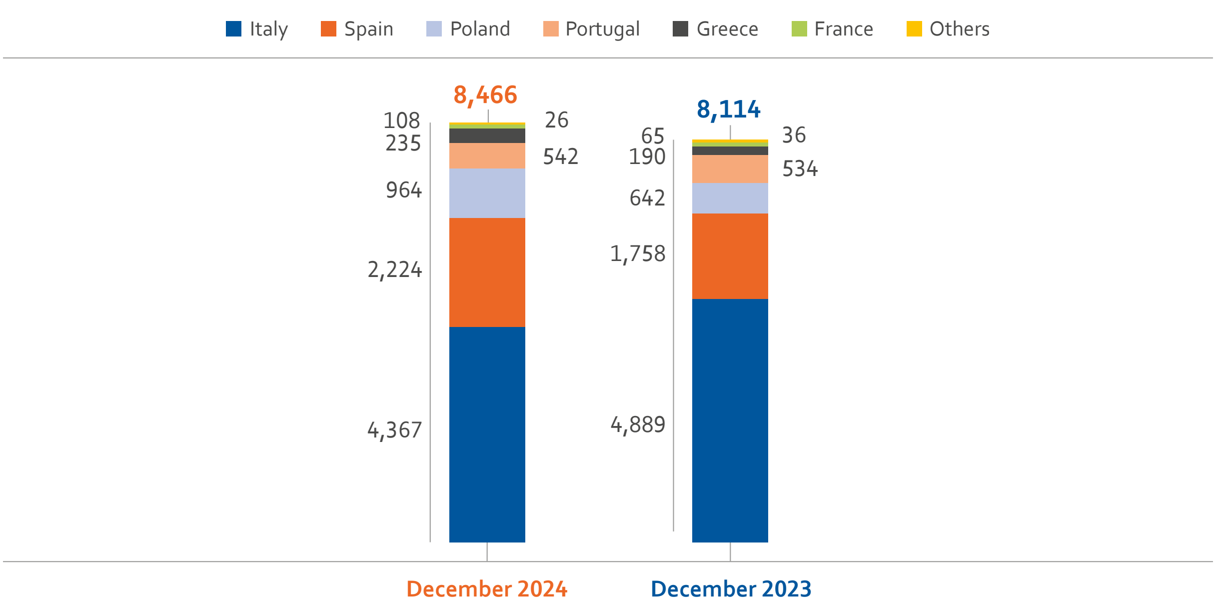
Factoring & Lending BU
Main KPIs and Economic Results

The Factoring & Lending BU carries out its lending and offers its services through products such as non-recourse factoring, lending and credit management to public administration bodies and private hospitals.

The Group currently performs these activities in nine countries (Italy, Croatia, France, Greece, Poland, Portugal, the Czech Republic, Slovakia and Spain).

The loan portfolio amounted to €5.9 billion as at December 31, 2024 and, thus, increased by 5% compared to December 31, 2023 (€5.6 billion) just as the volumes of loans purchased and disbursed were up compared to the previous year (€8,466 million as at December 31, 2024 compared to €8,114 million as at December 31, 2023, +4% year-on-year) in almost all countries with the exception of Slovakia and Italy which, despite a reduction of 11% year-on-year, showed, in the last quarter of 2024, a reversal of the negative trend of the previous quarters, closing with a 3% increase compared to the fourth quarter of 2023.

VOLUMES



The market share of BFF with respect to central and local government entities, establishments of the Healthcare System, and entities of the Social Security System stands at 34.6% in terms of non-recourse outstanding and 17.1% in terms of turnover13.

DSOs recorded by BFF on factoring activities and credit management on behalf of third parties showed a reduction in Spain and Portugal, compared to December 31, 2024, and an increase in the other geographies.

13) Internal source. It should be noted that the market share in the non-recourse is to be considered underestimated, as information on only non-recourse market turnover is not available. In addition, the figure does not include tax receivables and credits.

Specifically, for Italy, DSOs increase to 183 days due to worsening payment flows of NHS entities and the postponement of certain transactions, and related payments, originally scheduled for year-end 2024 and subsequently not realized.

In Spain and Portugal, thanks to liquidity injections received by institutions at year-end, DSOs declined despite increased year-end purchases.

In Slovakia, DSOs are up compared to December 2023 mainly due to the backlog of loans in litigation, for which the time for completion of the legal procedures is becoming longer.

The increase in Greece is mainly due to the increase in government expenditure in general, which, despite the liquidity received, has led to delays in the authorization of payments for supplies.

With respect to the increase in DSO in France, this figure should also be analyzed in consideration of the very small size of the business.

DSO – days (BFF data, Acquisitions and Management, Public and Private):

	12.31.2024	12.31.2023
ITALY	183	159
SPAIN	117	191
PORTUGAL	121	127
GREECE	300	254
CROATIA	-	40
FRANCE	182	76
SLOVAKIA	1,130	934

The provision for late payment interest and the provision for compensation for recovery costs (so-called "40 euros") amounted to €1,002 million and €260 million, respectively, and in total were up 11% compared to the same period of the previous year. The table below also shows the amounts not yet transferred to the Income Statement as at December 31, 2024 and December 31, 2023. Note that the increase in the amount transferred to the income statement in 2024 is affected by the change in the percentage of recognition of late payment interest and lump sum indemnity for debt collection from 50% to 65%: the amount not transferred still remains at significant levels.

Gross yield on loans and receivables with customers decreased compared to 2023 to 7.5% (-4%), due to a lower "rescheduling/gains" spread on late payment interest collections (€4.4 million in 2024 compared to €29.3 million in 2023).

The cost of credit remains at negligible levels thanks to the high standing of the customers served and the rigorous origination process and monitoring of credit, despite the larger portfolio of loans and receivables with customers and some specific write-downs.

€M	12.31.2024	12.31.2023
Provision for late payment interest	1,002	869
Lump-sum indemnity provision	260	264
Provision for late payment interest not transferred to the income statement	438	474
Lump-sum indemnity provision not transferred to the income statement	90	132
Gross yield on loans and receivables with customers % (net of "40 euros")	7.5%	7.8%

Normalized interest income, which stood at €408.7 million, stable compared to €407.8 million in 2023, was affected by a lower "rescheduling/gains" spread on late payment interest collections (€4.4 million in 2024 compared to €29.3 million in 2023).

The "rescheduling/gains" spread included in net interest income, i.e. the differential between capital gains generated by the receipts of late payment interest exceeding the percentage accounted for on an accruals basis and rescheduling, that is, the effects related to the discounting of receivables not collected according to internal estimates and therefore reprojected forward over time, also recorded a negative trend when compared to the same period of the previous year (-€24.8 million).

Normalized other operating expenses and income, included in Other Revenue, include the economic impacts deriving from the compensation for recovery costs ("40 euros") which in the course of 2024 led to an impact of €20.2 million, down from €23.3 million in 2023, essentially due to a different mix of volumes in Italy.

Total Normalized Net Revenue, therefore, stood at €436.1 million, compared to €437.5 million in the same period as 2023, due to the phenomena described above.

€M (normalized values)	12.31.2024	12.31.2023
Interest income	408.7	407.8
of which "rescheduling/gains" spread	4.4	29.3
Other Revenue (including other operating expenses and income)	27.3	29.7
Total net revenue	**436.1**	**437.5**

Securities Services BU
Main KPIs and Economic Results

Securities Services is the BU which deals with custodian banking for investment funds and related services such as global custody, fund accounting and transfer agents for national managers and various investment funds – such as pension funds, mutual funds and alternative funds – as well as banks and other financial institutions (i.e., stock brokerage firms). This business is mainly focused on the Italian market.

Specifically, Fund Services saw their assets under management rise, driven in particular by the good trend in Alternative Investment Funds (in 2024, AIF assets grew by 29.9%), and at the start of 2024 BFF Bank was officially nominated as the custodian bank of Cassa Forense, with approximately €17 billion in AuD. Opportunities for further growth in the sector have been limited by the non-release of the Investment Regulation of Pension Funds, which, among other things, would require Privatized Social Security Institutions to have a custodian bank but whose release has been delayed several times.

In the supplementary pension system, BFF is currently ranked first in terms of market share for the number of pension fund customers to which it offers its custodian services.

On the Global Custody side, the good results recorded in 2024 derived from the consolidation of strategic initiatives aimed at: i) further expansion and improvement of the commercial experience; ii) an expansion to new financial operators (stock brokerage firms, etc.) through the offer of specialized added-value custodian bank services, as well as the offer of Paying Agent, Account and Custodian Bank services to Corporate customers, including foreign ones and iii) seizing the opportunities also deriving from regulatory interventions, such as Emir Refit, ECMS, CSDR and SFTR Reports, which on the one hand represented an opportunity to gain strength in the market in the role of correspondent bank and reference partner as part of Global Custody, and on the other hand made it possible to offer new value added products and services which contributed to a further increase in BFF's revenues in the course of 2024.

The main indicators of the Securities Services BU showed generally positive trends due to the effects linked to good financial market performance and commercial initiatives.

The Custodian's Assets under Deposit (AuD) amounted to €74.0 billion, up 26% from December 31, 2023 thanks to the positive flow of new assets acquired, which began in 2023 and continued in 2024. On-boarding of Cassa Forense began in the fourth quarter of 2024 and is expected to be completed in the first half of 2025. Global Custody's Assets under Custody (AuC) amounted to €125.6 billion, an increase of 13% from December 31, 2023.

However, the balance of customer deposits shows an increase of +8% over the same period of the previous year, confirming the growth trend.

	2024	2023
Custodian Bank (AuD, €M)	73,963	58,842
Global Custody (AuC, €M)	125,641	111,343
Deposits - Final Balance (€M)	3,126	2,886

Normalized net fee and commission income have increased by 5% in a manner less than proportionate to volumes due to the exit of a Global Custody customer in the fourth quarter of 2023.

€M (normalized values)	2024	2023
Net fee and commission income	24.5	23.0
Other Revenue (including other operating expenses and income)	0.2	0.6
Total net revenue	**24.7**	**23.6**

Payments BU
Main KPIs and Economic Results

The Payments BU is the business unit that deals with payment processing, corporate payments and checks and bills and has as customers medium-small banks, Payment Institutions, IMELs, banks and medium-large corporates and institutional customers. The business is concentrated on mainly domestic customers.

As the leading independent operator in Italy in the field of processing services dedicated to PSPs (Payment Service Providers: Banks, IMELs, Payment Institutions) and in specialized collection and payment services for large corporates and the Public Administration, BFF is benefiting from a growing payments market thanks to the progressive digitalization of payment instruments.

In the course of 2024, the BU recorded positive performance in the digital payments sectors and, primarily, in the area of payment processing by banks, IMELs and payment institutions. Good performance was also recorded in the settlement sector for international cards and corporate and PA payments. A more robust operating structure is also making it possible for BFF to improve its role as service bank, also given the acquisition of new customers and the expectation of an increase in volumes in the coming years.

In the sector of traditional payment instruments (checks and bills) and domestic payments (CIT, RIBA, MAV, etc.), BFF is taking advantage of the system-wide trend of structural decline in volumes by acquiring new banking customers. In fact, the gradual reduction of volumes makes it scarcely convenient and consistent for banks to manage these products/services themselves, preferring to entrust all related activities to BFF in order to be able to still offer their customers quality services, but with important cost savings.

As already highlighted during 2023, the payments market continues to experience the effects of the evolution and digitization of the Payment System and the phenomena of bank aggregation, as well as the increased competitiveness as a result of the sector policies of the European authorities.

The gradual emergence of new players such as Payment Institutions, IMELs, TPPs and Fintechs in the payments market favors the growth of the intermediation and settlement services that BFF also offers to these types of players. BFF’s focus on developing operational and compliance solutions enables new market players to become fully operational. In the period under review, as already described, the following should be highlighted: the positive impact for BFF of the closure of the SEPA Nexi/BI-Comp CSM, which facilitated a major increase in its customer base, and the publication of the IPR which, makes Instant Payments mandatory, leading to approximately 60 PSPs activating Instant Payment services via BFF during the year alone, with more expected in the course in 2025.

The fact that it is now compulsory for PSPs to send and receive instant payments and the revision underway on the Payment Services Directive (PSD) are resulting in the realization of the desired sector growth forecasts, with outlooks for further and new market opportunities in the near future as well.

The main indicators of the Payments BU, in terms of the number of transactions executed compared to last year, showed positive trends.

The number of transactions grew by 18% to 908 million transactions thanks mainly to the SEPA and instant payments sectors.

The balance of deposits, €2,598 million, decreased from €3,495 million as at December 31, 2023, mainly as a result of less liquidity left by customers on the technical settlement accounts and due to the lower contribution of the cashier's check service.

	2024	2023
Deposits - Final Balance (€M)	2,598	3,495

The level of Net Fee and Commission Income was higher than in 2023 and amounted to €55.7 million.

€M (normalized values)	2023	2022
Transactions (no. trans. € million)	908	767
Net fee and commission income	55.7	51.7
Other Revenue (including other operating expenses and income)	11.5	11.4
Total net revenue	**67.2**	**63.1**

Operating costs

The Group continued to maintain a strong focus on cost control and, where possible, to improve its operating efficiency, maintaining a cost/income ratio of 48% in 2024, up compared to 41% (43% excluding the gains relating to the sale of certain government bonds for €19.8 million) in 2023, mainly due to the renewal of the national Italian banking sector contract and the investments made and aimed at improving processes, improving the Group's technological infrastructure and supporting the Group's growth in its core business.

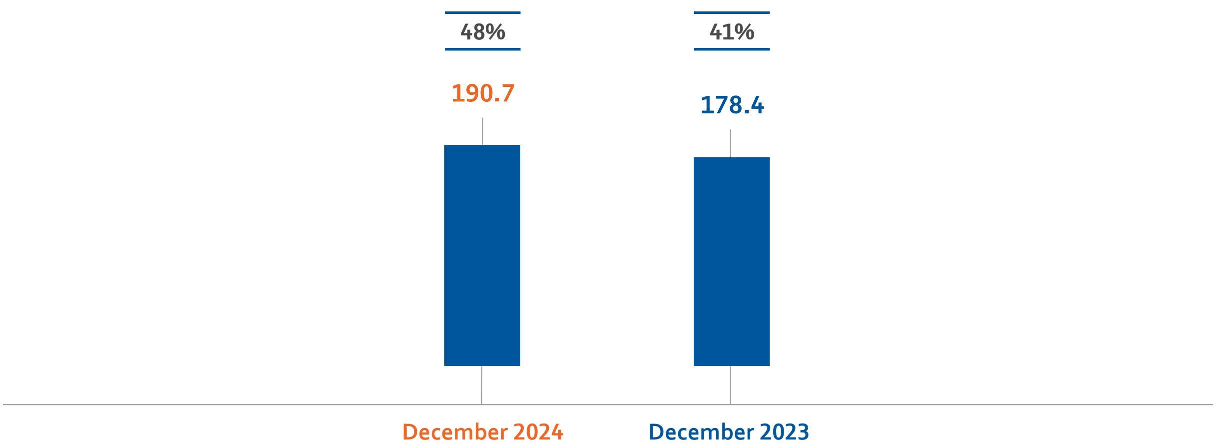
The costs of the Factoring & Lending BU rose by 3% compared to 2023, justified for the most part by the increase in expenses linked to personnel. The costs of the Payments BU rose by 9% compared to 2023, due to the increase in expenses linked to personnel and ICT. The costs of the Securities Services BU rose by 17% due to higher costs for upgrading ICT systems and personnel costs.

Other Costs increased by 6% compared to 2023, mainly due to an increase in personnel-related expenses.

Regarding the Deposit Guarantee Fund, please note that the EU Directive 2014/49 (Deposit Guarantee Schemes - DGS) introduced in 2015 a new mixed funding mechanism in the field of deposit guarantee schemes, based on ordinary (*ex-ante*) and extraordinary (*ex-post*) contributions linked to the size of the covered deposits and to the degree of risk incurred by the respective member bank.

With regard to the Resolution Fund, recall that Regulation (EU) 806/2014 governing the Single Resolution Mechanism, which came into force on January 1, 2016, has established the European Single Resolution Fund (SRF), managed by the new European resolution authority, the Single Resolution Board. Starting from that date, the National Resolution Funds (NRF) set up by Directive (EU) 2014/59 (Bank Recovery and Resolution Directive - BRRD) and implemented in 2015, became part of the new European Resolution Fund. In 2024, the resolution fund was not paid after the Single Resolution Board targets were met.

COST / INCOME RATIO



Factoring & Lending	(47.9)	(46.6)
Payments	(36.2)	(33.1)
Securities Services	(24.4)	(20.9)
Other	(82.2)	(77.8)

Events after the reporting date

On January 21, 2025, the European Court of Human Rights published a ruling confirming that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in financial distress, in the presence of judicial decisions that remain enforceable. The Group has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

There are no significant events subsequent to year-end to report. In particular, in relation to what is required under IAS 10, in the period between the end of 2024 and the date of the approval of these separate financial statements, no events took place that would require an adjustment of the data presented in the separate financial statements.

Business Outlook

As per the latest five-year strategic plan, approved by BFF's Board of Directors on June 27, 2023 ("BFF 2028" or the "Plan"), the Group's objectives during 2025 (as, among other things, approved in the 2025 Budget and in continuity with the previous year) and in subsequent years include:

1. Develop the core business, in which the Group is a market leader by resuming the partially interrupted growth trajectory especially in Factoring & Lending in Italy and Portugal during 2024;
2. Invest further in operational infrastructure to support growth opportunities, managing operational risks, and to benefit from further efficiencies;
3. Continue to provide Group personnel with opportunities for growth and development while maintaining strong incentive alignment with stakeholders;
4. Further optimize funding and capital.
5. Deliver market-leading returns to shareholders in terms of capital and dividends, with capital exceeding the CET1 target of 12%.
6. Maintain the Group's low risk profile by efficiently managing past due and calendar provisioning and especially in light of the elements that emerged following the Bank of Italy's inspection, which led to a substantial strategic review of both the commercial approach and credit management;
7. Further increase our positive impact socially, environmentally and for all stakeholders, along with the achievement of carbon neutrality targets and doubling investment in social impact initiatives.

It should be noted that on February 10, 2025 the Group, while confirming the strategy established in the definition of the Business Plan, announced to the market a partial revision of its financial targets, indicating a delay of approximately one year in the achievement of its targets. As regards 2026, the Group expects a net profit of approximately €240 million, a ROTE above 40%, and, for the period 2023-2026, cumulative dividends above €560 million, assuming the removal of restrictions by Bank of Italy.

Group's Objectives and Policies on the Assumption, Management and Hedging of Risks

Risk Management and Compliance with Prudential Supervision Regulations

The prudential supervision regulations are mainly governed by the Bank of Italy Circular no. 285 "Supervisory provisions for banks" and Circular no. 286 "Instructions for the preparation of supervisory reporting by banks and securities intermediaries", both dated December 17, 2013, which adopt the harmonized regulation for banks and investment firms contained in the EC CRR regulation (Capital Requirements Regulation) and in the European Directive CRD IV (Capital Requirement Directive) of June 26, 2013.

These regulations include the standards set forth by the Basel Committee on Banking Supervision (Basel 3 framework), whose implementation, pursuant to the Consolidated Law on Banking, is the responsibility of the Bank of Italy, and define the ways in which the powers attributed by EU regulations to national authorities were exercised.

The above circulars outline a complete, organic and rational regulatory framework, integrated with the directly applicable EU provisions, which is completed with the issue of the implementation measures contained in the regulatory technical standards and implementing technical standards adopted by the European Commission based on the EBA's proposal.

The regulation applicable at December 31, 2024 is based on three pillars.

Pillar I – Capital adequacy to meet the typical risks associated with financial operations

From the standpoint of operations, the absorption of risks is calculated using various methods:

- "Standardized approach" for credit risk;
- "Original exposure approach" for counterparty risk;
- "Basic approach" for operational risk;
- "Standardized approach" for market risk.

Pillar II – The ICAAP/ILAAP Report

In accordance with prudential supervisory provisions, and in order to allow the Supervisory Authority to carry out an accurate and comprehensive assessment of the fundamental qualitative characteristics of the equity and financial planning process, the risk exposure and the consequent calculation of total internal capital and relevant liquidity reserves, the Bank - as Parent Company of the Banking Group - has prepared the "ICAAP/ILAAP 2023 Report" (the "ICAAP/ILAAP 2023 Report" sent to the Bank of Italy on April 4, 2024) on internal processes for determining adequacy of capital and of liquidity risk governance and management systems.

Pillar III – Disclosure to the public

Pursuant to Article 433 of the CRR, banks shall publish the disclosures required by EU regulations at least on an annual basis, in conjunction with the date of publication of the financial statements. Pillar III provisions establish specific periodic disclosure obligations concerning capital adequacy, risk exposure and the general features of the related systems for the identification, measurement and management of such risks, as well as public disclosure in compliance with provisions on a consolidated basis. To this end, the Board of Directors of BFF has approved a dedicated procedure named "Disclosure to the Public (Pillar III)".

Pursuant to this procedure, the disclosure should be:

- Approved by the Board of Directors before it is made public;
- Published on the website www.bff.com at least once a year by the deadline for the publication of the separate Financial Statements, and therefore within 21 days of the date of approval of the separate Financial Statements by the Shareholders' Meeting.

With regard to the provisions of the Bank of Italy Circular no. 285 of December 17, 2013, and subsequent updates, the BFF Group will publish on its website www.bff.com, once a year, with a half-yearly update of the key metrics, within the deadlines established for the publication of the Financial Statements, a Country-by-Country Reporting document, which contains information inherent to the business, turnover, and the number of staff in the various countries in which the Group is present.

The information to be published is defined by Appendix A, first part, Title III, Chapter 2 of the above Circular.

Disclosure regarding Calendar Provisioning and Past Due

With the aim of adopting an increasingly prudent approach to the classification and coverage of NPEs, in April 2019 the European Commission approved an update of EU Regulation 575/2013 (CRR) regarding the minimum coverage of non-performing loans. For the purposes of evaluating prudential provisions, the legislation in question provides that loans disbursed and classified as impaired after April 26, 2019 are subject to "calendar provisioning". Exposures disbursed earlier, and subsequently classified NPE, will not be subject to the provisions contained in the amendment to Regulation No. 575 (CRR). This update requires banks to maintain an adequate provision level, deducting from their CET 1 any positive difference between prudential provisions (identified by weighting the gross value of guaranteed and unsecured NPEs by certain percentages) and amending funds and other assets (provisions, prudent valuation, other deductions of CET1).

This rule is based on the principle that the prudential definition of default (i.e. past due, unlikely to pay and non-performing) effectively defines a state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Group exposures) are treated differently.

As at December 31, 2024 the impact on CET1 deriving from the application of calendar provisioning was roughly €16.6 million, compared to December 31, 2023 when it amounted to €1.0 million. The Bank, considering that the delayed payment and subsequent classification of the credit exposures as non-performing is not unambiguously symptomatic of an actual deterioration in credit risk, believes that any calendar provisioning will be released over time based on the collections of credit exposures.

Regarding the classification to NPE, note that on June 27, 2019 the Bank of Italy introduced certain amendments to Circular No. 272 concerning credit quality and the rules on the new definition of default, and on August 14, 2020 it published its note containing the guidelines of the Supervisory Body on the application of Delegated Regulation (EU) No. 171/2018 on the materiality threshold of overdue credit obligations pursuant to Art. 178, para. 2, letter d) CRR (RD), and more generally on the application of the RD regulations. Said clarification note was subsequently amended on October 15, 2020, February 15, 2021, and September 23, 2022.

On April 29, 2024, the BFF Group received from the Bank of Italy the report containing the results of the follow-up inspections concluded on January 12, 2024, containing the formalization of a compliance finding on the classification of public receivables, regardless of the representation of an associated credit risk, which are based on an interpretation of the EBA guidelines for the new Definition of Default on such public receivables - in particular regarding the application of suspension to the calculation of late payment days for the purposes of the prudential classification of credit exposure - different from that adopted by BFF.

Following the above, on reporting date June 30, 2024, the new classification of the loan portfolio for prudential purposes took place, generating a sharp rise in the scope of the past due, reaching €1,692.4 million on said reporting date compared to €219.9 million on December 31, 2023, and €200.0 million on June 30, 2023.

Please note that, as already highlighted in the Financial Statements 2023, impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing loans), which assumes that there is an actual state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain situations which do not represent a worsening of credit risk (such as for most of the Bank's exposures) are treated differently. The actual credit risk profile assumed by the Bank is limited, as it has been assumed primarily with respect to public bodies not subject to procedures resulting in the risk of a loss of principal and the classification described above could result in significant distortions in the representation of the Bank's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

Monitoring and control of Liquidity

Despite the current macroeconomic scenario, characterized by the continuation of the tensions deriving from the Russia/Ukraine conflict, the Israel-Palestine conflict and, in general, widespread critical issues on an international level, the Group has always been able to count on an adequate level of liquidity, largely respecting regulatory requirements and positioning itself on values higher than the internal levels of reporting indicators (LCR, NSFR).

The Group adopts strong safeguards to monitor and govern the liquidity position. Specifically, *(i)* when deemed necessary, it performs more frequent and more detailed stress analyses with increasing and variable impacts, *(ii)* maintains an important share of assets freely available to meet unforeseen liquidity needs, verifying their level of adequacy with respect to future cash flows, *(iii)* monitors the markets, and *(iv)* monitors changes in the collection trends of debtors, particularly of the Public Administration.

In this context, also by monitoring operational indicators, no particular liquidity tensions were identified thanks to its capacity to handle potential stress situations deriving from its funding structure and the levers it is able to activate if required.

Moreover, each year the Group updates its Contingency Funding Plan ("CFP"), which is approved by the BFF Bank Board of Directors and implemented by the Subsidiaries. The document was updated in January 2025. This document illustrates indicators and related thresholds in order to trigger the appropriate actions and escalation and decision processes, with a view to preventing and managing a possible liquidity crisis.

Disclosure regarding the going concern assumption

In accordance with IAS 1, paragraph 24, the Banking Group assesses its ability to continue as a going concern by taking into account the trend of its main core indicators and available information about the future, covering at least 12 months after the reporting date.

In view of the aforementioned considerations, associated with the historical and prospective review of its earnings and its ability to access financial resources, the Group will continue its operating activities on a going concern basis. Consequently, these consolidated financial statements are drawn up based on this assumption.

An analysis of trends in recent financial years reflects the continued positive performance of the main indicators. The data can be summarized as follows:

- Increase in net interest income and total income;
- Growing equity;
- Sufficient availability of financial resources;
- Positive commercial prospects related to the trend in demand;
- High credit quality.

A quantitative summary of this analysis can be found below.

Items	2024	2023
Interest income	358.0	284.2
Total income	464.1	392.2
EBTDA (gross of provisions)	321.3	253.0
Net Profit	215.7	171.7
R.O.E. (Return On Equity) (%)[14]	32.6%	29.2%
R.O.T.E. (Return on Tangible Equity) (%)[15]	37.0%	33.5%
Net interest income / Interest and similar income (%)	48.2%	45.1%
NPLs (net of impairment) / Loans and receivables with customers (%)	1.8%	1.9%
Leverage Ratio	6.3%	4.8%
Equity	876.8	758.8
Own Funds	788.5	586.9

14) ROE is calculated as the ratio of net profit for the financial year to equity for the financial year excluding profit.
15) ROTE is calculated as the ratio of net profit for the financial year to equity for the financial year excluding profit and the balance of intangible assets.

Internal Control System

To guarantee sound and prudent management, the BFF Group combines business profitability with a knowledgeable assumption of risks and with operational conduct inspired by criteria of fairness.

Therefore, in line with relevant regulations and consistent with the instructions of the Corporate Governance Code for listed companies, the BFF Group has set up an internal control system suitable to identify, measure and continuously verify the risks typical of its corporate activities.

The CEO is the director responsible for the Banking Group's Internal Control system, as envisaged by the Corporate Governance Code.

Described below are the organizational framework of the Group's internal control system, based on the following three control levels, and the main activities carried out by control functions during the course of the financial year:

- **First-level controls** (line controls) aim to ensure that transactions are carried out correctly, and are performed by the same operating structures that execute the transactions, also with the support of IT procedures and constant monitoring by the heads of said operating structures.
- **Second-level controls** aim to ensure the correct implementation of the risk management process and compliance with the regulatory framework, including the risk of money laundering and terrorist financing. The functions responsible for such controls, Risk Management and Compliance & AML, are distinct from business functions and contribute to the definition of risk governance policies and the risk management process. The Risk Management Function and the Compliance and AML Function – organizationally and functionally autonomous and distinct – report hierarchically to the Board of Directors and functionally to the Chief Executive Officer and are independent of the internal audit function, as it performs audits on them. The duties and respective responsibilities are governed within the pertinent internal regulations of the same control functions.
- **Third-level controls** and **internal audit** activities are instead carried out by the Group's Internal Audit Function, reporting directly to the Board of Directors.

CONTROL FUNCTIONS

Risk Management

In terms of second-level controls, the function ensures the consistency of the risk measurement and control systems with the processes and methodologies of company activities by coordinating with the relevant company structures; oversees the realization of the internal process for determining adequacy of capital and liquidity risk governance and management systems ("ICAAP/ILAAP"); monitors the controls over the management of risks, in order to define methods to measure those risks; assists corporate bodies in designing the Risk Appetite Framework (RAF); verifies that the limits assigned to the various operating functions are being observed; and checks that the operations of the individual areas are consistent with the assigned risk and return objectives.

Specifically, during the course of the year, the Function mainly (i) carried out the ICAAP/ILAAP process, updated the risk management thresholds and metrics in line with the Group's strategic forecasts, revised the Contingency Funding Plan and Recovery Plan. Furthermore, the Function worked on the new reclassification scenario as of June 30, 2024, in response to the Supervisory Authority finding on the methodologies for the determination of past due loans.

Compliance and Anti-Money Laundering (AML)

This Function supervises, according to a risk-based approach, the management of the risk of non-compliance with regulations, with regard to all the activities falling within the regulatory framework for the Parent Company and the Group - also through its reference persons/local functions at its subsidiaries and/or branches - continuously verifying whether internal processes and procedures are adequate in preventing such risk; the function also has the duty of preventing and combating money laundering and terrorist financing transactions, moreover identifying on an ongoing basis the regulations applicable in that area.

During 2024, the Function continued its advisory, assurance and ex-post verification activities on the basis of the annual schedule approved by the Board of Directors and, as of the end of April 2024, the Function has been active, together with the other relevant structures, in the development and implementation of the remediation plan approved by the Board for the resolution of the findings of the Supervisory Authority in the inspection report notified to the Bank on April 29, 2024.

In recent months, the Bank of Italy has carried out thematic investigations on the money laundering risk mitigation measures set up by the banking system with regard to the customer transaction monitoring process. The investigations, which involved BFF and other selected banking institutions, resulted (in the month of February) in findings only of a management nature.

Internal Audit Function

Internal audits are carried out by the Group's Internal Audit function, directly reporting to the Board of Directors. The Internal Audit function carries out independent controls for the Parent Company, the foreign branches and the other Group companies with which servicing agreements are in place that govern the provision of the audit service. Moreover, the Parent Company's Internal Audit Function performs management and coordination with respect to the Internal Audit Function of the subsidiary BFF Polska S.A., which functionally reports to the Head of the Parent Company function. The Group Internal Audit Charter approved by the Board of Directors specifies that the Internal Audit function, within the third-level controls, evaluates the overall functioning of the internal control system, bringing to the attention of the corporate bodies any possible improvements.

The Head of the Internal Audit function has the necessary autonomy and is independent of the operating structures, in compliance with Bank of Italy's regulation on Internal Controls, the Corporate Governance Code and internal regulations.

During the course of 2024, the Internal Audit function performed audits in line with the 2024 Audit Plan prepared according to a risk-based approach, approved by the Board of Directors in December 2023 and updated in July 2024, following up on the findings issued and reporting quarterly on the work done to the Bank's governance and control bodies, through its dashboard.

More specifically, the audits were performed on the structures of the Parent Company, on the foreign branches, on the subsidiary BFF Finance Iberia and on BFF Polska and its subsidiaries. In this regard, during the year the function carried out the audits provided for by the regulations applicable to Group activities, including those relating to remuneration and incentive policies and the ICAAP and ILAAP processes. The function also drafted the required reporting established by banking regulations represented by the "Annual Internal Audit Report - Assessment of the Internal Control System" and the "Report on outsourced critical or important functions" (CIF).

The Manager of the Internal Audit Function is also responsible for the whistleblowing system.

OTHER CONTROL FUNCTIONS AND BODIES

Finally, under the provisions and terms of the law, Staff reporting to the Financial Reporting Officer evaluate the effectiveness of the oversight being provided by the Internal Control System in regards to Financial Reporting Risk. In particular, it performs assessments and monitoring at a Group level, evaluating the adequacy of the coverage of the potential risk by performing adequacy and effectiveness tests on key controls on an ongoing basis, identifying possible points of improvement in the Internal Control System in the accounting area. In this context, the Financial Reporting Officer and the Chief Executive Officer of the Parent Company together certify the following aspects through specific reports attached to the annual and consolidated financial statements, and interim reporting: the suitability of the accounting procedures used in preparing the annual, consolidated and interim financial statements; compliance of documentation with applicable international accounting standards endorsed by the European Union; whether accounting books and records are suitable for providing a true and fair view of the financial position, financial performance and cash flows of the Group on a consolidated level and of the individual subsidiaries included under the scope of the consolidation; and the reliability of content, in relation to specific aspects, of the Director's report on operations and interim reporting.

It should also be noted that in line with current regulations and in compliance with the provisions of the Legislative Decree implementing the Corporate Social Responsibility Directive (Legislative Decree No. 125/2024), which fully implements Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022, the Financial Reporting Officer's powers have been extended to include non-financial reporting. In this context, the Financial Reporting Officer jointly with the Chief Executive Officer certifies the compliance of sustainability reporting with the regulatory requirements introduced with the Corporate Sustainability Reporting Directive and Regulation I (EU) 2020/852.

Supervisory Body pursuant to Italian Legislative Decree 231/2001

The Bank has an Organization, Management and Control Model (hereinafter referred to as the "Model") prepared pursuant to Italian Legislative Decree 231 of June 8, 2001 (hereinafter also referred to as the "Decree"), drafted in compliance with the requirements of such Decree as well as the guidelines of Assifact and ABI.

The Model includes a General Part, which provides a summary description of the reference regulatory framework, the key characteristics and features of the Model identified within the operations defined as "sensitive" for the purposes of the Decree, the structure and composition of the Supervisory Body as well as the description of the system of sanctions to prevent violation of the provisions contained in the Model. It also includes Special Parts comprising: i) the Matrix of operations at risk of committing a criminal offense, intended to identify the criminal offenses that may potentially be committed as part of the Parent Company's operations; ii) the Protocols of the Departments and Organizational Units of the Parent Company, which detail the operations, audits and reporting mechanisms intended to ensure that the Parent Company's organizational and control system, including the foreign branches, complies with the rules in the Decree; iii) Table of Information Flows to the Supervisory Body. The Bank also adopted a Code of Ethics that defines the set of ethical values embraced by the Bank and the BFF Group, and that, among other things, ensures the prevention of criminal offenses as per the Decree. Moreover, the Bank has put in place a Whistleblowing procedure and has adopted a specific Anti-Corruption Policy.

The Parent Company makes sure that all employees receive adequate training on the Decree, especially in the event of updates to related regulations.

The work done by the Supervisory Body, whose term of office was renewed by the Board of Directors on April 18, 2024 with the same composition for the subsequent three-year period, during the course of 2024 was mainly aimed at ascertaining recipients' effective compliance with the Model; the Model's effectiveness and adequacy with respect to the corporate structure and its effective ability to prevent the crimes referred to in Legislative Decree No. 231/2001.

With a view to continuous adaptation and improvement, as well as in order to incorporate the indications received from the Supervisory Body regarding the need to update the Model in relation to both the regulatory changes that have taken place and the areas of strengthening and points of evolution that have emerged as a result of the Quality review carried out on the Model during 2023, the Bank carried out - with external methodological and advisory support - a project aimed at improving and updating the Model, which was approved in December 2024.

The Supervisory Body reports to the Board of Directors on the results of the activities it has performed every six months.

As far as the Group's administrative liability is concerned, the following should be noted:

- the Italian subsidiaries BFF Immobiliare Srl and BFF Techlab Srl have their own Organization, Management and Control Models and a single-member Supervisory Body;
- the Spanish subsidiary BFF Finance Iberia adopted its own Organizational Model in accordance with Article 31-bis of the Spanish Penal Code, similar in its structure to the Bank's Model, and an independent, single-person Supervisory Body;
- the Polish subsidiary BFF Polska and its subsidiaries adopted specific guidelines to govern "anti- corruption" issues, with the identification of a relevant, single-person body, represented by BFF Polska's Compliance & AML function head.

Other information

Transactions with related parties

With regard to relations with related parties and associated parties, on November 11, 2016 the Board of Directors of BFF SpA approved, with effect subject to the commencement of negotiations on the Mercato Telematico Azionario managed by Borsa Italiana – and therefore from April 7, 2017 - the "Policies on internal controls adopted by the BFF Group for the management of conflicts of interest" (so-called "Conflict of interest management policy") and the "BFF Group Regulation for the management of transactions with parties having conflicts of interest" (the "RPT Regulation") – in implementation of the supervisory provisions of Title V, Chapter 5 of Bank of Italy Circular no. 263 of December 27, 2006 ("Circular 263") and of the Consob Regulation on transactions with related parties, adopted by resolution no. 17221 of March 12, 2010, subsequently amended by resolution no. 17389 of June 23, 2010 – subject to a favorable opinion expressed by the Board of Statutory Auditors and the RPT Committee.

On July 25, 2024 the Bank approved the update of the RPT Regulation and Conflict of Interest Management Policy to better clarify the proper interpretation of a specific provision in order to make it consistent with the underlying regulatory rationale.

The Policy on the management of conflicts of interest governs the control processes aimed at ensuring the correct measurement, monitoring and management of the risks assumed by the Group with respect to Related Parties.

The RPT Regulation is aimed at overseeing the risk that proximity, if any, of such parties to the Banking Group's decision-making centers may compromise the objectivity and impartiality of the decisions taken on transactions involving those parties, with possible distortions in the resource allocation process, exposure of the Parent Company to risks not adequately measured or supervised, and potential damage for shareholders and stakeholders.

The Regulation for the management of transactions with parties that may be in a conflict of interest and the Group Policy to manage conflicts of interest are communicated to the public via the Bank's website under the section Governance/Procedures and Regulations/Related-Party Transactions.

Information on related party transactions is provided in Part H of the Notes to the Financial Statements.

Derogation from obligations to publish disclosure documents pursuant to Article 70, paragraph 8 and Article 71, paragraph 1-bis of the Issuers' Regulation

The Parent Company complied with the provisions of Article 70, paragraph 8 and Article 71, paragraph 1-bis of the Issuers' Regulations adopted by Consob Resolution no. 11971 of May 14, 1999, as subsequently amended, and therefore derogated from the obligations to publish disclosure documents required in the event of mergers, demergers, capital increases by contribution in kind, acquisitions and disposals.

Disclosure of compliance with codes of conduct pursuant to Article 89-bis of the Issuers' Regulation

The Bank has signed on to the new Corporate Governance Code (formerly the Code of Conduct) for listed companies as defined by the Corporate Governance Committee established by the business associations (ABI, ANIA, Assonime, Confindustria), the association of professional investors (Assogestioni) and Borsa Italiana, approved on January 31, 2020 and in force as of January 1, 2021.

Already in December 2020, the Bank adopted the new Corporate Governance Code, by updating its internal regulations to incorporate – in the terms represented in the 2021 Report on Corporate Governance – the new features introduced by such Code.

Research and Development

In accordance with the Group's Business Plan in force, the projects identified have continued to pursue during the course of 2024 the main objectives of business development, efficiency of internal processes aimed at risk containment and the constant improvement of services, and the strengthening of IT systems and technological infrastructure.

More specifically, the most important initiatives are as follows:

- Evolution of products and services offered with a view to guaranteeing ever-increasing coverage of the reference market. In Factoring & Lending, the implementation of the initiative "Capital Relief in other countries" has been completed, launched in Italy in 2023; in the Transaction Services area, the "Social Insurance Funds" initiative has been completed, aimed at improving the platform used for the service so as to allow for an extension of the sales package to the new type of customer.
- The project aimed at the adoption of an Intelligent Document Processing platform has been completed which, by training Artificial Intelligence (AI) algorithms on specific use cases, allows for the scalable and progressive introduction of AI skills to boost the efficiency of and streamline manual activities on operating processes that require the processing of significant volumes of documents.
- The multi-year strategic and transformational project continues, aimed at placing data at the center of the operating and decision-making processes of the BFF Bank Group (data-driven). During the current year, the goal was to define the bases of this transformation (i) identifying and analyzing the main action areas, (ii) the enabling organizational, procedural and technological elements, (iii) launching the creation of a data platform and data quality, and the establishment of a data governance structure.
- The creation of a pan-European Core Banking platform for the management of the Time Deposit service is being finalized, which will eventually replace the different solutions currently active in the different countries (Spain and Poland) and enable the launch of the product in new geographies. The distinctive elements that guided the selection of this solution are (i) Time-to-market, by adopting a market solution, (ii) flexible platform and scalability, capable of covering a broad range of financial services and effectively supporting the Group's growth targets.
- The multi-year project continues with the aim of creating an innovative Group platform to support the core Factoring & Lending business, revising and restructuring the underlying processes and the investments in information systems and in existing processes to manage new types of services ancillary to non-recourse factoring requested by customers in the various countries the Group operates in.

Unusual or atypical transactions

The Group did not carry out any unusual or atypical transactions, as reported in Consob Communication no. 6064293 of July 28, 2006, during the reporting period.

Treasury shares

As at December 31, 2024, The Bank held 391,426 treasury shares with a nominal value of €0.77.

Climate-Related Issues

In defining the contents of the commentary notes, account was also taken of the guidance contained in the 8th update of November 17, 2022 of Bank of Italy Circular No. 262 "Banks' financial statements: layout and preparation", as well as related to the ESMA document "European common enforcement priorities for 2024 corporate reporting", published in October 2024.

Part A of the Notes to the Financial Statements sets out the main risks and uncertainties in climate risk for BFF and the characteristics and risk aspects related to financial instruments, while Part B provides an in-depth examination of any considerations made for certain items in the financial statements, for the purposes of the relevant assessment, regarding climate-related risk. Finally, the main issues related to ESG (Environmental, Social and Governance) risks and climate-related risk are explained in Part E. In contrast, the more strictly strategic aspects, as well as updates on project-related activities and key ESG targets achieved, are outlined in the "ESG targets achieved in the course of 2024" section of the Sustainability Report.

Allocation of the Banking Group's Profit

At December 31, 2024 the Banking Group's profit amounted to €215,680 thousand. This result includes, as described above, some extraordinary items, which net of the relative tax impacts amount to €72.7 million and are mainly related to the exchange rate related to late payment interest and compensation for recovery costs (so-called. "40 euros") in the amount of +€94.3 million, the cost of stock options in the amount of -€4.7 million, the adjustment of the settlement agreement with the Chief Executive Officer in the amount of +€0.6 million, the amortization of customer contracts in the amount of -€1.9 million, an extraordinary allocation to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings in the amount of -€11.7 million, and other non-recurring costs in the amount of -€3.9 million.

In view of the freeze on dividend distribution imposed by Bank of Italy, the following allocations are envisaged:

- €211.8 thousand to the legal reserve (to bring the reserve to 20% of the Share Capital to date);
- €215,468 thousand to the retained earnings reserve. Of this amount, (i) €209,268 thousand is earmarked to reach 12% of CET1 and 15% of TCR according to the Bank's Dividend Policy, and (ii) €6,200 thousand is capitalized due to the dividend distribution freeze imposed by Bank of Italy.

In relation to the allocation of profits of BFF Bank S.p.A., please refer to the Report on Operations of the separate financial statements for the proposal that will be presented to the Shareholders' Meeting of the Bank on April 17, 2025.

Consolidated Sustainability Statement

Table of contents

General Disclosures

ESRS 2 - General disclosures

Basis for preparation

BP-1 – General basis for preparation of the sustainability statement

The Consolidated Sustainability Statement (hereinafter the 'Statement') of BFF Banking Group (hereinafter 'BFF' or the 'Group') is prepared on a consolidated basis in accordance with the European Sustainability Reporting Standards (hereinafter the 'ESRS' or the 'Standards'). The Report reflects the principle of Double Materiality, as required by relevant regulations and ESRS. The approach taken is based on the assessment of sustainability matters, considering positive and negative impacts on the environment and people, as well as material effects (risks and opportunities) on BFF's business. The structure of the document, drafted in accordance with the Standards, includes 4 sections:

- General Disclosures;
- Environmental Information;
- Social Information;
- Governance Information.

The scope of consolidation of this document coincides with that of the Consolidated Financial Statements of the Parent Company BFF Bank S.p.A., and includes the wholly owned and consolidated companies as of December 31, 2024, namely:

- BFF Polska S.A. (hereinafter referred to as 'BFF Polska')
- BFF MEDfinance S.A. (hereinafter referred to as 'BFF MEDFinance')
- BFF Česká Republika s.r.o. (hereinafter referred to as 'BFF Ceska Republika')
- BFF Central Europe s.r.o. (hereinafter referred to as 'BFF Central Europe')
- BFF Finance Iberia S.A.U. (hereinafter referred to as 'BFF Finance Iberia')
- BFF Techlab S.r.l.
- BFF Immobiliare S.r.l.

As the companies Komunalny Fundusz Inwestycyjng Zamknięty, MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz, Kancelaria Prawnicza Karnowski i Wspólnik sp.k., Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspolnik sp.k. Inwestycyjny Zamknięty and Debt-Rnt sp. Z O.O. are consolidated in BFF's Financial Statements according to the equity method because they are immaterial, in relation to total assets, they were not included in the scope of reporting, as their sustainability performance is also considered to be immaterial. For BFF Immobiliare S.r.l., data are included within the Parent Company as this entity does not have a stand-alone sustainability performance. For further details about the structure of the Group, please refer to Part A of the notes to the consolidated financial statements in Section 3 'Scope and Methods of Consolidation'.

The territorial scope of the Parent Company BFF Bank S.p.A. includes branches in Portugal, Spain, Poland and Greece. However, data are presented at the country level and not by individual entity. Each country where the Group operates has been defined as a 'region', and the data for Spain includes information on both the Spanish branch and the subsidiary, while the data for Poland includes information on the Polish branch and the subsidiaries (BFF Polska and BFF MEDFinance).

In addition, qualitative information regarding the Fast Forward Foundation, an entity outside the scope of BFF's consolidation, but funded by the Bank, which actively contributes to social initiatives, as described under ESRS S3-Affected Communities, to which reference is made for more details, is reported in this document.

The Group's Consolidated Sustainability Report provides qualitative and quantitative information related to the entire value chain, including data on its own operations and, when relevant, on the upstream and downstream value chain. The relevance of the information was defined based on the results of the Double Materiality assessment (DMA), in which impacts, risks and opportunities (IROs) related to the Group's entire value chain were identified and assessed, focusing on the areas of greatest relevance from a sustainability perspective.

For more details about the consideration of the upstream and downstream value chain in the context of the Double Materiality assessment, please refer to the section '*Double Materiality Assessment*', which illustrates the methods adopted by the BFF Group to identify sustainability issues and reflect them in the value chain. For more details about the application of Policies, Actions and Targets to the Group Value Chain, please refer to the relevant sections included in the dedicated topical standards.

BP-2 – Disclosures in relation to specific circumstances

In addition to the above, the Group has planned to introduce an ad hoc section in the document, on Tax Transparency, in light of the interest of external stakeholders (including ratings companies), but not currently present in sector-agnostic reporting. The reporting of this information was prepared considering the disclosure required by the Global Reporting Initiative Standards ('**GRI**'), and in particular *GRI 207: Taxes of 2019*, in line with information reported in previous years.
Considering the large amount of information included and its interconnection, the Group has provided references to special sections of the Consolidated Financial Statements and the Notes, as shown in the next table:

INFORMATION INCORPORATED BY REFERENCE

ESRS	Document	Page
E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions	Notes to the Consolidated Financial Statements	158
S1-6 – Characteristics of the undertaking's employees	Notes to the Consolidated Financial Statements	187

Consistent with the ESRS, the Group adopted the following time horizons as part of the analysis:

- **Short-term:** a horizon reflecting the operating performance of the year;
- **Medium-term:** a horizon extending up to 5 years;
- **Long-term:** a horizon that extends beyond 5 years.

This subdivision enables the BFF Group to optimize short-term decisions while maintaining a strategic vision for the future, and to effectively balance short-term results with growth and sustainability ambitions.

Sources of estimation and outcome uncertainty

The Report contains both qualitative information, such as policies and actions taken to manage identified impacts, risks and opportunities, as well as quantitative metrics. As part of its own operations, with the aim of providing certain, verifiable and reliable data, BFF is committed to using primary sources to calculate them, resorting to estimates only when necessary.
In contrast, the introduction of value chain-related metrics has necessarily required the use of estimates and assumptions, which are essential in the absence of complete and accurate primary data. The Group has therefore identified some quantitative metrics that are subject to a high level of uncertainty, such as, for example, Scope 3 emissions, which are characterized by the presence of complex variables that make it difficult to obtain precise measurements.
More details on the calculation methods will be provided in '*E1-5 - Energy Consumption and Mix*' and '*E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions*'.
The Group did not omit information related to intellectual property, know-how or innovation results. In fact, such information is not relevant to this reporting.
Similarly, the Group did not select the option to omit information on matters under negotiation, as to date this scenario is not applicable.

Changes in preparation or presentation of sustainability information

Despite the temporary provisions in the Standards, BFF decided to include some comparative data on FY2023 in order to ensure a greater comparability with past sustainability reporting. +Any methodological alignments or corrections to public data have been specifically indicated in the referenced chapters included in this Report. Specifically, following a reporting system improvement process, the 2023 figure for Scope 2 - Market-Based emissions was restated from the figure published in the previous Non-Financial Statement (DNF) in order to ensure comparability and reliability of information.

Disclosures required by other legislation or generally-accepted sustainability reporting pronouncements

The following is a list of the topics and related disclosure requirements, contemplated in the overall sustainability regulatory framework, with an indication of their location in this document.

Disclosure requirements	EU legislation	Paragraph
General disclosures		
Topic: ESRS 2		
BP-1 – General basis for preparation of sustainability statements		Pg. 84
BP-2 – Disclosures in relation to specific circumstances		Pg. 85
GOV-1 – The role of the administrative, management and supervisory bodies	SFDR[1] Benchmark Regulation[2] (Commission Delegated Regulation (EU) 2020/1816, Annex II)	Pg. 117
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		Pg. 125
GOV-3 – Integration of sustainability-related performance in incentive schemes		Pg. 126
GOV-4 – Statement on due diligence	SFDR	Pg. 128
GOV-5 – Risk management and internal controls over sustainability reporting		Pg. 129

1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

2) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/ EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1); Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1); Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

Disclosure requirements	EU legislation	Paragraph
General disclosures		
Topic: ESRS 2		
SBM-1 - Strategy, business model and value chain	SFDR Pillar 3[3] Benchmark Regulation (Commission Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12(1))	It should be noted that the Group's core activities are not related to the sectors included in ESRS 2, SMB-1, 40d. Pg. 96
SBM-2 – Interests and views of stakeholders		Pg. 104
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model		Pg. 108
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities		Pg. 108
IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement		Pg. 87
Environmental information		
TAXONOMY		Pg. 134
Topic: E1-CLIMATE CHANGE		
ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes		Pg. 126
E1-1 – Transition plan for climate change mitigation	Pillar 3 Benchmark Regulation (Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2) EU Climate Law[4]	Pg. 145
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model;		Pg. 140
ESRS 2 IRO-1 – Description of the processes to identify material sustainability impacts, risks and opportunities		Pg. 145
E1-2 – Policies related to climate change mitigation and adaptation		Pg. 146
E1-3 – Actions and resources in relation to climate change policies		Pg. 151

3) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation 'CRR') (OJ L 176, 27.6.2013, p. 1); Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.

4) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Disclosure requirements	EU legislation	Paragraph
Environmental information		
Topic: E1 - CLIMATE CHANGE		
E1-4 – Targets related to climate change mitigation and adaptation	SFDR Pillar 3 Benchmark Regulation (Delegated Regulation (EU) 2020/1818, Article 6)	Pg. 154
E1-5 – Energy consumption and mix	SFDR	Pg. 156
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	SFDR Pillar 3 Benchmark Regulation (Commission Delegated Regulation (EU) 2020/1818, Articles 5(1), 6 and 8(1))	Pg. 158
Topic: E2 - POLLUTION		
All Disclosure Requirements		Downstream of the Double Materiality assessment, the topic was not identified as material. For this reason, all Disclosure Requirements related to this topical Standard are not subject to disclosure, with the exception of DR IRO-1, as per ESRS 2, Appendix C.
IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities		The BFF Group considered all of its operating sites and their respective activities carried out in order to identify specific IROs related to this topic; with the same objective, the Bank also considered its portfolio exposures through the analysis of NACE codes. No material impacts, risks and opportunities were identified. For more details about the methodologies used, please refer to the section on the Double Materiality Assessment included in this chapter, which also illustrates stakeholder consultation activities in the context of this Assessment.
Topic: E3 - WATER AND MARINE RESOURCES		
All Disclosure Requirements		Downstream of the Double Materiality assessment, the topic was not identified as material. For this reason, all Disclosure Requirements related to this topical Standard are not subject to disclosure, with the exception of DR IRO-1, as per ESRS 2, Appendix C.

Disclosure requirements	EU legislation	Paragraph
Environmental information		
Topic: E3 - WATER AND MARINE RESOURCES		
IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities		The BFF Group considered all of its assets as well as its activities carried out in order to identify specific IROs related to this topic; with the same objective, the Bank also considered its portfolio exposures through the analysis of NACE codes. No material impacts, risks and opportunities were identified. For more details about the methodologies used, please refer to the section on the Double Materiality Assessment included in this chapter, which also illustrates stakeholder consultation activities in the context of this Assessment.
		The BFF Group considered all of its assets as well as its activities carried out in order to identify specific IROs related to this topic; with the same objective, the Bank also considered its portfolio exposures through the analysis of NACE codes. No material impacts, risks and opportunities were identified. For more details about the methodologies used, please refer to the section on the Double Materiality Assessment included in this chapter, which also illustrates stakeholder consultation activities in the context of this Assessment.
Topic: E4 - BIODIVERSITY		
All Disclosure Requirements		Downstream of the Double Materiality assessment, the topic was not identified as material. For this reason, all Disclosure Requirements related to this topical Standard are not subject to disclosure, with the exception of DR IRO-1, as per ESRS 2, Appendix C.

Disclosure requirements	EU legislation	Paragraph
Environmental information		
Topic: E4 - BIODIVERSITY		
IRO-1 — Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities		The BFF Group considered all of its operating sites and related activities carried out in order to identify specific IROs related to this topic. In particular, the Group's headquarters are located in urban areas and none of the Group's activities cause interference with the status of species and natural habitats. Therefore, there are no plans to implement measures to mitigate its impacts. With the same objective in mind, the Bank also considered its portfolio exposures through the analysis of NACE codes. Considering BFF's business, no material impacts, risks and opportunities related to biodiversity or dependencies on it emerged. For more details about the methodologies used, please refer to the section on the Double Materiality Assessment included in this chapter, which also illustrates stakeholder consultation activities in the context of this Assessment.
Topic: E5 - CIRCULAR ECONOMY		
All Disclosure Requirements		Downstream of the Double Materiality assessment, the topic was not identified as material. For this reason, all Disclosure Requirements related to this topical Standard are not subject to disclosure, with the exception of DR IRO-1, as per ESRS 2, Appendix C.
IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities		The BFF Group considered all of its assets as well as its activities carried out in order to identify specific IROs related to this topic; with the same objective, the Bank also considered its portfolio exposures through the analysis of NACE codes. No material impacts, risks and opportunities were identified. For more details about the methodologies used, please refer to the section on the Double Materiality Assessment included in this chapter, which also illustrates stakeholder consultation activities in the context of this Assessment.

Disclosure requirements	EU legislation	Paragraph
Social information		
Topic: S1 - OWN WORKFORCE		
SBM-2 – Interests and views of stakeholders		Pg. 162
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	SFDR	Pg. 162
S1-1 – Policies related to own workforce	SFDR Benchmark Regulation (Commission Delegated Regulation (EU) 2020/1816, Annex II)	Pg. 164
S1-2 – Processes for engaging with own workers and workers' representatives about impacts		Pg. 173
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	SFDR	Pg. 177
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		Pg. 178
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Pg. 186
S1-6 – Characteristics of the undertaking's employees		Pg. 187
S1-7 – Characteristics of non-employees in the undertaking's own workforce		Pg. 190
S1-8 – Collective bargaining coverage and social dialogue		Pg. 190
S1-9 – Diversity metrics		Pg. 191
S1-10 – Adequate wages		Pg. 192
S1-11 – Social protection		Pg. 192
S1-12 – People with disabilities		Pg. 192
S1-13 – Training and skills development metrics		Pg. 195
S1-14 – Health and safety metrics	SFDR Benchmark Regulation (Commission Delegated Regulation (EU) 2020/1816, Annex II)	Pg. 199
S1-15 – Work-life balance metrics		Pg. 193

Disclosure requirements	EU legislation	Paragraph
Social information		
Topic: S1 - WORKFORCE		
S1-16 – Compensation metrics (pay gap and total compensation)	SFDR Benchmark Regulation (Commission Delegated Regulation (EU) 2020/1816, Annex II)	Pg. 193
S1-17 – Incidents, complaints and severe human rights impacts	SFDR Benchmark Regulation (Commission Delegated Regulation (EU) 2020/1816, Annex II Commission Delegated Regulation (EU) 2020/1818 Article 12(1))	Pg. 200
Topic: S2 - WORKERS IN THE VALUE CHAIN		
SBM-2 – Interests and views of stakeholders	SFDR	Pg. 202
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model		Pg. 202
S2-1 – Policies related to value chain workers	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1))	Pg. 204
S2-2 – Processes for engaging with value chain workers about impacts		Pg. 202
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns		Pg. 205
S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	SFDR	Pg. 206
S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Pg. 206
Topic: S3 - AFFECTED COMMUNITIES		
SBM-2 – Interests and views of stakeholders		Pg. 207
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model		Pg. 207

Disclosure requirements	EU legislation	Paragraph
Social information		
Topic: S3 - AFFECTED COMMUNITIES		
S3-1 – Policies related to affected communities	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1))	Pg. 209
S3-2 – Processes for engaging with affected communities about impacts		Pg. 210
S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns		Pg. 211
S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	SFDR	Pg. 211
S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Pg. 219
Topic: S4 - CONSUMERS AND END-USERS		
SBM-2 – Interests and views of stakeholders		Pg. 220
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model		Pg. 222
S4-1 – Policies related to consumers and end-users	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1))	Pg. 224
S4-2 – Processes for engaging with consumers and end-users about impacts		Pg. 228
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		Pg. 232

Disclosure requirements	EU legislation	Paragraph
Social information		
Topic: S4 - CONSUMERS AND END-USERS		
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	SFDR	Pg. 233
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SFDR	Pg. 235
Governance Information		
Topic: G1 - BUSINESS CONDUCT		
GOV-1 – The role of the administrative, management and supervisory bodies		Pg. 117
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities		Pg. 236
G1-1 – Corporate culture and business conduct policies	SFDR	Pg. 238
G1-2 – Management of relationships with suppliers		Pg. 242
G1-3 – Prevention and detection of corruption and bribery		Pg. 243
G1-4 – Confirmed incidents of corruption or bribery	SFDR Benchmark Regulation (Commission Delegated Regulation (EU) 2020/1816, Annex II)	Pg. 244
Tax Transparency Disclosures		
Topic: ENTITY-SPECIFIC TAX TRANSPARENCY		Pg. 248

Strategy

SBM-1 – Strategy, business model and value chain

BFF is among the largest specialized finance operators in Europe and offers a wide range of services through three main Business Units.

The Factoring & Lending Business Unit (hereinafter the 'BU') is the BU through which BFF is the leader in Europe in the management and non-recourse factoring of trade receivables due from Public Administrations. The Group operates in Italy, Croatia, France, Greece, Spain and Portugal, where it engages in non-recourse factoring and credit management activities with respect to the Public Administration. It operates in all product sectors in which government suppliers work, including the pharmaceutical and medical devices sector, the multi-utility and telecommunications sector, ICT, facility management, and private nursing homes. The Group is also active in Poland, the Czech Republic and Slovakia, offering a diversified range of financial services designed for ensuring access to credit, as well as providing liquidity and solvency support to the private system of companies that interface with the Public Administration.

As well as providing the Factoring & Lending services mentioned above, the Group is a leader in Italy in Securities Services and banking payment services. It provides these services to more than 400 customers including investment funds, banks, payment and money institutions, large corporations and Public Administrations.

The Securities Services Business Unit is the BU which deals with custodian banking for investment funds and related services such as global custody, fund accounting and transfer agents for national managers and various investment funds – such as pension funds, mutual funds and alternative funds – as well as banks and other financial institutions (i.e., stock brokerage firms). BFF is the only national Custodian that protects the 'essence of being Italian' in the sector; it is a local partner with operational headquarters and decision-making center in Italy, capable of meeting the needs of the entire value chain of administrative and settlement services required by Funds and Pension Funds. In the supplementary pensions system, BFF is currently ranked first in terms of market share for the number of pension fund customers to which it offers its custodian services.

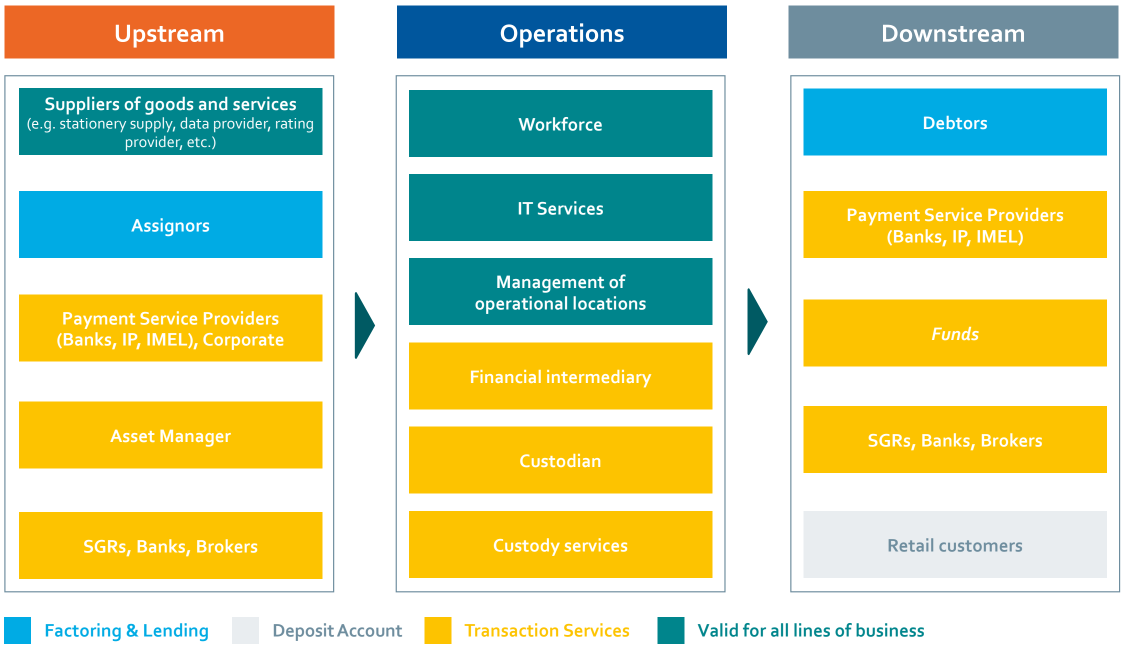
The Payments BU provides intermediary services for payments, corporate payments, and checks and bills and has Italian banks, payment and e-money institutions, medium-large companies, and public administrations as customers. The BU has decades of experience in the international and domestic payments industries. BFF, in its role as a second-tier bank, aims to ensure efficiency, simplification and a level playing field for all operators, regardless of their size, thus making the overall impact of the ongoing transformations on Eurosystem market platforms more sustainable. To this end, BFF has an active role in all main working groups aimed at improving and streamlining the ECB's market platforms.

In addition to the above activities, the Group offers, as part of its business model, an online deposit account - a fixed-rate, captive savings product for retail and corporate/institutional customers. The Deposit Account is one of the Group's main funding channels.

The product is available in Italy ('Conto Facto'), Spain ('Cuenta Facto'), and Poland ('Lokata Facto'). The Spanish platform is also accessible to German, Dutch, and Irish retail customers via a third-party online platform (Raisin).

The Deposit account has limited account transactions consisting of deposits and withdrawals of amounts from a single predefined current account. To date, Deposit Account customers are mainly retail customers.

In this context, given the above and in compliance with ESRS 2, the Group has taken steps to map its value chain (hereinafter 'value chain' or 'VC'). This analysis made it possible to identify several value chains in view of the business lines described above.



With reference to BFF's offering, the Group, also as part of specific ongoing planning on the integration of climate and environmental risks, in line with the 12 expectations published by the Bank of Italy in 2022, carried out an assessment of its current significant products and/or services and significant markets and customer groups in relation to the company's sustainability targets. The considerations made in this area and the strategies defined in the Business Plan '*Ever more a bank like no other*', approved by BFF's Board of Directors on 27 June 2023 ('BFF 2028' or the 'Plan') did not lead to the modification and/or integration of BFF's current product offerings, given the typical nature of its business. However, as part of the above project, the Group may consider reviewing its preliminary analysis processes.
This initiative is intended as a recurring activity that will consequently be refined over time according to developments in the external context and the Group's strategy.
For information on the number of employees by geographical area, please refer instead to the chapter on own workforce and more specifically to '*S1-6 - Characteristics of the Undertaking's Employees*'.
As regards total net revenues of 397,380,510 euros[5] please refer to the Consolidated Notes under '*Part L - Segment Reporting*'.

5) For the determination of Total net revenues, for the purposes of this Report, please refer to '*E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions*'

BFF Group's strategy

As set out in the Plan, the Group's objectives during 2025 (as among other things approved in the 2025 Budget and in keeping with the previous year) and for subsequent years include the following:

- Develop the core business, in which the Group is a market leader by resuming the growth trajectory partially interrupted, especially in Factoring & Lending in Italy and Portugal during 2024;
- Invest further in operational infrastructure to support growth opportunities, managing operational risks, and to benefit from further efficiencies;
- Continue to provide Group personnel with opportunities for growth and development while maintaining a strong incentive alignment with stakeholders;
- Further optimize funding and capital;
- Deliver market-leading returns to shareholders in terms of capital and dividends, with capital exceeding the CET1 target of 12%.
- Maintain the Group's low risk profile by efficiently managing past due and calendar provisioning and especially in light of the aspects that emerged following the Bank of Italy's audit, which led to a substantial strategic review of both the commercial approach and credit management;
- Further increase our positive impact socially, environmentally and for all stakeholders, along with the achievement of carbon neutrality targets and doubling investment in social impact initiatives.

It should be noted that on February 10, 2025, the Group announced to the market a partial revision of its financial targets, indicating a delay of approximately one year in the achievement of its targets, while keeping its strategy intact. For 2026, the Group expects a profit of approximately 240 million euros (compared to the 255-265 million range previously announced) a ROTE of more than 40%, and, for the 2023-2026 period, cumulative dividends of more than 560 million euros, assuming the Bank of Italy's removal of restrictions on the payment of dividends.

The Sustainability Strategy

BFF pays particular attention to topics linked to sustainability, assessing the impacts, risks and opportunities that its business and conduct generate in terms of environmental, social and good governance aspects. In fact, in recent years BFF embarked on a challenging path toward sustainability, achieving important results. The BFF 2028 Plan confirms, among other things, this commitment, declaring equally challenging goals for the Plan's time horizon, as presented to the financial community.
In setting its goals, BFF has taken an approach aimed at integration with the Plan's individual workstreams while taking into account as best it can the potential risks and opportunities arising from the rapidly changing framework.

The following tables break down BFF's ESG targets, by the three pillars of sustainability, integrated into the Plan:

ENVIRONMENT

Area	Target	Action	Target year (per action)	Actual vs target
ESRS Sustainability Matters - CLIMATE CHANGE (E1)				
CLIMATE RISKS AND THE CREDIT PROCESS	Integrate climate risks into the Group's business, operations, and credit processes	Full integration of climate risks and environmental issues in the organization	2025	*Ongoing*
TOWARDS CARBON NEUTRALITY	Improve the environmental performance of the Group's sites in terms of energy and material consumption and mitigation and offsetting of CO_2 emissions - Neutrality of own real estate emissions (own operations) - by 2026	More than 80% of employees in buildings with a LEED rating	2025	Achieved in 2024
		Relocate the headquarters to a green building	2024	Achieved in 2024
		Data center migration	2024	Achieved in 2024
	Promote sustainable mobility - 2028	Complete the green transition of BFF Bank's car fleet	2026	*Ongoing*
		Start the transition of the Group companies' car fleet	2026	-
	Financed emissions monitoring	Gradual alignment with best practices in portfolio emissions monitoring	2025	*Ongoing*
ENVIRONMENTAL DISCLOSURE	Ensure transparent reporting of the Group's sustainability performance	Alignment with international climate change standards - Climate Report (formerly TCFD[6])	2026	*Ongoing*

6) As of January 2024, the TCFD passed its mandate to the International Sustainability Standards Board (ISSB), the independent sustainability reporting standards-setting body of the IFRS Foundation following the decision of the Financial Stability Board (FSB). Although the TCFD does not have the mandate, the 'Climate reports' are still a document that investors and rating providers take into consideration, and it is still possible for Companies to provide disclosure on these reports.

In the environmental dimension, strategic objectives were defined for three main areas:

1) **Climate risks and credit process:** As early as 2023, the Group started activities to integrate climate and environmental risks into the Group's business, operations and credit processes and set 2025 as the target year for achieving this goal. It has also identified more structured actions, in order to define the risk management target process for climate and environmental risks and the various procedures and methods for this process, as explained in more detail in the section '*ESRS E1 – Climate change*'. However, it should be pointed out that - in view of the BFF Group's particular business model, which is characterized by exposures mainly with the Public Administrations of the countries where the Group operates - the risk profile related to ESG factors takes on different connotations compared to traditional banking groups.
2) **Towards Carbon Neutrality***:* The Group has defined and made a commitment to reducing the carbon footprint of its own operations (buildings) by 2026[7]. To do this, it has planned a number of actions to ensure it achieves and also improves the Group's environmental performance. These include:
   - having +80% of employees in LEED-certified buildings, an action completed in December 2024 with the relocation of the Parent Company to Casa BFF;
   - relocating the Bank's headquarters to a green building, an action completed in December 2024 with the relocation of the Parent Company to Casa BFF;
   - achieving neutrality of its consolidated Scope 1 and 2 emissions related to its buildings. The Group expects to achieve this action in 2026;
   - migrating Group-owned data centers to a dedicated, more energy-efficient facility by 2024;
   - sustainable mobility, in order to take concrete action on direct emissions including through the promotion of sustainable mobility; BFF has set a target for the ecological transition of its car fleet. In this context, BFF plans to complete the fleet transition by 2028, through the completion of the transition for BFF Bank by 2026 and the start of the transition for other Group countries from 2026;
   - gradually aligning best practices for monitoring portfolio emissions (scope 3 emissions, category 15).
3) **Environmental disclosure**: In order to consolidate its commitment to climate change and for greater transparency with its stakeholders, BFF has initiated activities to prepare its first Group-wide Climate Report in accordance with TCFD guidelines. The Group plans to publish its first Climate Report in 2026.

7) Scope 1 and 2 emissions of its real estate assets.

SOCIAL

Area	Target	Action	Target year (per action)	Actual vs target
ESRS Sustainability Matters - OWN WORKFORCE (S1)				
DIVERSITY WITHIN THE WORK ENVIRONMENT	Diversification of the talent pool	Increase the number of employees belonging to underrepresented groups (e.g., gender, nationality, age) in key roles	Recurring target	*Ongoing*
	Reduce the gender pay gap	Ambition of substantial equal pay	Recurring target	*Ongoing*
DEVELOPMENT OF HUMAN CAPITAL	Distribution of the value created	Continue to distribute value created in the organization through the LTI program	Recurring target	-
ESRS Sustainability Matters - AFFECTED COMMUNITIES (S3)				
WELL-BEING OF AFFECTED COMMUNITIES	Promote the new purpose of the Foundation, supporting the execution of the strategy	Increase the Foundation's funding contribution	2026	*Ongoing*
	Fund projects with high social impact, in keeping with the Group's ESG strategy	Emission of a Social bond based on the Social Bond Framework published in 2023	2024	Achieved in 2024

In the Social area, BFF continues to reaffirm the value of its human capital, promoting a corporate culture based on meritocracy, responsibility, and respect, and is committed to generating well-being for the community it operates in by promoting all the actions necessary to support the implementation of the Fast Forward Foundation's strategic and operational plan, and promote Italian culture and contemporary art, giving part of the value that BFF generates back to society.

For this reason, the Group has set goals for the Social dimension, with 3 areas of focus:

1) **Diversity within the work environment**: the Group is committed to promoting diversity within the work environment through two main objectives:
   - diversifying its talent pool, by increasing the number of employees belonging to underrepresented groups (e.g., gender, nationality, age) in key roles. In particular, the Group has planned an increase in the number of employees belonging to the least represented gender in critical roles compared to the previous year. From the perspective of geographic diversity there have been no significant changes. We continue to maintain diversity levels, already at a good point. With respect to diversity in terms of age, all age groups are represented. With regard to this goal, the Group is carrying out specific targeted activities and has made an ongoing annual commitment.
   - reducing the *gender pay gap* through the ambition of substantial pay equality.

2) **Development of human capital**: BFF has defined an annual commitment to distribute created value, and continues to distribute the value created in the organization through the LTI scheme[8],

3) **Well-being of affected communities**: in order to consolidate its commitment to community relations and ensure the welfare of the community, BFF has set two main goals:
   - support the activities of the Fast Forward Foundation by promoting the Foundation's purpose on an ongoing basis.
   - support the execution of the strategy and increase its contribution two-fold by 2026.

In addition, BFF defined its Social Bond Framework in 2023, with the launch of the first Social Bond in 2024. This Social Bond provides funding for projects with a high social impact, in line with the Group's ESG strategy, as further detailed in section 'S3-4 - *Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions*'.

GOVERNANCE

Area	Target	Action	Target year (per action)	Actual vs target
ESRS Sustainability Matters - BUSINESS CONDUCT (G1) WORKERS IN THE VALUE CHAIN (S2)				
BUSINESS ETHICS	Monitor, measure and mitigate negative impacts related to the Group's operations, in accordance with regulatory developments	Review of the procurement process in order to include ESG metrics in supplier evaluations	2025	*To be started*
ESRS Sustainability Matters - BUSINESS CONDUCT (G1)				
ACCOUNTABILITY	Maintain a low-risk ESG profile	Expansion of the rating coverage and improvement of current scores	2025	*Ongoing*
PRINCIPLES FOR RESPONSIBLE BANKING	Join international initiatives and/or alliances with the aim of improving sustainability performance and ensuring transparent reporting	Endorsement of PRBs	2026	*To be started*
POLICY	Formalize the good sustainable practices adopted by the Group in order to maintain high levels of transparency	Drafting of a Sustainability Policy for the entire BFF Group	2024	Achieved in 2024
		Adoption of an Environmental Policy by the first quarter of 2024	2024	Achieved in 2024
		Drafting of an ESG Procurement Policy	2025	*To be started*

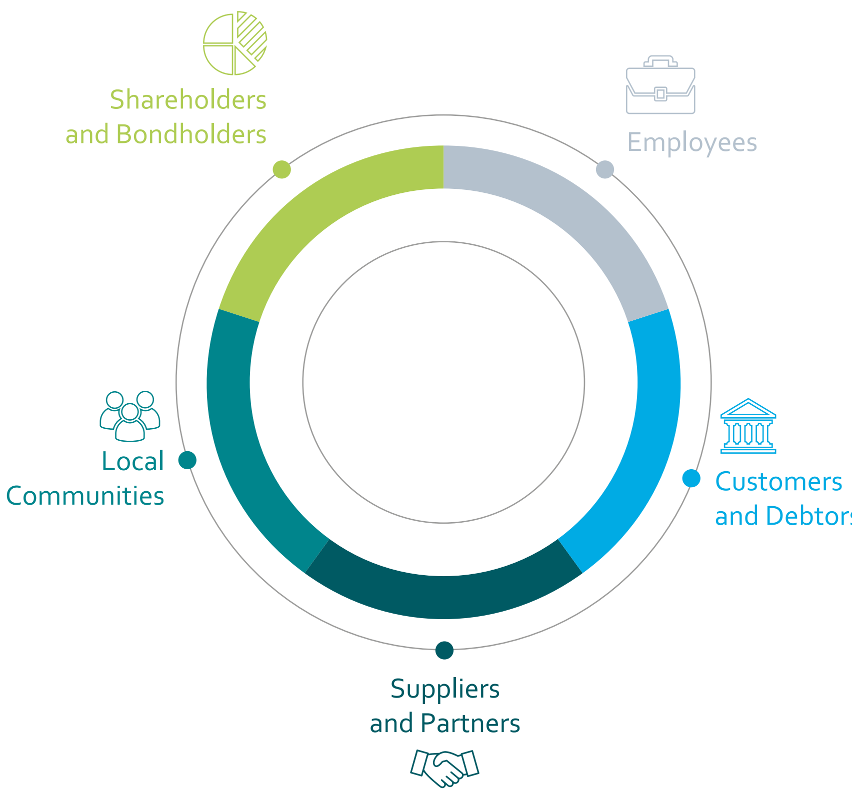
8) *Long Term Incentive*

With regard to Governance, the Group is committed to and continuing its efforts to ensure high accountability towards stakeholders, through the improvement of ratings and ESG indices (both in terms of score and coverage). In order to ensure the best performance in the area of business conduct, the Group has set specific goals divided into 4 areas:

1) **Business Ethics**: in order to ensure the monitoring, measurement, and mitigation of negative impacts related to its operations, also in line with regulatory developments, the Group has planned to revise its supplier selection and evaluation process, through the integration of ESG factors in supplier evaluation. BFF is committed to achieving this goal by 2025.
2) **Accountability**: BFF also continued to develop its dialog in 2024 with the leading ESG rating agencies, with the goal of pursuing the continuous improvement of its performance in the most accredited ESG ratings and an increase in coverage. To this end, the Group has set a goal of maintaining a low-risk ESG rating profile to be achieved in 2025.
3) **Principles for Responsible Banking (PRB)**: With the aim of improving sustainability performance, ensuring transparent reporting and maintaining its competitiveness in the market, BFF has set a specific goal aimed at joining international initiatives and/or alliances, specifically the Principles for Responsible Banking by 2026.
4) **Policy**: in order to formalize its sustainable practices adopted by the Group and maintain high levels of transparency, BFF has set three goals, two of which were achieved in 2024. In fact, in 2024, BFF adopted two specific Policies on sustainability: i) the Environmental Policy', which as further detailed in the section '*Policies related to climate change mitigation and adaptation*', formalizes the Group's commitment to environmental issues, and the 'Sustainability Policy', which in turn defines the Group's commitments and strategies on Sustainability issues. The Group also plans to adopt a policy in 2025 that defines commitments and rules for assessing its supply chain according to ESG criteria.

SBM-2 – Interests and views of stakeholders

The dialog with stakeholders in their capacity as representatives of interests whose opinions or decisions, attitudes or behaviors can objectively have an impact on the achievement of a specific objective of the organization plays a key role in achieving company goals.



Shareholders and bondholders: The Group's investors are constantly kept up to date through earnings calls, conference calls, analyst presentations, participation in financial events and various discussions, including on ESG issues. In addition the Group is asked by investors to complete questionnaires in order to provide information on specific issues. BFF also engages with its investors through independent surveys intended to analyze the financial community's perception of the comprehensiveness and effectiveness of financial documentation as well as the Bank's engagement in the context of ESG.

Employees: The Group informs and constantly engages with its employees, arranging for various discussion sessions throughout the year, repeated at least every three months at quarterly closure plenary meetings referred to in-company as Town Halls, aimed at sharing achievements during the period and looking together at future aspirations. The Group also gives out surveys twice a year to measure the inclusion and engagement of all resources, and gather tips that they deem useful for improving company performance and strategic objectives.
December 2023 saw the administration of the third edition of the Purpose Survey, the Group's bi-annual questionnaire that allowed for an analysis of the current organizational climate and the gathering of important input, thanks to which concrete actions can be taken, with the goal of making BFF an even more successful company, providing every employee with the resources they need to contribute to its goals.

In 2024, the approach adopted by BFF saw the direct involvement and engagement of the leaders of each team, sharing and discussing results with them and identifying shared goals and concrete action plans - a distinctive feature compared to previous editions.

Customers (including depositors) and Debtors: working to ensure a consistently high level of customer service is an integral part of the company's mission; this clearly involves listening to customers and engaging in continuous dialogue with them. Furthermore every year the Group carries out specific customer satisfaction surveys to establish the degree of customer satisfaction and draw up an appropriate action plans for its improvement. The total number of customers and the scope has been expanded as the survey is now also carried out in Italy, Spain, Portugal and Greece, and since 2020, several questions linked to ESG issues have also been included. The Group aims to progressively involve all its subsidiaries in this type of analysis in order to gain the broadest possible point of view of its customers. Following the presentation of the results, specific action plans are prepared, with the aim of following up the indications provided by the customers interviewed in terms of areas for improvement and expectations for the future. The actions identified in this way are geared towards enriching and improving the customer experience of services used, and at redirecting expectations towards elements of the Bank's governability, which are not related to regulatory or product constraints.
Events that BFF organizes or in which it participates in partnership with third parties are also important engagement opportunities with customers.
In 2024, BFF sponsored 6 major events organized by third parties that provided good visibility of the services offered and interacted with some prospects and customers interested in the service. Examples include participation as the main sponsor in the event 'Stati Generali di ADEPP-Associazione degli Enti Previdenziali Privati' (General overview of ADEPP-Association of Private Pension Schemes), which brings together major pension funds.
Another opportunity for engagement was the organization of sessions named a 'Coffee with BFF', a format designed specifically as a reserved networking opportunity with target customers.

Suppliers and Partners: Suppliers and Partners are involved by the Group through participation in locally organized or promoted events, upon which to develop and facilitate exchange over issues of common interest, mainly in the regulatory, educational and cultural fields.

Local Communities: The Group is always attentive to the communities where it operates, even listening indirectly to their concerns through its employees. Where possible, it implements initiatives to encourage discussion and sharing of experiences through cultural, social and economic projects. Thanks in part to the Fast Forward Foundation, which operates through co-creation and multi-stakeholder workshops in Italy and Europe, today BFF is able to identify and support social and economic needs impacting society, with a focus on the most fragile individuals.

With specific reference to the stakeholder category 'shareholders and bondholders', BFF, aware of the importance of a constant alignment between the Bank and investors, as well as active engagement with investors and analysts, the Bank encourages and fosters, as far as possible, a transparent and constructive dialogue both during institutional moments and in other initiatives, with a view to constant improvement.

It should be noted that during 2024, the Board of Directors of BFF Bank S.p.A. approved the '*Policy for engagement with general shareholders and bondholders*' (the '***Engagement* Policy**'), adhering to the provisions of the Corporate Governance Code, approved in January 2020 by the Corporate Governance Committee formed by Business Associations (ABI, ANIA, Assonime, Confindustria), professional investors (Assogestioni) and Borsa Italiana S.p.A.

The Engagement Policy aims to increase the level of transparency and dialog with stakeholders, also taking into account engagement practices developed at a national and international level, in order to increase the level of understanding of the activities carried out by the Bank and the Group.
The Policy has been drafted in compliance with the principles of: i) transparency and clarity: the manner in which the dialog is conducted must allow parties to make informed assessments through the provision of clear, complete, correct and truthful information, avoiding any form of unjustified selective reporting; ii) timeliness: answers to questions and comments must be provided promptly, in a manner and time frame appropriate to the case, and in line with the regulations in force for listed companies and the internal policy on the management of important privileged information; iii) equal treatment: all communications must be managed in full respect of equal treatment in order to protect against discrimination, ensuring equal conditions between Shareholders in the same position. The task of organizing and managing the dialog is delegated to the CEO of BFF Bank, who draws on the operational support of the Investor Relations Function for organizational aspects and content. The Chairperson of the Board of Directors ensures that the Board of Directors is informed about the development and important content of the dialog with Stakeholders, coordinating with the CEO for this purpose.
In detail, during 2024, engagement activities were pursued through institutional meetings represented mainly by the events listed below. The events are made known to the public through the BFF Group's website in the dedicated area.
The events held included:

- 4 earnings calls, i.e. conference calls in English during which the quarterly, half-yearly, nine-monthly and annual financial results were presented. These were held on February 8, May 9, August 5, and November 7, 2024. Audio recordings of these conference calls are available on the BFF Group's website;
- 1 market update call following the publication of the press release 'BFF approves sending feedback to the Bank of Italy. Pro forma capital as of March 31, 2024 above regulatory targets' held on July 11, 2024. The audio recording of this conference call is available in the specific section of the Bank's website;
- 4 post-results non-deal equity roadshows, i.e. meetings for equity investors not related to specific transactions, with video conferences held over a period of 5-6 trading days, not necessarily consecutive days, immediately following the publication of the financial results for the period;
- 2 deal fixed income roadshows, preparatory to the bond issue carried out by the Bank in October 2024, with video conference calls. The roadshows were organized by the investment banks that managed the bond issue;
- 1 post-quarterly-results fixed income roadshow, on May 13, 2024, i.e., meetings aimed at bond investors not related to specific transactions, with video conference calls;
- 1 Salesforce presentation on May 14, 2024 organized by Jefferies with the participation of both equity and debt-side sales professionals and the CEO of BFF;
- 1 Webcast on May 15, 2024 entitled 'Italian Banks: BFF Banking Group: Question Time with CEO Max Belingheri - Italy' organized by Bank of America Merrill Lynch, with the participation of the CEO of BFF;
- 13 equity conferences (for equity investors) organized in different financial centers, including Milan, London, Paris and New York by leading market operators, brokers and investment banks.
- 2 debt conferences (for bond investors), organized in different financial centers, including Milan and London by leading market participants, brokers and investment banks.
- In addition, in response to requests received from time to time from the Bank's various Stakeholders and prospective Stakeholders, the following were held:
- 93 one-to-one audio/videoconferences (i.e., individual and not group meetings) on digital platforms;

- 21 in-person meetings not related to the roadshows and conferences mentioned above mainly at BFF's offices in via Domenichino.

From 1 January 2024 to the date of preparation of this document, the total number of accounts, i.e. stakeholders broken down by investment companies, with whom there has been a dialog on one or more occasions in the aforementioned venues was approximately 445. In comparison, during 2023 the total number of encounters per account subject to engagement was about 290. It should be noted that the number of video conferences and one-on-one meetings was particularly high due to investor requests for clarification received following the announcement to the market of the Bank of Italy's findings.
Lastly, in view of the Shareholders' Meeting held on April 18, 2024, BFF also (i) undertook pre-meeting activities for the Bank's main shareholders and their teams responsible for Corporate Governance, ESG and Proxy voting, and (ii) had discussions with the Proxy Advisors (ISS and Glass Lewis).
The activities mentioned in point (i) above were carried out by:

- sending e-mails with the convocation notices and instructions for participating in the Meeting;
- 14 one-to-one video conferences on digital platforms in March and the beginning of April 2024, followed by emails with further clarification and explanations;
- corresponding, again by e-mail, providing clarification on specific issues;
- drafting - at times with the support of Morrow Sodali - and publishing ad hoc presentations on the main agenda items, which are available on the Group's website;
- sending the Rebuttal Letter on the reports and recommendations of the Proxy Advisors.

Finally, it should be noted that in November and December 2024, in preparation for the Shareholders' Meeting in April 2025, the Investor Relations Function carried out, also with the support of Morrow Sodali, the Human Resources function, the Chairperson of the BFF Board of Directors, and the Chairperson of the Remuneration Committee, (i) pre-meeting off-season engagement activities with the Bank's major shareholders and their Corporate Governance, ESG, and Proxy voting teams, and (ii) engagement activities with Proxy Advisors (ISS and Glass Lewis). The engagement referred to in point (i) was carried out mainly through 16 video conferences (including 14 with shareholders and 2 with Proxy Advisors) one-to-one discussions on digital platforms, which were followed up by e-mails with further clarifications and discussion.
Having a dialog with investors allows us to understand their needs and expectations, enabling BFF to respond to their needs and create shared value over time. In addition, BFF believes that encouraging Stakeholders to actively participate in corporate governance can be a useful lever in improving the Bank's financial performance and environmental, social and governance practices.

Regarding dialogue with stakeholders more generally, BFF believes that establishing and maintaining a constant and ongoing relationship with its stakeholders through fair, transparent and differentiated forms of engagement is in its own specific interest, as well as a duty to them. Such an approach can help to ensure a better understanding of mutual points of view, with the intention of fostering value creation in the medium to long term and in compliance with existing regulatory provisions and the principle of the equal treatment of stakeholders. In the specific case of shareholders and bondholders, for example, as provided for in the aforementioned Engagement Policy, the Chairperson of the Board of Directors of BFF ensures that the Board is informed, at least twice a year, about the development and significant contents of Stakeholder engagement, coordinating with the CEO for this purpose, including issues related to social and environmental sustainability.

Impact, risk and opportunity management

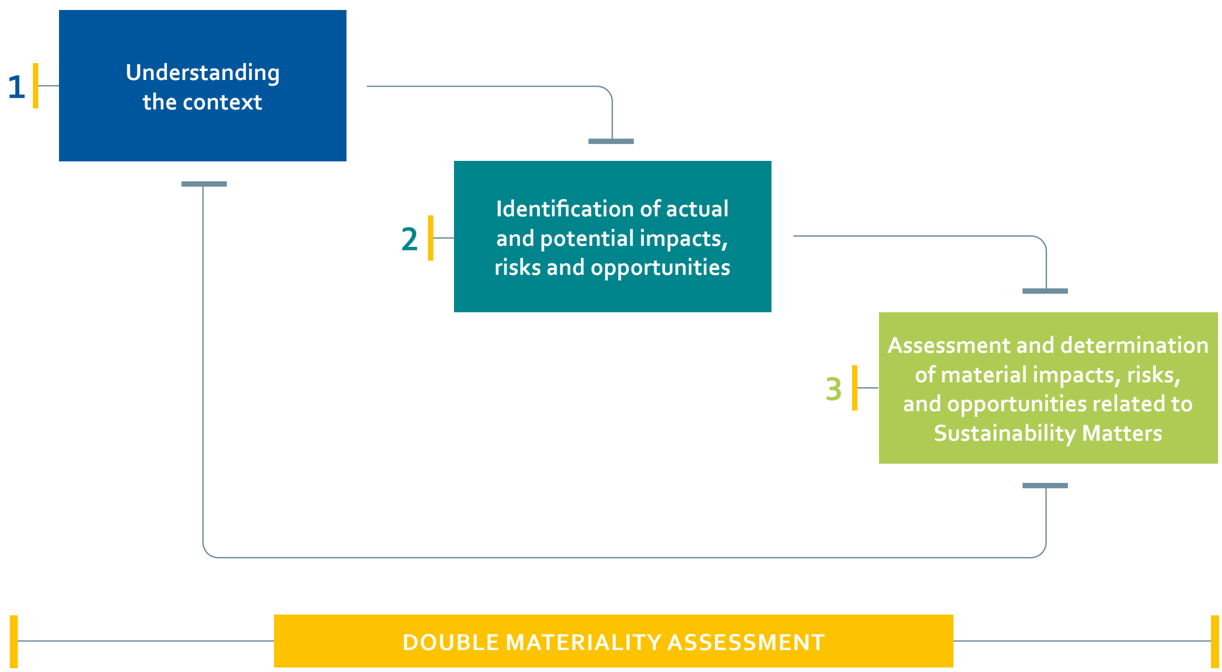
SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model

In line with the requirements of the new Corporate Sustainability Reporting Directive (hereinafter the 'CSRD'), the BFF Group conducted a Double Materiality Assessment to identify sustainability issues that are material. From as early on as 2022, the Group had carried out an initial Impact Materiality Assessment, in line with the GRI Standards reporting principle (GRI 3), flanked by an analysis of sustainability risks and opportunities that could affect the Group's financial performance in the short-, medium- or long-term, through the adoption of an outside-in perspective. During 2024, this assessment was updated in order to meet the new requirements of the CSRD, which establishes the obligation, among other things, for undertakings to supplement the Double Materiality assessment with a thorough consideration of the IROs applicable to their own value chain.

As such, the Group has analyzed its Value Chain to identify the main activities and related stakeholders of each phase. The Bank's direct operations, i.e., 'Own Operations' specifically consider the management of human resources and operational sites. The supply chain represents the upstream phase of the Value Chain while, in view of BFF activities, the analysis of portfolio exposures considers the downstream activities of the Value Chain.

In light of this, BFF has adopted a double assessment perspective, to identify the impacts generated by the Bank's supply chain and operations ('Operations' perspective), as well as the impacts generated by its portfolio exposures ('Business' perspective). This analysis was conducted to reflect the specific nature of the business in which BFF operates.

For the definition of the Double Materiality assessment, based on the guidelines of EFRAG, the body responsible for drafting the ESRS, the process is as follows:



1) Understanding the organization's context:

To identify a list of potentially material sustainability topics, BFF mapped the material topics identified for FY23 and correlated them with the topics and sub-topics of the new reporting standards, analyzing the main ESG frameworks, with particular attention paid to applicable sustainability regulations, and conducting preliminary benchmarking of its peers and competitors, with a specific focus on their sustainability reporting. The benchmarking also enabled the stakeholder categories that could potentially be involved in the steps of the DMA process to be identified.
In line with EFRAG guidelines, BFF carried out specific mapping of its value chain, considering the Group's four main BUs, Factoring & Lending, Securities Services, Payment Services and Corporate Center which includes the Online Deposit Account service.

2) Identification of impacts, risks and opportunities (IROs):

In order to identify all IROs potentially applicable to BFF, in terms of its own operations and/or upstream or downstream value chain, the Group has taken steps to create a long list, associating impacts, risks and opportunities with the topics and sub-topics included in Application Requirement 16 of ESRS 1. BFF conducted the assessment considering all topics and sub-topics in order to assess the materiality of each topic covered within the Standards.
In particular, with reference to impact materiality, in order to capture the Group's specific aspects, both in terms of operations and portfolio, the Group adopted the double perspective mentioned above:

- Operations Perspective: the perspective aims to identify the impacts generated for main stakeholders related to the Group's operations both by consulting accredited public sources such as internationally recognized reporting standards (GRI Standards, SABS, etc.) and by analyzing the main processes and activities carried out by BFF in the management of its operational sites and workforce. Although this perspective primarily focuses on the analysis of the Group's operating activities, it is specified that business relationships upstream in the value chain, i.e., suppliers of products and services with whom BFF has relationships, were also considered. In addition, due to the nature of the value chain and relationships, the 'operations' perspective also considers, within impact mapping, the effects generated for deposit account customers.
- Business Perspective: this perspective, on the other hand, aims to identify the impacts related to the Bank's portfolio exposures. Specifically, the impacts associated with both the assignor and the debtor (assigned party) were considered for the Factoring & Lending service line, given the sector in which they operate through the relevant NACE codes. Whereas, the impacts analyzed for the Transaction Services service line take into account the volume of payments brokered and the type of financial instruments deposited for custody services. In this case as well, the Business perspective focused on the NACE sector to which the identified counterparts belonged. This made it possible to identify specific impacts related to the sector of exposure.

As regards the financial materiality analysis, on the other hand, the risk drivers were identified by consulting the catalog of risks singled out with the support of the Risk Management Function, including, by nature and purpose, a mapping of risks also considering possible dependencies on the external environment, as well as potential risks deriving from negative impacts[9]. Where necessary, for financial materiality purposes, this mapping was supplemented by including potential risks relating to ESG issues not currently present (Tax Transparency). These risks were then associated with one of the ESRS sub-topics set out in AR 16, ESRS 1, in order to identify the best connection between the drivers and sub-topics. In the case of risks relating to issues that are not appropriately attributable to AR 16 subtopics, an entity-specific topic (e.g., Tax Responsibility) was assigned. Opportunities, on the other hand, were identified considering the information in the Group's Strategic Plan and the positive impacts mapped in the DMA process that can generate positive financial effects (e.g., increased profitability, reputational advantage, etc.).

9) Following the publication by the Bank of Italy of the 12 supervisory expectations regarding the integration of climate-environmental risks, in 2023 the BFF Group identified structured solutions in order to define the risk management target process for climate and environmental risks and the different ways and methods it could take action. Consistent with its business plan, the Group is continuing on the path of integrating the risk framework with the specific risk factors related to climate change, providing for the inclusion of such factors in its risk management processes.

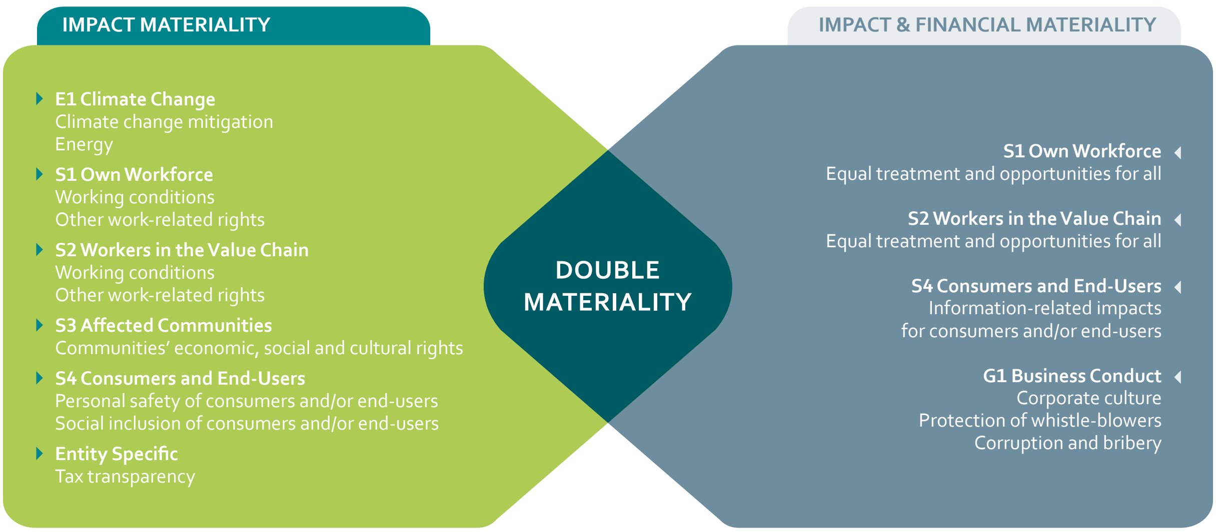
3) Assessment and determination of material impacts, risks and opportunities:

The BFF Group has defined an assessment model, based on the framework and methodologies envisaged by EFRAG.
For the inside-out perspective of the impact materiality analysis, the identified impacts were assessed considering the significance of the impact, as per EFRAG guidelines, the severity and likelihood of occurrence. To ensure a more robust assessment process, the Group considered the sectoral assessments conducted by UNEP FI considering both the 'irremediable nature' of negative impacts (through the UNEP FI Irremediability Map) and by reprocessing the documentation provided by UNEP (i.e., mapping of sectoral impacts on ESG issues and UNEP FI Impact Radar Map). The documentation published by UNEP FI was mainly considered for analyses of portfolio exposures (the Business perspective). The DMA process, included, for the first year, the engagement of a small cluster of internal representatives of the main functions involved in the process, selected on the basis of the expertise gained in the field through the validation of the results obtained.
The results of the analysis conducted, considering the UNEP FI tool, for each portfolio analyzed, were then compared with other frameworks such as MSCI's ESG Industry Map and S&P Global Ratings' Materiality Map.
The risks, identified by adopting an outside-in perspective were instead evaluated by the Group Risk Management Function, considering the financial magnitude, i.e. the potential magnitude of the financial effects generated on BFF considering the contribution of the identified risks and opportunities, and the likelihood of their occurrence. The assessments were expressed by considering only those mitigation actions already in place, from a prudential perspective.

Specifically, magnitude was assessed for each of BFF's prudential risk categories by considering, for DMA purposes, the highest scoring of those assessed. This score was then multiplied by the likelihood of occurrence in order to obtain an overall assessment of the identified risk. Based on the score obtained, BFF prioritized the risks, identifying the so-called top risks (i.e., material risks). The same considerations were applied to assessing opportunities, however internal and external stakeholders were not considered to be involved in these. Nevertheless, the Group reserves the right to supplement the methodology adopted at present in future years.
Lastly, with the aim of determining material impacts, risks and opportunities, BFF has defined a materiality threshold involving the Risk Management Function. Specifically, in order to identify a threshold representative of the actual materiality of the identified IROs, it was deemed necessary to set it at a value equal to the fourth quintile (i.e., 4 out of 5), in the case of both impact and financial materiality.
Following the identification of material IROs, the Group identified topics and sub-topics relevant for the disclosure. The topic was considered relevant if material from the perspective of impact materiality, financial materiality, or both. Finally, the topics were shared with the Chief Executive Officer, the Control and Risks Committee, the Board of Statutory Auditors, and the Board of Directors for final validation and approval of the results. The latter then approved the Sustainability Report in full, with the supervision of the Board of Statutory Auditors.
This process therefore allowed for the selection of disclosure requirements that are material for BFF, with the goal of providing relevant, neutral, comparable, verifiable and easily understandable information to the users of the document and to all stakeholders, without compromising document usability. The Group therefore reconciled the material issues identified with the disclosure requirements in the ESRS and, subsequently, excluded qualitative-quantitative datapoints related to the 'metrics' that are not applicable and/or not relevant to the Group.
It should be noted that BFF considered it necessary to integrate an entity-specific topic, in order to enable users of the document to know the impacts in terms of Tax Responsibility, a topic not currently addressed in the sector-agnostic ESRS.

Material impacts, risks, and opportunities resulting from the materiality assessment

The issues that have emerged as significant for the Group, indicating their material impacts, risks and opportunities are listed below.



IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)[10]	**Business Perspective (VC)**[11]	**Risks (OP)**	**Opportunities (OP)**
Topic: ESRS E1 – CLIMATE CHANGE			
/	Portfolio exposure to Customers operating in sectors with negative impacts related to Climate Change (S, M, L)	/	/
Topic: ESRS S1 – OWN WORKFORCE			
Managing the socio-economic conditions and quality of life of employees by respecting workers' rights and promoting a healthy and safe working environment S, M, L([12]) Positive impact on employee satisfaction and productivity in relation to the work environment, within which inclusiveness, equal opportunity, respect for diversity, and fair pay are ensured (S, M, L)	/	Risk related to the working conditions of own workforce (i.e., increased demand for qualified personnel from competing firms; increased social pressures) (S) Risk related to non-compliance with equal treatment of own workforce, which is increasingly relevant at a regulatory and social level (S)	Promoting the mental well-being of own workforce through ad hoc initiatives (S) Improved perception of BFF, mindful of Diversity & Inclusion, benefiting its reputation and attractiveness (S) Ability to attract and retain skilled labor through human capital enhancement activities (S)
Topic: ESRS S2 – WORKERS IN THE VALUE CHAIN			
Proper management of socio-economic conditions and quality of life along the entire value chain by protecting workers in the VC and respecting their rights (S, M, L) Dissemination of sustainability practices and good governance throughout the VC through the promotion of precise sustainability standards (S, M, L)	Portfolio exposure with Creditors and, indirectly, debtors operating in sectors with negative impacts related to their workers (working conditions, equal opportunities, other labor-related rights) (S, M, L) Services offered to Customers operating in sectors with positive impacts related to their workforce (equal opportunities) (S, M, L)	Risk related to the protection of equal opportunities for workers in the value chain, which is increasingly significant at regulatory and social level (B)	/

10) OP: Own Operations

11) VC: Value Chain

12) S: Short-term; M: Medium-term; L: Long-term

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)[13]	**Business Perspective (VC)**[14]	**Risks (OP)**	**Opportunities (OP)**
Topic: ESRS S3 – AFFECTED COMMUNITIES			
Local community development through education and cultural projects (S, M, L)	Portfolio exposure with Customers operating in sectors with negative impacts related to Local Communities, in terms of economic, social and cultural rights (S, M, L) Portfolio exposure with Customers operating in sectors with positive impacts towards Local Communities, in terms of economic, social and cultural rights (S, M, L)	/	/
Topic: ESRS S4 – CONSUMERS AND END-USERS			
Violation of privacy and disclosure of sensitive data due to the inefficient management of security systems (S, M, L) Increased customer well-being through ad hoc initiatives (e.g. financial well-being) and the provision of dedicated services (B)	Portfolio exposure with Customers operating in sectors with negative impacts related to End Consumers (personal safety and social inclusion) (S, M, L) Portfolio exposure with Customers operating in sectors with positive impacts related to End Consumers (social inclusion) (S, M, L)	Risk associated with rapid changes in customer preferences (B) Risk of a change in relevant regulations related to sustainability characteristics of purchased financial products and services (B) Risk related to poor customer privacy protection and low quality of services offered (B)	/

13) OP: Own Operations
14) VC: Value Chain

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)[15]	Business Perspective (VC)[16]	Risks (OP)	Opportunities (OP)
Topic: ESRS G1 – BUSINESS CONDUCT			
Increased transparency in the corporate environment through the use of policies on good conduct and the promotion of a corporate culture (S, M, L) Contribution to healthy work environments through the promotion of initiatives and channels that ensure the confidentiality of personal data (S, M, L) Negative impact related to an increase in corruption cases due to the absence of policies and safeguards (S, M, L)	Portfolio exposure with Customers operating in sectors with negative impacts related to corporate governance (S, M, L)	Risk of technological changes and advances, resulting in compliance costs (B) Risk related to Business Conduct (i.e., shortcomings in governance with respect to implementation of business policies on good conduct and resulting non-compliance with applicable regulations and unlawful conduct) (B) Risk related to non-compliance with applicable regulations and unlawful behaviors in areas such as reusing profits from illegal activities, incidents of extortion, anti-competitive behavior, etc. (B)	/
Topic: TAX RESPONSIBILITY (ES)			
Sustainable development of the Bank through tax compliance (S, M, L)	/	/	/

For sustainable growth in the long term, it is important to have a proper understanding of BFF's actual and potential impacts on the external environment and society, as well as the risks and opportunities arising from them. The Double Materiality Assessment enables the Group to carry out evaluations on its strategy and business model, contributing to the improvement of corporate resilience on the one hand, and the creation of value for its stakeholders on the other.

With reference to governance practices, BFF conducts all its activities complying in full with regulations on business conduct, promoting a corporate culture and business model based on transparency, honesty, respect for people and the enhancement of resources. In particular, BFF is committed to complying with all provisions in terms of taxation, reducing the risk of engaging in unlawful behaviors[17],

15) OP: Own Operations

16) VC: Value Chain

17) This impact is related to the entity-specific Tax Responsibility topic, as it was considered that it was not attributable to topics already covered by the sector-agnostic ESRS.

In the social sphere, the Group makes a positive contribution to improving the quality of life of its employees by promoting the creation of a healthy, safe and fair working environment and ensuring equal opportunities. This positively affects the level of satisfaction and productivity of BFF's workforce, indirectly benefiting its customers. The Group is committed to listening to and understanding their needs through the provision of dedicated services. Similarly, the Group also ensures respect for these rights among workers in its value chain by establishing business relationships with qualified suppliers. In addition, BFF actively promotes the welfare of the communities where it operates, by organizing initiatives and projects, discussed in more detail in the dedicated section 'ESRS S3 - Affected Communities'. These values contribute to an improved corporate reputation, fostering new opportunities for growth. From a prudential perspective, the Group has identified potential negative impacts related to a possible breach of confidentiality of sensitive customer data, also due to temporary malfunctions in security systems, as well as unethical behaviors of Group players, due to a lack of recurring initiatives on anti-corruption.
From an environmental point of view, there are no significant negative impacts generated by BFF's operations related to the topic of Climate Change; on the contrary, considering the business model adopted by the Group, which is characterized by a diversified range of financial services and therefore by a portfolio exposure to diverse types of sectors and customers, there are potential negative impacts from an environmental point of view. The materiality of the topic Climate Change and, in particular, the sub-topics 'Climate Change Mitigation' and 'Energy' also appears to be aligned with the attention given to the topic by the regulator, major rating providers, and institutional investors.
Impacts identified as material indirectly contribute to the emergence of risks related directly and indirectly to ESG topics, as shown in the table above, which may generate effects on the Group's financial position (e.g., increased personnel retention costs, costs related to technology replacement, etc.).
For further details and insights about the mitigation actions put in place to respond to these risks and negative impacts, please refer to the sections IRO-1 and 'Actions' included in each chapter on topical standards.
With reference to the process and results of the Double Materiality assessment, the Group has not currently identified accounting items that are affected by the financial effects generated by material risks and opportunities. However, a refinement of the methodology is planned for future years to also include this information.
In addition, BFF conducted an initial assessment exercise aimed at evaluating climate and environmental risks, which will be updated and reported during the 2025 ICAAP/ILAAP. For more information about the analysis conducted, please refer to the section '*Material impacts, risks and opportunities and their interaction with strategy and business model*' included in the environmental section 'ESRS E1 - Climate Change'.

Governance

GOV-1 – The role of the administrative, management and supervisory bodies

BFF has adopted a governance traditional system that provides for the appointment of the members of the Board of Directors and the Board of Statutory Auditors by the shareholders' meeting.
In this model, the governance of the Group provides for a clear distinction of the roles and responsibilities of the corporate boards, as outlined in the By-laws.
The Board of Statutory Auditors is entrusted with control functions, while strategic supervision is entrusted to the Board of Directors, which resolves on strategic guidelines, defines the overall governance structure and approves the Bank's organizational structure, and verifies its proper implementation on an ongoing basis, promoting timely corrective measures in the face of any shortcomings or inadequacies.
ESRS-2-GOV-1.21 a Corporate governance also requires the Board of Directors to appoint from its members a Chief Executive Officer, who is the management body.

The current Board of Directors has nine members (4 women and 5 men), of whom one holds an executive position and 7 are independent; of these, 5 are resident in Italy, 1 resident in a European country and 3 resident in non-European countries.

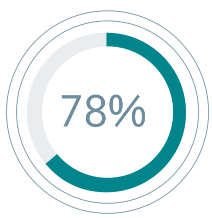
ROLE OF MEMBERS OF THE BOARD OF DIRECTORS AND INDEPENDENCE REQUIREMENTS

NAME	OFFICE HELD IN BFF	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
Ranieri de Marchis	Chairperson			✓
Anna Kunkl	Deputy Chairperson			✓
Massimiliano Belingheri	Chief Executive Officer	✓		
Alexia Ackermann	Director			✓
Guido Cutillo	Director			✓
Domenico Gammaldi	Director			✓
Mimi Kung	Director			✓
Susana Mac Eachen	Director			✓
Piotr Enryk Stepniak	Director		✓	

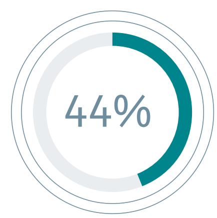
The composition of BFF's Board of Directors meets the diversity and gender criteria recommended by the Corporate Governance Code as set out in the Corporate By-laws, the Board of Directors' Regulations and the Board of Directors' Diversity Policy, approved by the Board of Directors most recently on July 28, 2021. This Policy describes the optimal composition of the board, covering aspects such as age, gender composition, education and professional background, so that the Board of Directors may effectively carry out its duties, making its decisions on the basis of a varied, qualified and diverse points of view. This Policy is subject to review at least once a year and, if required, is updated, also with the assistance of external professionals where necessary, proposed by the Nominations Committee. Revisions are aligned with the outcome of the self-assessment process which is carried out on an annual basis in line with the Supervisory Provisions for banks (the "Self-Assessment"). Revisions are designed to detect and anticipate changes in the Company so that the identification of the requirements for the composition of the Board is consistent with these developments.

The Self-Assessment concerns aspects related to the composition and functioning of the Board and its internal Committees, taking into account, among other, the qualitative and quantitative composition, size, degree of diversity and professional expertise of its members, presence of non-executive and independent members, and the adequacy of the appointment process and selection criteria in order to verify and guarantee the most correct functioning over time and the consequent effectiveness of the body with strategic supervision function and the board committees, as well as to guarantee the effectiveness of governance that is duly based on the principles of sound and prudent management.

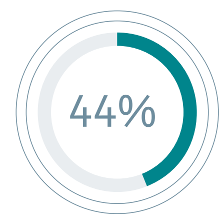
Currently BFF's Board of Directors has an optimal composition in terms of professional experience, gender, international profile and independence:



Independent



Presence of women



With international experience

The Board of Statutory Auditors, composed of three auditors (two men and one woman), complies with the legal provisions on gender balance, i.e. the less represented gender accounts for 33%, and has also adopted its own diversity policy, in accordance with the provisions of Article 2, Recommendation 8 of the Corporate Governance Code and Article 123-bis, paragraph 2, letter d-bis of the Consolidated Law on Finance, with account being taken, inter alia, of the outcome of the 2024 self-assessment process. This policy describes the optimal characteristics of the composition of the supervisory body including aspects such as age, gender composition, and educational and professional background so that it may exercise its supervisory duties in the most effective manner, making decisions that benefit from the contribution of a range of qualified and diverse points of view, making it possible to consider the issues under discussion from different perspectives.
The Board of Statutory Auditors undergoes a periodic self-assessment process regarding its size, composition and functioning, as well as the eligibility of its members for the performance of their duties, in compliance with the provisions of the Supervisory Provisions for Banks, which require that 'the body discharging control duties also conducts a self-assessment regarding its composition and functioning, based on the purposes listed above and according to criteria and methods consistent with its characteristics'. This process, therefore: i) pertains to the adequacy of the body as a whole and the contribution that individual members make to its proceedings, as well as the eligibility of its members; ii) is carried out at least annually; iii) is conducted by the staff identified by the Chair of the Board of Statutory Auditors.

MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES *UoM n.*

	2024																
GENDER	Male				Female				Other				Not reported				
	30-50	51-60	61-70	>70	30-50	51-60	61-70	>70	30-50	51-60	61-70	>70	30-50	51-60	61-70	>70	Total
Board of Directors	**1**	**1**	**2**	**1**	**-**	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9**
Executive members	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1**
Of which non-independent executive members	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1**
Non-executive members	-	1	2	1	-	4	-	-	-	-	-	-	-	-	-	-	**8**
Of which non-independent non-executive members	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	**1**
Of which independent non-executive members	-	1	1	1	-	4	-	-	-	-	-	-	-	-	-	-	**7**
CEO	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
Board of statutory auditors	**-**	**1**	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**
Of which non-executive members	-	1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	**3**

PERCENTAGE OF MEMBERS OF ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES BY GENDER AND OTHER ASPECTS OF DIVERSITY

UoM %

	2024									
GENDER	**Male**					**Female**				
	30-50	**51-60**	**61-70**	**>70**	**Total**	**30-50**	**51-60**	**61-70**	**>70**	**Total**
Board of Directors	**11%**	**11%**	**22%**	**11%**	**56%**	**0%**	**44%**	**0%**	**0%**	**44%**
Of which executive members	11%	0%	0%	0%	11%	0%	0%	0%	0%	**0%**
Of which non-executive members	0%	13%	25%	13%	44%	0%	44%	0%	0%	**44%**
Chief Executive Officer (CEO)	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Board of statutory auditors	**0%**	**33%**	**33%**	**0%**	**67%**	**0%**	**33%**	**0%**	**0%**	**33%**
Of which non-executive members	0%	33%	33%	0%	67%	0%	33%	0%	0%	**33%**
Total	**8%**	**17%**	**25%**	**8%**	**58%**	**0%**	**42%**	**0%**	**0%**	**42%**

Independent directors on the Board of Directors account for 78%, up from 2023 when they accounted for 56%.

PERCENTAGE OF INDEPENDENT MEMBERS OF THE ADMINISTRATIVE BODY

UoM %

	2023	2024
Independent members	56	78
Non-independent members	44	22
Total	**100**	**100**

There are no employee or other worker representatives on the Board of Directors.
In line with regulatory provisions and the provisions of the Corporate Governance Code, the Board of Directors defines its qualitative and quantitative composition considered optimal for effectively performing the tasks and responsibilities entrusted to it by the provisions of the Supervisory Authority and the Corporate By-laws. The Board of Directors also determines the requirements that its members must meet, in addition to those provided for in current regulations. Prior to the appointment of its members, the Board of Directors shall inform shareholders of the composition deemed optimal, to enable them to consider the necessary professional requisites when selecting candidates. The results of the check made by each corporate board on the qualitative and quantitative composition considered optimal against the composition resulting from the nomination process, in accordance with current regulatory provisions, are disclosed to shareholders in good time before the first Shareholders' Meeting to approve the financial statements following the renewal of the boards.
In this regard, the outgoing Board of Directors, in view of the board's renewal, and considering the outcomes of the self-assessment process for the 2023 financial year, issued Guidance for Shareholders prior to the Shareholders' Meeting convened, among other things, to appoint the Board of Directors (held on April 18, 2024). In presenting the lists of candidates, the Board of Directors and Shareholders took this guidance into account. Along with each list, the documentation required by the regulations was filed for each candidate, including their professional curriculum vitae, the statements that no reasons existed for their incompatibility or ineligibility and that they met the requirements of law and the Corporate By-laws, as well as the list of any positions of administration and control held in other companies.

Subject to compliance with current regulations, the Board of Directors also identified certain areas of expertise in relation to the requisites for professional experience, with the recommendation that all such areas should be represented on the board, seeing that a diverse range of skills and experience ensures that all professional profiles are represented, fosters dialogue, and contributes to having efficient Board proceedings.

In fact, besides the professional requisites envisaged by current regulations, Board Directors must meet at least one of the following requirements, pursuant to the Board's Rules of Procedure:

- adequate knowledge of the banking industry, the dynamics and economic and financial system, banking and financial regulation, and, above all, risk management and control methodologies, acquired through many years of experience in administration, management and control in the financial sector;
- experience in managing operations aimed at facilitating the factoring, management and collection of accounts receivable, in particular, from health care providers as well as from the public administration;
- experience in business management and organization acquired through many years of activity in administration, management or control in undertakings, or groups of significant economic size, or in the public administration;
- the ability to understand and interpret economic and financial data acquired through many years of experience in administration and control in enterprises, or in professional practice, or in university teaching;
- international experience and knowledge of foreign markets acquired through long-term business or professional activities at foreign institutions or organizations, enterprises or groups with an international vocation.

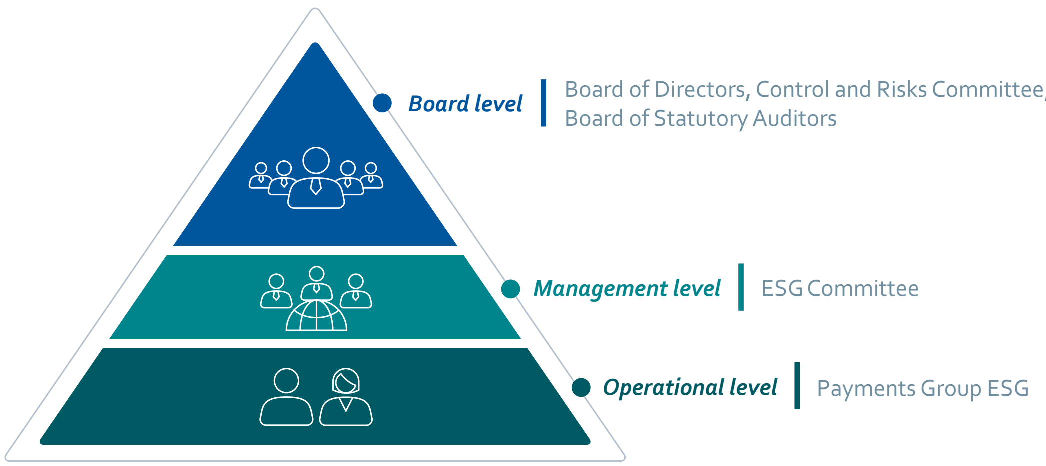
To ensure it can oversee the management of relevant risks with a view to the sustainability of the Bank's business in the medium to long term, including related impacts and opportunities, the Board of Directors has identified other areas of expertise, in addition to the above, and namely:

- sustainability (ESG), meaning experience gained in contexts with a strong focus on ESG issues, including ESG risks, as substantial elements of the company's long-term business strategy,
- AML and compliance.

In addition, following the appointment of the new Board of Directors and considering the significance of the aforementioned issues, specific induction paths have been initiated for both BFF's sustainability strategy and for specific issues on Anti-Corruption and Anti-Money Laundering.

Sustainability governance

BFF has structured its ESG Governance by defining roles and responsibilities within the Group, as presented below.



The Board of Directors is responsible for overseeing the company's sustainability strategy, assessing the adequacy of the organizational sustainability framework, approving the sustainability report and the output of the double materiality process, as well as ensuring regulatory compliance and risk management and oversight of sustainability policies. Specifically, it:

- sets Group-wide guidelines, targets and strategies on sustainability issues;
- ensures the integration of ESG risks into business strategies, governance, processes, procedures, and the system of controls;
- approves the double materiality assessment, the Sustainability Report, and the main relevant policies;
- supervises the proper oversight of the impacts, risks and opportunities associated with material sustainability issues.

In this context, the Board of Directors, in pursuing sustainable success, guides the Bank and directs its activities with a view to integrating sustainability progressively into the definition of strategies and remuneration policy, including on the basis of a materiality analysis of factors that may affect the generation of value in the long term.

The Control and Risks Committee to which - as of 2020 - the Board of Directors has assigned responsibilities in the area of ESG, has:

- fact-finding, proposal and advisory functions and, more generally, supports the Board of Directors on sustainability issues (having regard to ESG parameters);
- responsibility for the periodic review (at least every six months) of updates on the progress of sustainability interventions.

The Board of Statutory Auditors is responsible for ensuring the accuracy and transparency of sustainability information included in corporate reporting. In particular, it deals with:

- supervising the integrity of reporting processes, and regulatory compliance;
- checking the system of internal controls, overseeing the adequacy of the organizational structure;
- preparing periodic reports to inform the Shareholders' Meeting about the activities it carries out.

The Chief Executive Officer, in his area of responsibilities:

- proposes Group-wide guidelines, targets and strategies on sustainability issues to the Board of Directors;
- oversees the implementation of the guidelines, targets and strategies approved by the Board of Directors;
- proposes the results of the Double Materiality Assessment, Sustainability reporting, and key policies to the Board of Directors.

The ESG Committee is a body of a managerial nature, with proposal and advisory functions assisting the Chief Executive Officer in assessments and decisions relating to sustainability issues connected to the Bank's and the Group's business operations and its dynamics of interaction with all stakeholders, approving its Rules of Procedure.
More specifically, the Committee has investigative duties vis-à-vis sustainability matters to be submitted to the Chief Executive Officer, supporting the latter in managing all social responsibility issues and ensuring the Group's positioning on these matters in the various areas of reference. The establishment of the ESG Committee:

- testifies to the importance BFF attaches to integrating sustainability issues into its business operations, and to promoting a culture of sustainability within the organization;
- enables the cross-sectoral management and integration of sustainability issues and the associated impacts, risks and opportunities within the business, ensuring the commitment and participation of all functions;
- allows the effective, homogeneous and coordinated management of sustainability-related processes and initiatives;
- enables the development of a defined and shared governance for the identification of strategic management priorities, so that they are measurable and verifiable for all functions.

Since November 2024, in compliance with the provisions of current sustainability regulations (Italian Legislative Decree 125/2024), BFF has given specific responsibilities to the Financial Reporting Officer, as explained in further detail in the section '*The Internal Control and Risk Management System*'. Specifically, the Financial Reporting Officer is required to:

- ensure that non-financial data pertaining to environmental, social and governance information, comply with the requirements of the Legislative Decree;
- supervise sustainability disclosure collection processes;
- certify, together with the Chief Executive Officer, that the Sustainability Report has been prepared in accordance with reporting standards, including the information to be provided under Regulation (EU) 2020/852.

In light of the materiality of the impacts, risks, and opportunities related to sustainability issues, the Group has defined in an integrated manner, the roles and responsibilities of the various corporate structures for the identification and management of material IROs, as follows.

The Group ESG & Financial Reporting Officer Support Organizational Unit is responsible for all issues and initiatives relating to the area of sustainability, to ensure the integration and promotion of impacts, risks and opportunities, in the Group's business model and activities.

In connection with the implementation of the Group's sustainability initiatives, the Group ESG & Financial Reporting Officer Support Organizational Unit:

- leads, coordinates and monitors the progress of activities, especially in relation to corporate projects and together with the support functions that from time to time may be involved;
- ensures, in the case of 'business' projects, coordination and dialogue between the business function responsible for the project and any additional functions involved, monitoring and supporting the progress of activities;
- ensures, in business planning and programming processes, that proper emphasis is given to ESG issues.

The Risk Management Function includes ESG factors, with a particular focus on climate and environmental factors, in the assessment of exposure to various risks and their monitoring, producing comprehensive reports on the type and level of materiality of ESG risks to which the intermediary is exposed.
The Compliance & AML Function ensures that compliance risks arising from ESG risks are given due consideration in all relevant processes, carrying out activities consistent with indications in the BFF Banking Group's Compliance Risk Management Policy and based on activities planned annually from a risk-based perspective.
Group General Counsel ensures that the Bank's corporate governance adheres to ESG principles and objectives, providing ongoing support in pursuing them. It works with the Group ESG & Financial Reporting Officer Support Function, in defining strategies to mitigate sustainability-related impacts, risks and opportunities.
The Human Resources and Organizational Development Function i) integrates ESG elements into the definition of individual development plans and monitors their progress; ii) adapts the learning strategy by reinforcing staff training with ESG issues; iii) integrates the Group's internal communication strategy with ESG elements.
As part of the activities related to ESG issues, the Group Planning and Control Organizational Unit acts as a collector of information in order to support the Group in defining objectives, both short- and medium-/long-term in line with adopted policies, as well as in monitoring and reporting on them.
More generally, all business functions contribute to the identification of impacts, risks and opportunities that are material for the Group and are committed to implementing the Group's guidelines; they report, for their area of responsibility, on the risks and opportunities related to ESG factors.
To effectively pursue sustainability goals, the Bank, with the renewal of the Board of Directors, has strengthened its governance system and internal management. In this regard, the Board of Directors, following its renewal resolved by the Shareholders' Meeting last April 18, assessed the Board Directors, in compliance with the '*Regulations on the requirements and criteria of eligibility to hold positions as corporate officers of banks, financial intermediaries, credit guarantee consortia, electronic money institutions, payment institutions and depositor guarantee systems*' (the 'Regulations' or the 'Fit&Proper Decree'), to ensure they met the 'Eligibility Requirements', and had ESG-related abilities and expertise. Specifically, as part of the aforementioned eligibility review, the Board of Directors evaluated the expertise, diversity, knowledge, and experience of individual board members, including their expertise on sustainability matters. The assessment concluded that each individual member of the Board of Directors has the expertise relevant to BFF's IROs, and also related to the specific sector in which the Bank operates.

During the year, the Bank defined and implemented specific governance initiatives also aimed at strengthening this expertise.
In particular, it organized induction sessions on Directors' roles and responsibilities, the Strategic Plan, the Bank's businesses as well as specific ESG topics.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Group strengthens its commitments to Sustainability by establishing processes and identifying the roles and responsibilities of corporate boards and structures aimed at the oversight of material ESG factors, and opportunities and risks, and their monitoring and reporting. Specifically, the process consists of the following steps:

- Identification and prioritization of material ESG factors and main activities, projects and initiatives in line with the Group's sustainability commitments gradually stated within its strategy;
- Monitoring and management of risks related to the activation of sustainability initiatives in the various business areas involved, in compliance with the stated commitments, providing for remediation if necessary;
- Reporting on risks and opportunities related to material ESG factors.

During 2024, all topics found to be material by the double materiality assessment were submitted to the relevant board committees and the Board of Directors of the Bank. More specifically, the Control and Risks Committee, as the board committee responsible for ESG topics, met four times. The Board of Statutory Auditors, besides attending the meetings of the Control and Risks Committee and the Board of Directors, met twice in 2024 to deal with specific sustainability issues.
As mentioned in the section '*Strategy, Business Model and Value Chain*', the Group has mapped out an ESG strategy integrated into the Business Plan. The Board of Directors has defined the strategy, taking into account the impacts, risks and opportunities, determined in turn by the materiality assessments conducted in previous years.
The ESG strategy, defined by BFF, is monitored on an ongoing basis by the relevant structures with reporting, at least every six months, to the relevant bodies - the Board of Directors, the Control and Risks Committee, the Board of Statutory Auditors - on the progress of the actions taken, the policies defined and any future objectives, and is also integrated into the annual strategic planning process.

GOV-3 – Integration of sustainability-related performance in incentive schemes

As previously mentioned, on June 27, 2023 the Board of Directors approved the Group Business Plan for the five-year period 2023-2028 and the financial targets for the three-year period 2023-2026[18]. The Plan presented to the market, in addition to being based on the pillars already mentioned in the 'Strategy, Business Model and Value Chain' section, sets out the new corporate values. Among these values, it is important to mention the meritocracy underlying the pay-for-performance philosophy on which the Group's incentive systems are based, where the correlation of the variable component with performance allows for the implementation of a mechanism of differentiation and meritocracy, while aligning the interests of management and employees with those of shareholders.
In particular, these incentive systems:

- include a long-term incentive plan linked to performance targets, which reflect the forecasts of the strategic plan and corporate social responsibility;
- regarding the content and choice of objectives, both in the short-term and long-term incentive components, incorporate performance targets consistent with the Group's strategic objectives and aimed at promoting its sustainable success, including, where relevant, non-financial parameters.

Specifically, in the MBO variable incentive system, the Remuneration Policy:

- has, as a common objective for all the company's staff - apart from the Control Functions, the Financial Reporting Officer and the Human Resources & Organizational Development Function - the parameter RA (Risk- Adjusted) EBTDA, which clearly shows a strong link with profitability, but also gives significant attention to risk and capital absorption, ensuring the Group's sustainable growth in the long term. This metric is essential because it also allows for management's alignment with shareholders over the long term, giving the market visibility of the Group's sustainable management; this objective also functions as an entry gate to the incentive system;
- includes three measurable ESG-type objectives for the Chief Executive Officer's short-term remuneration;
- includes a diversity driver (both gender and nationality) for hiring managerial positions, among the objectives of Employees reporting directly to the BoD, supporting the evaluation of organized behaviors. This facilitates more women or foreigners being appointed to key positions of the Group by requiring that at least 50% of the shortlists for posts becoming available during the year include women or people of a different nationality than that of the country for which the selection is being made. This operational KPI comes under Diversity & Inclusion and also corresponds at strategic and planning level with the Diversity and Inclusion Policy;

18) It should be noted that on February 10, 2025, the Group announced to the market a partial revision of its financial targets, indicating a delay of approximately one year in the achievement of its targets, while keeping its strategy intact. For 2026, the Group expects a net profit of approximately 240 million euros, a ROTE of more than 40%, and, for the 2023-2026 period, cumulative dividends of more than 560 million euros, assuming the removal of restrictions by the Bank of Italy.

- it includes Customer Satisfaction as a quantitative indicator (multiplier) of a non-financial nature for Employees. In addition, the Group's focus on sustainability issues is consistent with the provisions of the new G20/OECD Principles of Corporate Governance approved by the G20 in September 2023. Specifically, the Principles recall the relationship between remuneration and management performance, with the use of measurable indicators that emphasize the long-term interests of the company and shareholders over short-term interests. These indicators, among other things, include appropriate sustainability goals and metrics. Attention to sustainability parameters is in fact considered a key and strategic element for the medium-/long-term development of the Group, thus raising awareness among Staff of an increasingly inclusive and sustainable corporate culture aimed at attracting, developing and retaining talent.

The Remuneration package for the Chief Executive Officer values pay for performance, with Variable Remuneration prevailing over Fixed Remuneration. The Chief Executive Officer's pay mix is therefore the following:

- Fixed Remuneration, consisting of compensation in accordance with Article 2389, third paragraph, and a benefits package, determined by the Board of Directors;
- an MBO incentive linked to the achievement of quantitative/financial and qualitative/non-financial/ESG performance indicators within an individual scorecard. Short-term variable compensation is obtained only when the entry conditions ('entry gate') are met, including the Risk-Adjusted EBTDA ('RA EBTDA') with an on-off function of the MBO plan. The maximum opportunity is 100% of Fixed Remuneration (excluding benefits) of which a maximum of 30% may come from achieving sustainability goals. The objectives identified for 2024 were an improvement of ESG Rating scores and coverage, a reduction in the gender equity pay gap, the issue of a social bond whose proceeds went to finance national health systems and public health facilities;
- a medium-/long-term incentive plan (called the long-term incentive plan), with the percentage linked to sustainability targets equal to 10%.

In contrast, these incentive systems are not provided for the other Administrative and Control Bodies.
BFF has set up the governance process in order to regulate the activities of establishing, implementing and managing remuneration policies. This process involves, at different levels and according to their areas of responsibility, numerous control bodies and corporate functions. Each year, the Report on Remuneration Policy and Compensation Paid is approved by the Shareholders' Meeting, after approval by the Board of Directors, with the opinion of the remuneration committee.

GOV-4 – Statement on due diligence

Mapping of the information provided in this Sustainability Report on the due diligence process is provided below.

Core elements of due diligence	Sections in the Sustainability Reporting
a) Embedding due diligence in governance, strategy, and business model	**ESRS 2 GOV-2 -** Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies; **ESRS 2 GOV-3 -** Integration of sustainability-related performance in incentive schemes **ESRS 2 SBM-3 -** Impact, risk and opportunity management **E1-2 -** Management of climate change-related impacts, risks and opportunities **S1-1 -** Policies related to own workforce **S2-1 -** Policies related to value chain workers **S3-1 -** Policies related to affected communities **S4-1 -** Policies related to consumers and end-users
b) Engaging with affected stakeholders in all key steps of the due diligence	**ESRS 2 GOV-2 -** Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies; **ESRS 2 SBM-2 -** Interests and views of stakeholders **ESRS 2 IRO-1 -** Impact, risk and opportunity management
c) Identifying and assessing negative impacts	**ESRS 2 IRO-1 / SMB-3 -** Impact, risk and opportunity management
d) Taking actions to address those negative impacts	**E1-3 -** Actions and resources in relation to climate change policies **S2-4 -** Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions **S3-4 -**Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions **S4-4 -** Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
e) Tracking the effectiveness of these efforts and communicating	**E1-4 -** Targets related to climate change mitigation and adaptation **S1-3 / S1-4 -** Actions and processes to safeguard the workforce **S1-5 -** Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities **S2-3 -** Processes to remediate negative impacts and channels for value chain workers to raise concerns **S3-3 -** Processes to remediate negative impacts and channels for affected communities to raise concerns **S3-5 -** Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities **S4-3 -** Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

GOV-5 – Risk management and internal controls over sustainability reporting

In line with current regulations, and in particular with the Legislative Decree (Legislative Decree 125/2024) implementing Directive 2464/2022 in full, published on September 10, 2024, BFF is further strengthening the system of internal controls to make it increasingly suitable to continuously detect, measure and verify the typical risks related to the non-financial reporting of the Group's activities.
In light of the requirements of the Legislative Decree, it has become necessary for the Group to extend the perimeter of the Financial Reporting Officer's control model to include the non-financial sphere.
Besides other obligations and implications on Sustainability Reporting, the Decree extends the powers of the Financial Reporting Officer by requiring certification also on sustainability reporting.
In this context, the BFF Group is in the process of adopting a control model that acts on different levels and above all extends the powers of the current Financial Reporting Officer to include Non-Financial Reporting, in line with the provisions of relevant regulations.

In this context, during 2024, the Board of Directors of BFF, by special resolution, extended the powers of the current Financial Reporting Officer to cover non-financial reporting, including the certification of the non-financial report's compliance with the following:

- the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and the Italian Legislative Decree adopted in implementation of Article 13 of Law No. 15 of February 21, 2024;
- the specifications adopted under Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

In this context, the Group is setting up a System of Internal Controls as a process to provide reasonable assurance of the information contained in the Sustainability report.
The Sustainability Disclosure Control System model is based on the COSO Framework, defined by the Committee of Sponsoring Organizations of the Treadway Commission, which is used as an international reference for establishing, updating, analyzing and evaluating the internal control system.
On March 30, 2023, COSO then published additional guidance for organizations[19] to achieve effective internal control over sustainability reporting (ICSR), using the COSO Internal Control - Integrated Framework.

19) COSO Framework - 'Achieving effective internal control over sustainability reporting (ICSR): Building Trust and Confidence through the COSO Internal Control - Integrated Framework'

The components of the COSO Framework model, constitute the essential elements of an effective System of Internal Controls, and can be described as follows:

- Control Environment: enables emphasis on the importance of an internal control culture in the organization of the company set up by the executives with particular attention to: integrity and ethical values, management philosophy and tone, organizational structure, allocation of authority and responsibility, personnel management policies, and personnel skills;
- Risk Assessment: enables the assessment of risks that could impact the achievement of business objectives by resorting to the definition of methods of risk identification and analysis;
- information and communication: enables a proper management of information flows between the different Corporate Structures, so that all individuals belonging to the organization correctly perform the activities within their areas of responsibility;
- control activities: set of activities that enables proper risk management in order to achieve the set business objectives;
- monitoring: enables continuous checks on the reliability of the implemented System of Internal Controls.

The Group has initiated a process to design, establish, implement, manage, and assess the Group's internal control and risk management system by providing for a top-down, risk-based approach to ensure appropriate identification and adequate oversight of the areas and activities most exposed to the risk of fraud or unintentional errors relevant to Sustainability Reporting.
The model underlying an integrated System of Internal Controls, reporting to the Financial Reporting Officer, is represented in its specific dimensions of analysis by:

- **process-level controls:** designed to verify the presence of an efficient System of Internal Controls over the processes under consideration, ensuring the proper formation of non-financial data. Therefore, the reliability of financial reporting is ensured by the presence of a structured System of Internal Controls, both first and second level, at the level of individual companies, functional to ascertaining the adequacy and effective and continuous application of the aforementioned processes, in accordance with the COSO Report methodology;
- **company-level controls** (hereinafter 'Entity Level Controls - ELCs'): designed to verify the existence of an adequate Company-level System of Internal Controls that reduces the Risk of errors and/or inappropriate behaviors for non-financial reporting purposes. These controls take place by verifying the presence and company-wide application of (i) an appropriate governance system, (ii) ethical and integrity-based standards of behavior, (iii) effective organizational structures, (iv) clarity in assigning delegated powers and responsibilities, (v) appropriate risk policies, (vi) personnel disciplinary sanctions systems, (vii) effective codes of conduct, and (viii) fraud prevention systems, as required by the COSO Report methodology.

Analyses and assessments on the adequacy and actual operation of Entity Level Controls (hereinafter also ELCs) are an essential component of BFF's control model. ELCs are controls designed to mitigate risks across multiple business areas, the absence or failure of which could affect the reliability of sustainability reporting.

The configuration of the Bank's ELCs associated with sustainability reporting included:

- the integration of the already existing group of ELCs related to financial reporting;
- the allocation of the different control objectives to the 5 components of internal control and the 17 principles identified in the COSO Framework (control environment, risk assessment, control activities, information and communication, and monitoring);
- the mapping, for each control objective, of how controls are carried out.

To ensure the full effectiveness of the defined ELCs, these controls are evaluated at regular intervals, or if major organizational or business changes occur, and/or are updated by the respective business functions with reference to their design and operational effectiveness.
During 2024, the Financial Reporting Officer's structure defined the scope of verifying sustainability reporting, selecting the operational risks against which key controls related to non-financial disclosure were identified. As part of the assessment of existing controls, the checks conducted by the Financial Reporting Officer's structure focused on the following issues: Own Workforce (ESRS S1) and Climate Change (ESRS E1), as they were considered the most significant for sustainability reporting. Moreover, the checks conducted by the Financial Reporting Officer, in addition to the areas specified above, covered the processes related to the double materiality assessment and the processes underlying the preparation of the disclosure to be provided in the Consolidated Sustainability Report pursuant to the EU Taxonomy Regulation.
Based on the checks conducted, a preliminary mapping of activities, risks and controls was formalized through a specific Risk and Control Matrix for the datapoints identified based on the methods detailed above.

As part of the checks conducted, controls were assessed in two main areas:

- Effectiveness of control design: the ability of controls to prevent, detect and correct any errors in processes was evaluated. Partial risk mitigation was found, with opportunities for improvement in the design of controls to further reduce the probability of errors.
- Assessment of control documentation: the presence and quality of documentation proving the implementation of controls was checked.

The general level of compliance with the requirements showed an overall average level of adequacy, in view of the fact that it is necessary to consider the control perimeter as being expanded to ensure a more complete coverage of the data that contribute to the formation of sustainability reporting. In this regard, as previously detailed, specific projects are currently underway designed to set up a system of internal controls capable of continuously detecting, measuring, and checking non-financial risks, scheduled for completion before the end of the 2025 financial year.
The purpose of the methodology is to provide the Group's corporate boards at consolidated level with an effective tool for managing and monitoring the System of Internal Controls applicable to non-financial reporting.

Specifically, the Financial Reporting Officer receives reporting flows on the outcome of monitoring activities and reports periodically to the Parent Company's Board of Directors through a special report on an annual basis, and, therefore, at the same time as the approval of the annual consolidated financial statements:

- on any critical issues that have arisen in the performance of his/her functions;
- on the suitability of the System of Internal Controls from an accounting perspective;
- on defined plans and actions for overcoming any critical issues identified.

For each corrective action, the person responsible for its implementation is identified as well as the timeline for action.
Any deficiencies found are monitored (follow-up), in order to check the actual implementation of corrective actions and subsequently solve the deficiencies identified in the system of internal controls on sustainability reporting.
In addition, specific periodic reporting flows are envisaged for the analyses carried out in relation to the internal control and risk management system to the Control and Risks Committee and the Board of Statutory Auditors and, where deemed appropriate, to the Sustainability Committee.

In addition, BFF's control model provides for the following activities to be carried out periodically, and at least annually:

- validation within the reporting system by designated parties of the data and information provided for sustainability reporting purposes;
- issue of appropriate internal certification on the accuracy and completeness of data and information provided for sustainability reporting purposes.

Finally, it should be noted that BFF is formalizing a specific procedure to regulate the process of preparing sustainability reporting, which will be updated during 2025 to reflect the changes introduced in terms of activities and responsibilities.
Specific training activities are also planned in order to raise awareness among the various parties involved in the sustainability reporting process of the importance of providing complete and accurate data and information.

Environmental Information

Reporting pursuant to Regulation (EU) 2020/852

The European Taxonomy

The European Taxonomy consists of the European Union's classification system for environmentally sustainable economic activities, introduced in June 2020 through the adoption of Regulation (EU) 2020/852 (Taxonomy Regulation) by the Council and the European Parliament. The European Taxonomy represents one of the main initiatives defined under the European Union Action Plan on Sustainable Finance outlined by the European Commission aimed at fostering the development of investments towards sustainable activities in an effort to achieve the goals set out in the European Green Deal. Indeed, Regulation (EU) 2020/852 aims to create a financial system within which investors have the necessary tools to assess and compare the sustainability performance of organizations operating in the same sector, particularly with regard to the six environmental objectives defined by the European Union:

1) Climate change mitigation;
2) Adaptation to climate change;
3) Sustainable use and protection of water and marine resources;
4) Transition to a circular economy;
5) Pollution prevention and reduction;
6) Protection and restoration of biodiversity and ecosystems.

The European Taxonomy offers businesses, investors, and consumers an innovative solution to foster transparency by providing a common language for evaluating economic projects and activities with significant positive impacts on the climate and the environment more generally. Through the publication of delegated acts, the classification introduced by the Taxonomy Regulation identifies a set of economic activities and sectors that are considered eligible to make a substantial contribution to the achievement of at least one of the six environmental objectives indicated above. Furthermore, the delegated acts establish a framework for assessing the environmental sustainability of eligible economic activities conducted by organizations. Specifically, in order to be eco-sustainable (or aligned) an eligible economic activity must:

- contribute substantially to the achievement of one or more of the above six environmental objectives defined by the European Commission;
- not cause significant harm (DNSH – Do no significant harm) to any of the other environmental objectives;
- be carried out in full compliance with the minimum safeguards defined for compliance with social and governance standards.

In order to evaluate compliance with the first two criteria, the European Taxonomy introduces technical screening criteria against which the eligible economic activity in question must be evaluated for the purpose of disclosure. In fact, Regulation (EU) 2020/852 stipulates that organizations within the scope of application of Directive 2022/2464/EU (the Corporate Sustainability Reporting Directive or CSRD) include a segment within their non-financial reporting dedicated to the European Taxonomy containing evidence of the alignment of their businesses with the measurement criteria and defined by the delegated acts and the methods adopted for the calculation. The contents and structure of the EU Taxonomy disclosure are regulated by Delegated Act 2021/2178, which provides for different ways of reporting and processing data based on the nature of the business conducted.

In short, following is a list of the delegated acts that BFF has considered in drafting this disclosure:

- EU Delegated Regulation 2021/2139 (Delegated Regulation on Climate), which defines the list of eligible economic activities and their technical screening criteria with respect to the first two climate objectives, mitigation and adaptation to climate change (respectively in Annex I and Annex II);
- EU Delegated Regulation 2021/2178 (Delegated Regulation Art. 8) containing provisions on the presentation of information to be reported by financial and non-financial organizations regarding the method used for disclosure under the EU Taxonomy. For credit institutions in particular, reference is made to Annexes V, VI, and XI for the qualitative disclosure;
- EU Delegated Regulation 2022/1214 amending the previously mentioned Delegated Regulation on Climate and Delegated Regulation on Art. 8 by including provisions on the eligibility and alignment of economic activities related to electricity generation in the gas and nuclear sectors;
- EU Delegated Regulation 2023/2485 amending the previous Delegated Regulation on Climate by establishing additional technical screening criteria;
- Delegated Regulation 2023/2486 (Regulations on the remaining environmental objectives), which supplements the body of regulations in the European Taxonomy with the list of economic activities eligible under the four non-climatic environmental objectives and introduces the relevant technical screening criteria for assessing eligibility.

In accordance with indications in Commission Delegated Regulation 2021/2178, for the Taxonomy disclosure for the 2024 financial year, the BFF Group reported the indicators applicable to credit institutions using the templates in Annex VI. More specifically, in this disclosure BFF has included the following templates:

- template 0 - summary of KPIs: used to provide a summary overview of all indicators applicable to credit institutions under Article 8 of Regulation 852/2020;
- template 1 - detail of assets for GAR KPI calculation: overall view of the Group's exposures as of December 31, 2024, with the breakdowns related to the share of eligible, aligned, enabling, transition exposures and with use-of-proceeds noted for each of the six environmental targets, in gross carrying amount;
- template 2 - GAR - sector information: exposures held by the Group in sectors considered eligible by the Taxonomy (with reference to NACE codes) in accordance with the definition of Commission Delegated Regulations 2021/2139 and 2023/2486, in gross carrying amount;
- template 3 - GAR Stock KPI: summary of GAR stock as a percentage value to total covered assets calculated on the basis of the information reported in template 1;
- template 4 - GAR Flow KPI: summary of GAR flow as a percentage value to total covered assets calculated based on the information reported in template 1;
- template 5 - off-balance sheet exposure KPI: set of off-balance sheet exposures with details for financial collateral and financial assets under management, as a percentage of related total gross carrying amounts.

All the templates, except for the one related to sector information, are duplicated in order to represent the KPIs based on turnover (turnover-based) and capital expenditures (CapEx-based). Moreover, consistent with the requirements of the Regulations and related Delegated Acts, template 5 concerning the eligibility and alignment of off-balance sheet exposures was duplicated further to provide the indicator information from both stock and flow perspectives.

With further reference to the afore-mentioned templates, the key performance indicators that the BFF Group is required to report within its EU Taxonomy disclosure with reference to the 2024 financial year by virtue of its nature as a credit institution are as follows:

- the Green Asset Ratio (GAR) KPI, which is the ratio of exposures in loans and advances, debt securities, and equity instruments to the Total Assets considered when calculating the denominator (so-called assets covered);
- the Financial Guarantees (FinGAR) KPI, which is the ratio of exposures in granted financial guarantees to total granted financial guarantees;
- the Assets Under Management (AuM) KPI, i.e., the ratio of exposures of assets managed (both debt and equity instruments) to total assets managed.

Furthermore, the BFF Group also reports on the 5 templates of the Commission Delegated Regulation on Gas and Nuclear Energy[20] (G&N) defined by Annex XII to Commission Delegated Regulation 2021/2178, specifically:

- G&N template 1: summary of the presence of exposures to assets related to the gas and nuclear sectors;
- G&N template 2: representation of economic activities aligned with the Taxonomy with respect to the denominator of applicable KPIs;
- G&N template 3: representation of economic activities aligned with the Taxonomy with respect to the numerator of applicable KPIs;
- G&N template 4: representation of economic activities eligible but not aligned with the Taxonomy with respect to the denominator of applicable KPIs;
- G&N template 5: representation of ineligible economic activities with respect to the denominator of the applicable KPIs.

If there were material exposures under template 1, all templates from Annex XII were duplicated to provide representation with respect to the information reported for each of the indicators applicable to credit institutions. Furthermore, similar to the approach with the templates defined in Annex VI to the Commission Delegated Regulation, each template in Annex XII was duplicated in order to represent the Turnover-based/CapEx-based KPIs.
Lastly, starting from 2026, reporting under the EU Taxonomy will be supplemented with two other KPIs, respectively the KPI on commissions and fees (Fees & Commissions KPI) and the GAR for the trading book (Trading Book KPI).

20) In order to ensure a correct reading of the results presented, it is specified that for the calculation of the percentages entered in the G&N templates the Total GAR Asset value was used in the denominator (as in template 1 line 48). The only exception is template 3 'Taxonomy-aligned economic activities' where the value in cell A8 of the respective templates was used in the denominator.

Disclosure of alignment related to the 2024 financial year

The preparation of the information about the eligibility and alignment of the consolidated assets with the requirements of the European Taxonomy is based on the BFF Group's prudential scope of consolidation as of December 31, 2024. The consolidation complies with the supervisory reporting of institutions under Regulation (EU) No 575/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EU) 2021/451 (FINREP).
The gross assets considered for the calculation of the indicators presented within the disclosure were obtained from the consultation of the gross assets resulting from FINREP as of December 31, 2024, related to the BFF Group's prudential supervisory scope, while the assets covered under the European Taxonomy regulation (covered assets) are calculated as a difference between the total of the same gross assets and the exclusions envisaged in Commission Delegated Regulation 2021/2178 for exposures to central governments, central banks, supranational issuers and for the trading book[21].

Eligibility and alignment KPI results

In this section BFF Group provides an overview of the Group's main achievements with reference to the indicators required by Commission Delegated Regulation 2021/2178. As may be inferred from the indicators reported in Template 0 (refer to the section 'Annexes'), the main KPI regarding the Group's alignment with the criteria defined by the Taxonomy is the Green Asset Ratio (GAR). The FINGAR and AuM indicators regarding financial guarantees granted by the Group and Financial Assets Under Management, respectively, reported an eligibility and alignment rate of zero due to the secondary importance of these activities for BFF.
Specifically, the total assets covered, used as a denominator for the calculation of the GAR KPI, correspond to 21.80% of the total gross assets. Total exposures to European Taxonomy-eligible counterparties amount to 72.2 million euros (Turnover-based figure), corresponding to 2.72% of covered assets. Of these eligible exposures, the activities considered aligned under the Turnover-based KPI amount to 8.8 million euros, corresponding to 0.33% of covered assets. Assuming a Capex-based view instead, the BFF Group's value of eligible activities corresponds to approximately 54.9 million euros, 2.07% of covered assets, while aligned activities amount to around 12.8 million euros, 0.48% of covered assets.
Considering instead exposures activated during 2024 and still active at the date of the disclosure (GAR Flow KPI), the share aligned with the Taxonomy in terms of Turnover is 1.10% of covered assets, while this share corresponds to 1.59% in the CapEx-based view.
Compared to the previous reporting period, an increase in eligibility and alignment values for both turnover-based (Turnover-based) and capital expenditure-based (Capex-based) data can be observed. The increase in alignment values is partly due to the publication of alignment values of financial counterparties, which were not required to be published in the previous reporting period. However, as highlighted in Templates 1 and 3, most of the aligned values relate to non-financial counterparties, especially as regards the Capex-based KPI. In fact, the alignment indicator based on the Capex KPI records a higher value, probably due to the general tendency of companies subject to the NFRD in the BFF Group's banking book to report higher taxonomy alignment percentages for capital expenditures than for revenues.

21) The exclusion of the trading book from the share of covered assets for the purpose of calculating the ratios required of credit institutions was clarified in FAQs 2022/C 385/01 published by the European Commission on October 6, 2022, question no. 21.

For more details on the BFF Group's results during FY 2024, please refer to the section '*Annex - Templates required by the EU Taxonomy*' containing all the templates required by Commission Delegated Regulation 2021/2178.

GREEN ASSET RATIO (GAR)

The Green Asset Ratio (GAR) represents the proportion between the Group's assets that finance economic activities aligned with the EU Taxonomy and the total assets covered by the indicator pursuant to Article 1.1.2 in Annex V of Delegated Regulation 2021/2178. Specifically, GAR is calculated as shown below:

- numerator: includes loans, advances, debt securities, equity investments, and repossessed collaterals that finance economic activities aligned with the taxonomy.
- denominator: includes total loans, advances, debt securities, equity investments, and repossessed collateral, as well as all other covered assets on the balance sheet.

Therefore, in accordance with the definition in Article 7 and Annex V of Delegated Regulation 2021/2178, the following items of the Group's statement of financial position remain excluded from the calculation of the ratio:

- exposures to central governments, central banks and supranational issuers, excluded from the numerator and denominator calculations;
- assets held for trading (so-called trading book or trading portfolio), excluded from the calculation of the numerator and denominator;
- derivatives, excluded from the numerator;
- exposures to companies not required to publish non-financial statements under Article 19-bis or 29-bis of Directive 2013/34/EU, excluded from the numerator;
- on-demand interbank loans, excluded from the numerator;
- cash and cash assets, excluded from the numerator;
- other categories of assets (e.g., goodwill, goods, etc.), excluded from the numerator.

Furthermore, Delegated Regulation Art. 8 requires the GAR to be broken down into:

- enabling activities and transition activities, as well as for specialized funding (hereinafter also funding with known use-of-proceeds) presented in templates 1 and 3 adopting a stock perspective and in template 4 adopting a flow perspective;
- exposures to sectors covered by the taxonomy, using the relevant NACE (Statistical Classification of Economic Activities in the European Community) codes presented in template 2 - GAR - sector information.

In the absence of sufficiently detailed specific information on the use of proceeds associated with the Group's exposures, in accordance with the definition of Commission Delegated Regulation 2021/2178, these were considered as exposures with a general purpose use of the proceeds. For this reason, the assessment of the eligibility and alignment of BFF Group's portfolio of exposures was carried out by analyzing the European Taxonomy information published by individual counterparties. More specifically, details of the main types of counterparties analyzed are given below.

FINANCIAL AND NON-FINANCIAL COMPANIES SUBJECT TO THE NFRD REQUIREMENT

With regard to exposures to financial and non-financial counterparties subject to disclosure requirements under Articles 19-bis and 29-bis of Directive 2013/34/EU (rows 2 to 23 of the tables presented in reference to template 1), loans and advances, debt securities, and equity instruments were considered. These exposures are calculated using timely data published by counterparties, based on turnover and capital expenditures.
It is also worth noting that with reference to the 2024 financial year, despite the entry into force of Directive (EU) 2022/2464 (the CSRD), reference is still made to Directive (EU) 2014/95 (the Non-Financial Reporting Directive or NFRD) for Turnover and Capex data since the data published by counterparties related to the 2023 financial year is used.

KPIS FOR OFF-BALANCE SHEET EXPOSURES

The KPIs of off-balance sheet exposures (or OBS KPIs) detail the level of alignment with the taxonomy of off-balance sheet exposures through which the Group manages, or helps direct, capital flows toward sustainable economic activities. Specifically, the parameters for measuring off-balance sheet exposures are as follows:

- the FinGAR KPI, representing financial guarantees given, calculated as the ratio of financial guarantees backing debt instruments to finance economic activities aligned with the taxonomy to the entire amount of financial guarantees for corporate debt securities.
- the AuM KPI, which measures financial assets under management, calculated as the ratio of financial assets under management (comprising debt and equity instruments) by firms financing economic activities aligned with the taxonomy to total financial assets under management (both debt and equity instruments).

Similar to the method adopted for calculating the GAR KPI, both KPIs for off-balance sheet exposures must be presented with respect to the stock and flow view, and must include details on the enabling and transitional economic activities.

The financial guarantees considered under the calculation of Taxonomy performance indicators (FinGAR KPIs) represent a secondary instrument in BFF Group's portfolio of assets under management (approximately 6.5 million euros), and to date do not include eligible or aligned assets. Likewise, KPI AuM represents a non-applicable indicator (reported with an eligibility and alignment value of 0) for activities carried out by Group companies.

ESRS E1 - Climate change

Strategy

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Respect for the environment in which the Group operates is a key pillar in BFF's development strategy. In fact, important targets for reducing its emissions have been set by the Group, in terms of achieving emissions neutrality (Scope 1 and 2 of its buildings), as well as a commitment to assessing future initiatives for its financed emissions. The management of its buildings and offices, its processes and the mobility of BFF's People ensure full compliance with relevant regulations and international principles.
In compliance with the three-year action plan[22] for progressive alignment with the Bank of Italy's expectations on climate and environmental risks prepared and forwarded to it (as the Regulator), the Bank has begun activities to develop a framework for identifying and quantifying risks in line with the best market risk practices analyzed.
To this end, climate-related risks were identified in line with the principles and guidelines defined by the EBA and European and national supervisory authorities, with particular reference to the Supervisory Expectations on Climate and Environmental Risks issued by the Bank of Italy in 2022. The risks considered are:

- **Transition Risk:** this type of risk indicates the financial loss that an institution may incur, directly or indirectly, as a result of the process to adjust to a low-carbon and more environmentally sustainable economy;
- **Physical Risk:** this type of risk indicates the financial impact of climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, i.e., air, water and soil pollution, water stress, biodiversity loss and deforestation.

Based on these definitions, specific drivers were considered for the analyses conducted:

- of acute physical risk, i.e., extreme weather events, such as floods (river flooding, coastal flooding, urban flooding), landslides, fires, earthquakes, and of chronic physical risk, i.e., progressive environmental changes, such as rising temperatures, sea level rise, drought, water stress, and water scarcity;
- of transition risk related to policy and regulation (introduction of economic and/or fiscal policies to reduce carbon emissions and promote sustainable resource use), to technology (replacement of existing technologies, products, and services due to technological advances and adaptations that optimize processes and result in lower emissions) and to consumer confidence/preferences (abrupt changes in external and internal stakeholder preferences and market confidence levels driven by climate and environmental factors).

22) Three-year action plan for progressive alignment with the Bank of Italy's expectations on climate and environmental risks, submitted to the Regulator during the first half of 2023, in order to meet the latter's expectations outlined in the publication of the results of the thematic survey conducted on a sample of less significant banks.

As already mentioned, BFF conducted an initial analysis exercise to assess the prudential risks associated with climate change. This analysis was conducted on all business lines of the Group so as to intercept risks arising from climate-related events. All Legal Entities in the Group were considered, using data on the physical nature of the territory (by province, region, district or by country).
In addition, BFF also made some initial reflections on the opportunities related to the changing landscape defined by the most recent climate studies, particularly on the Factoring and Lending perimeter. In this regard, factors were identified that, although contributing negatively on some business lines, produce benefits in economic terms on others (this phenomenon allows for the mitigation or the netting of the effect). Based on these considerations, it was considered more prudent to specifically analyze the negative effects produced by climate-related risks and not to quantify the positive effects arising from the opportunities at this time.
The risk analysis took into account the Group's operational, size and organizational complexity, the nature of its activities, and the degree of exposure to climate risks, and identified the areas (in terms of business lines and traditional risk category impacted) which are potentially most exposed. The Bank carried out classification and quantification analysis on these areas.

Specifically, the overall framework includes the following steps:

- the identification of C&E risks by defining transmission channels, i.e., the mechanism whereby C&E risk factors propagate to the Bank's financial risks (either directly or indirectly) due to a reduction in the value of corporate assets caused by catastrophic natural events (e.g., acute physical risk events such as floods, landslides, etc.) or the country's transition to a low-emission economy;
- the classification of the loan portfolio based on the outcomes of the Transmission Channels analysis, i.e., the determination of the portion of the Group's portfolio whose value at a given date is highly vulnerable to transitional and physical environmental climate risks;
- the stress exercise, i.e., estimating the impact on parameters of financial risk resulting from transitional and physical environmental climate factors with respect to more exposed counterparties.

In addition, qualitative analyses were conducted by integrating ESG monitoring drivers into the assessment questionnaires for the reputational, operational and strategic and business risk categories.

However, it is necessary to point out that - in view of the BFF Group's particular business model, which is characterized by exposures mainly with the Public Administrations of the countries where the Group operates - the risk profile related to ESG factors takes on different connotations compared to traditional banking groups. For example, with reference to credit risk, any extreme weather events (e.g., floods, earthquakes, landslides) might not have a worsening effect on the risk profile because public administrations could have access to extraordinary financing and thus greater financial capacity in repaying its debts.

Identification of Transmission Channels

Climate and environmental risks may be transmitted to financial risks through the direct or indirect impact they have on the economic value of financial assets and the business environment in which the Group operates.

The analysis of transmission channels carried out showed that corporate assets (i.e., loans, deposits, etc.) could be subject to a reduction in value due to the country's economic transition and the exacerbation of catastrophic natural events. The drive toward a sustainable economy or the increasingly frequent occurrence of acute physical events could change the income, asset and liquidity capacity of individual counterparties due to changes in creditworthiness, current account funds, etc.

The objective of the transmission channels is to identify the impacts, including potential impacts, of climate and environmental risks on the Group's traditional financial risks, through causal chains of the propagation of physical risk - acute and chronic climate events - and of transition risk (climate, industrial, and fiscal policies supporting the transition to a net-zero economy) on the main risk parameters overseen by BFF.

In order to be able to quantify the direct impact on each risk category, based on the data available to date, the following channels were considered significant:

- **Credit risk:** due to the effect of physical and transition risk on debtors (Public Administration and non-Public Administration), these counterparties could see their ability to repay debt reduced (e.g., rating class increase) which raises the probability of default, affecting impairment (IFRS 9 ECL increase)[23]. Conversely, with respect to Public Administration exposures, extreme weather events could result in faster payment times and greater financial capacity, given possible increased funding from the State due to natural disasters;
- **Strategic risk:** due to the effect of physical[24] and transition risk on assignors, these counterparties could experience increased costs or reduced production, which could reduce the business related to BFF's factoring operations (i.e., reduced purchases of invoices from assignors); BFF's business could be impacted (conducting the SARS - Strategic and Business Risk Self-Assessment) in this area as well; the effects of any events related to natural disasters could, on the other hand, have positive effects since factoring has proven to be a countercyclical product;
- **Liquidity risk:** due to the effect of physical risk on the depositor with releasable or 30-day maturity deposit accounts, this counterparty could resort to withdrawing deposited funds, thus causing a decrease in direct deposits (i.e., increased outflows and reduced Liquidity Coverage Ratio [LCR]);
- **Operational risk:** due to the effect of physical and transition risk on the Group, BFF's operating facilities and business could be impacted (conducting the Risk Self-Assessment [RSA]);
- **Reputational risk:** due to the effect of physical and transition risk on BFF, stakeholders may have an 'ESG-driven' sentiment that may impact BFF's reputation (conducting SARS).

23) Regarding credit risk, direct impacts for physical risk could also lead to reduced payment times; this occurs when, for example, in the case of a weather event in a municipality or region, the state intervenes with extraordinary financing.

24) The transmission channel for liquidity was identified on the basis of a short-term time horizon and thus based primarily on effects arising from an acute physical risk event.

The following is a summary of the outcomes of the analyses:

	Driver	Impacted cluster	Direct impacts by transition risk and/or physical risk	Indirect impacts
Credit risk	Physical risk Transition risk	**F&L (PA and non-PA assigned debtors)**	**Increase or decrease in payment times due to transition and/or weather events** resulting in changes in outstanding positions and positions classified as defaulting; effects on RWA and capital (e.g., for Calendar Provisioning) as well as on impairments	**Liquidity risk** **Strategic risk** **Leverage risk**
Strategic risk	Physical risk Transition risk	**F&L (assignors)**	**Change in prospective volumes of invoices assigned to BFF,** due to the impact of physical and/or transition risk on assignors	**Credit risk** **Liquidity risk** **Concentration risk** **IRRBB risk**
Liquidity risk	Physical risk	**Deposit accounts**	**Early closure of deposit accounts due to the impact of physical risk** (bank run assumption)	**N/A**
Operational risk (incl. ICT and legal risk)	Physical risk Transition risk	**BFF**	**Increased operating losses/increased costs and expenses due to the renegotiation of supply contracts** (e.g., suppliers delaying transition) or acute physical events undermining Bank operations (e.g., damaged data center)	**Strategic risk** **Reputational risk**
Reputational risk	Physical risk Transition risk	**BFF (Shareholders, investors and lenders, customers and debtors, regulators)**	**Loss of clientele and investors/ lenders,** thus a decrease in volumes/ funding, and so a decrease in profits caused by greenwashing or an inadequate ESG rating **Possible sanctions from the Regulator** for non-compliance	**Strategic risk** **Operational risk** **Liquidity risk**

Classification of the loans and receivables portfolio

The classification exercise was conducted starting from the development of a joint (physical and transition) risk matrix, with the aim of identifying counterparties vulnerable to climate and environmental risks. This matrix was constructed from scores on physical risk (ThinkHazard!) and transition risk (via external providers) attributable to counterparties in the portfolio based on geolocation and belonging to a specific sector.
The matrix identifies an expert-based risk score, by combining the risks levels for individual climate and physical risk in the row and transition risk in the column, transforming a four-category scale to a three-category scale (‘High’, ‘Medium’, ‘Low’).
Whereas for the analyses related to deposit account operations, only physical risk was assessed, which, for the uniformity of the final assessment, is attributed to a three-category scale (‘High’, ‘Medium’, ‘Low’) by aggregating the ‘Low’ and ‘Very Low’ classes arising from the provider scores.
The analyses will be updated and reported during the 2025 ICAAP/ ILAAP on data as at December 31, 2024.

The methodology used to assess risk counterparties (debtors, assignors and depositors) is shown in the chart below, as an example.

TR	High		Medium		Low		Very Low		Total	
PR	€.mln	%	€.mln	%	€.mln	%	€.mln	%	€.mln	%
High										
Medium										
Low										
Very Low										
Total										

	High		Medium		Low		Total	
Joint Risk	€.mln	%	€.mln	%	€.mln	%	€.mln	%
Category 1								
Category 2								
Total								

Stress exercises

On the other hand, as regards the broader program of scenario analysis and stress testing related to prudential risks, the Risk Management Function will take action to supplement it by including the analysis of climate and environmental risks. This activity is planned for the first half of 2025, so that expected developments in the regulatory framework on this topic can also be considered. In particular, the Bank will comply with the regulatory expectations of the Supervisory Authority, including the new Guidelines on ESG Risk Management (EBA/GL/2025/01) and the Guidelines on consultation on ESG Scenario Analyses (EBA/GL/2025/02), effective from January 11, 2026.
Specifically, during 2025, the Risk Management Function:

- will integrate the process of identifying the main vulnerabilities, weaknesses and threats to which the Group is exposed so as to include climate and environmental risk factors;
- should these risk factors prove to be significant, it will propose the integration of dedicated stress events, with subsequent measurement of the impacts;
- will assess the need for stress tests with longer time horizons.

In the context of defining the business strategy, investment decisions and current and planned mitigation actions, the Finance area, as far as investment guidelines are concerned, has not deemed it necessary at present to make any updates, since Italian government bonds represent the bulk of the Group's exposure.
In addition, the business process review, i.e., the counterparty assessment update and pricing update assessment, will be activated only after consolidation from risk quantification and business model analysis activities.

Description of the processes to identify material sustainability impacts, risks and opportunities

The climate-change-related Impacts, Risks and Opportunities identified as material from the Double Materiality Assessment are listed below.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)	**Business Perspective (VC)**	**Risks (OP)**	**Opportunities (OP)**
Topic: ESRS E1 – CLIMATE CHANGE			
/	Portfolio exposure to Customers operating in sectors with negative impacts related to Climate Change	/	/

The Group has identified a negative climate change-related impact related to its portfolio exposures to Customers who, as stated, also operate in high-climate-impact sectors and contribute to the production of GHG emissions. In contrast, considering the Bank's operations and its business activities in the strict sense, there are no significant impacts related to climate change.
With reference to climate-change-related risks and opportunities, these were identified and assessed as part of the Double Materiality assessment, as stated in the section on climate resilience analysis; however, they did not emerge as material downstream of the assessment conducted. For more details about the process of identifying and assessing IROs, please refer to the section '*Managing Impacts, Risks and Opportunities* (IRO-1)' in this document, with details of the time horizons considered. For the current reporting year, the double materiality assessment was not supported by an analysis of transition scenarios.
The Group, as part of its commitment to sustainable and responsible growth, takes climate considerations into account in the remuneration policy for members of the administrative, management and supervisory bodies. For more details about the integration of sustainability performance into incentive systems, please refer to the section '*Integration of sustainability performance into incentive systems*' included in this document.

Transition plan for climate change mitigation

Although the Group has defined targets for reducing emissions generated by its real estate assets, as part of its sustainability strategy, it has not defined, to date, a transition plan that includes specific goals towards a sustainable economy capable of limiting global warming to 1.5°C, in line with the Paris Agreement, and achieving climate neutrality by 2050.
The Group is committed to defining its transition plan by 2028.

Management of climate change-related impacts, risks and opportunities

Policies related to climate change mitigation and adaptation

Although the double materiality assessment did not reveal any material climate-related impacts, risks, and opportunities in relation to its operations, and although the distinctive nature of BFF's business does not generate specific IROs with particular effects on climate, the Group, given the significance of the topic of Climate Change, considers it important to have a climate strategy. To ensure the management and monitoring of material impacts, risks and opportunities, as well as the management of the topic of climate change as a whole, the Group has three specific policies on this matter:

- the Sustainability Policy;
- the Environmental Policy;
- the Group Risk Management Policy.

Sustainability Policy

The Sustainability Policy presents the guidelines related to the sustainability of the BFF Group. The Group, aware of the impact its operations generate on the social and environmental context within which it conducts its business, chooses with ever-increasing conviction to act to create long-term value and well-being for people, customers, the community and the environment.
The Group recognizes that Sustainability is increasingly a key element within companies' strategies and action plans, with particular reference to the banking sector and the current strongly evolving regulatory environment. The BFF Group, in keeping with the principles outlined in the Code of Ethics, is aware of the importance of the proper and responsible allocation of resources according to social and environmental sustainability criteria. The Group promotes a sound and sustainable value creation and distribution among Stakeholders. Transparency, robustness, careful risk management and integrity are the basis for decision-making and daily operations.
The policy, in line with the above, therefore aims to strengthen the integration of sustainability principles within the Group's strategy, making an additional and concrete contribution to achieving the Sustainable Development Goals (SDGs), as defined by the 2030 Agenda.
In particular, BFF is committed to ensuring that strategic choices and their implementation pursue:

- an integrated approach aimed at generating value for shareholders, for all those who contribute to attaining the Group's goals, and for all other stakeholders, including BFF's People, customers, contractual partners, the financial community and society at large, as well as the environment;
- a long-term perspective that creates the conditions for generating value in the future while creating value in the present;
- continuous improvement driven by innovation, to pursue excellence and sustain the Group's economic, environmental and social performance and reputation.

With reference to the environment, the policy formalizes BFF's commitment to combating climate change and the direct and indirect environmental impacts.

In fact, BFF considers respect for the environment in which it operates as a key pillar in its development strategy. The management of its buildings and offices, its processes and the mobility of BFF's People ensure full compliance with relevant regulations and international principles. BFF therefore aims to reduce the effects on the environment generated from its use of resources, waste generation, and from other activities that have both a direct impact (activities related to its employees and internal processes) and an indirect impact. For more details about the management of environmental aspects, please refer to the next section 'Environmental Policy'.

The Sustainability Policy was approved in May 2024 by resolution of the Board of Directors of the Parent Company upon the proposal of the Chief Executive Officer of the Parent Company, after consultation with the Compliance & AML Function of the Parent Company and the Risk Management Function for controls in its area of responsibility, and applies to the Bank and its Subsidiaries.

The policy was also prepared in compliance with regulatory requirements, and European and international sustainability provisions enacted at EU and national levels through regulations and guidelines, including:

- Italian Legislative Decree 231/2001 (Administrative Liability of Entities) as amended;
- Italian Legislative Decree 254/2016, implementing Directive 2014/95/EU of the European Parliament and of the Council as regards disclosure of non-financial information by certain large and public interest enterprises;
- Bank of Italy, 'Supervisory Expectations for Climate and Environmental Risks';
- Italian Legislative Decree No. 34/2020 as amended, regarding the section aimed at encouraging traffic decongestion in urban areas by reducing the use of individual private transportation Mobility Manager and Home-to-Work Travel Plan;
- Regulation (EU) 852/2020 on the EU Taxonomy of environmentally compatible activities;
- Bank of Italy Circular No. 285 'Supervisory Provisions for Banks';
- Bank of Italy guidelines on the composition and functioning of LSI's boards of directors;
- The Corporate Governance Code as defined by the Corporate Governance Committee established by business associations (ABI, ANIA, Assonime, Confindustria), the association of professional investors (Assogestioni) and Borsa Italiana, approved on January 31, 2020 and in force as of January 1, 2021.

The sustainability policy is also communicated to BFF's people through special and specific awareness-raising and training initiatives, proportionate and calibrated to the roles, responsibilities and functions of each area of operations. The Policy is disclosed by publication on the websites and intranets of Group companies, to foster a solid awareness of its setting, as well as for the purpose of transparency to the market with regard to the principles and values that are an integral part of the cultural heritage of the Bank and the Group. To ensure a transparent relationship with stakeholders, the Group communicates, in particular each year through this sustainability report, in which it not only clearly accounts for ESG choices, actions, and performance, but also illustrates the requests that emerge from stakeholder engagement, and declares the medium-/long-term ESG goals it aspires to.

Environmental Policy

To consolidate its commitment to environmental issues, the Group adopted the BFF Environmental Policy, in 2024, which is addressed to BFF Bank S.p.a together with other Group entities. The policy aims to reduce the effects on the environment generated from its use of resources, waste generation, and from other activities that have both a direct impact (activities related to its employees - 'BFF's people' - and internal processes) and an indirect impact (arising from the behaviors of third parties). The Policy sets out BFF's guiding principles for constantly and progressively promoting environmental protection consistent with the Group's Code of Ethics.
In relation to the management of direct impacts, the Group opts for more energy-efficient buildings whenever the need for relocation to a new space arises. Ideally, where possible, the energy efficiency of new buildings is certified by international bodies. Even in the case of buildings not owned by the Bank, consumption data and information are collected and, where possible, the Group prefers the use of energy from renewable sources.
When moving to new buildings, the Group takes into consideration not only the efficiency of the building but also the proximity to public transportation in order to minimize the use of private cars for commuting. In its existing offices, the Group promotes energy conservation by implementing the latest technologies in line with international standards of energy efficiency and the use of certified materials. Furthermore, the Group encourages the proper disposal of waste, previously sorted using special containers, in each work environment and encourages reuse or alternative forms of disposal of assets no longer in use that could have a positive impact on the surrounding community (e.g., donations of computer equipment or furnishings no longer in use to schools or other institutions in the local area).
The Group promotes BFF People's awareness and the dissemination of best practices to be adopted to reduce material waste (e.g., reducing the use of paper for promotional or work purposes). Furthermore, the Group is committed to making its technology infrastructure increasingly energy-efficient by moving to a cloud infrastructure, thus enabling the dematerialization of the data center.
The Group promotes the use of public or otherwise low-impact or carbon-free transportation and services, especially in the urban areas where it works and for business travel with the shortest trips, encouraging the use of audiovisual technology to reduce travel where possible. To support continuous improvement in reducing its own emissions and with reference to the company's fleet, only environmentally friendly types of cars are provided.
With specific reference to indirect impacts, on the other hand, the Group is aware that the behaviors of third parties are a fundamental aspect of responsible environmental management, being able through the management of these impacts to contribute to disseminating environmentally virtuous processes and behaviors, and so has integrated climate and environmental risk factors into its risk framework. In order to continuously improve, and thus reduce its impact on the environment, the Group constantly monitors CO_2 production by collecting data on building performance and the use of water and paper by BFF's people, as well as its own indirect emissions. Where possible and appropriate, environmental objectives are integrated into the Group's incentive system.
The Policy was approved in May 2024 by resolution of the Board of Directors of the Parent Company upon the proposal of the Chief Executive Officer of the Parent Company, after consultation with the Compliance & AML Function of the Parent Company and the Risk Management Function for controls in its area of responsibility. The Policy, as required by Intra-group Regulations, has been implemented by the Subsidiaries by resolution of the relevant Corporate Body. Subsidiaries are required to apply the provisions of the Policy locally, subject to local jurisdictions. The Parent Company's Regulation & Processes Organizational Unit is responsible for the process to update the Policy. Any changes to the Policy are approved in the same manner as the first approval.

The Policy was also prepared in compliance with regulatory requirements, and European and international sustainability provisions enacted at EU and national levels through regulations and guidelines, including:

- Italian Legislative Decree 231/2001 (Administrative Liability of Entities) as amended;
- Italian Legislative Decree 254/2016, implementing Directive 2014/95/EU of the European Parliament and of the Council as regards disclosure of non-financial information by certain large and public interest enterprises;
- Bank of Italy, 'Supervisory Expectations for Climate and Environmental Risks';
- Italian Legislative Decree No. 34/2020 as amended, regarding the section aimed at encouraging traffic decongestion in urban areas by reducing the use of individual private transportation Mobility Manager and Home-to-Work Travel Plan;
- Regulation (EU) 852/2020 on the EU Taxonomy of environmentally compatible activities.

The Policy is also inspired by international principles and initiatives, such as:

- the United Nations Sustainable Development Goals (2015);
- the Paris Agreement on Climate Change (2015).

Finally, the Policy is made publicly available on the BFF Banking Group's institutional website, so that it is accessible to all relevant stakeholders.

Group Risk Management Policy

In 2024, the Risk Management Function updated the Group Risk Management Policy, integrating ESG factors into it and formalizing the processes and analyses carried out on climate and environmental risks with particular distinctive aspects, but also on sustainability risks more generally.
The Policy clarifies the definitions related to environmental, social, and governance risks and defines ESG risk as '*the risk of loss resulting from adverse financial effects to the institution due to the present or future impact of environmental, social, or governance (ESG) factors on the institution's counterparties or invested assets*' and in detail:

- environmental risk relates to the risk of loss resulting from adverse financial effects for the organization due to the present or future impact of environmental factors on the organization's counterparties or invested assets, including factors related to the transition to the following environmental objectives:
  - climate change mitigation;
  - climate change adaptation;
  - the sustainable use and protection of water and marine resources;
  - the transition to a circular economy;
  - pollution prevention and control;
  - the protection and restoration of biodiversity and ecosystems;
  - Environmental risk includes both physical risk and transition risk.
- social risk relates to the risk of loss resulting from adverse financial effects for the organization due to the present or future impact of social factors on the organization's counterparties or invested assets;

- governance risk relates to the risk of loss resulting from adverse financial effects for the organization due to the present or future impact of governance factors on the organization's counterparties or invested assets;

The Policy also formalizes, the materiality assessment that is conducted by the Risk Management Function, at least annually, during the process to update the ICAAP, aimed at the mapping, analysis and monitoring of ESG risks, which consists of several steps, namely:

- identification: following periodic analysis of the regulatory environment, reference markets, i.e., the operations put in place by the Group, the Group Risk Management Function identifies the risks and their sources to be assessed for the purpose of ensuring compliance with regulatory requirements, ensuring that the Group's capital and liquidity levels, both under normal operating conditions and by applying stress scenarios, remain robust on an ongoing basis from a Pillar I and Pillar II perspective;
- measurement: the Risk Management Function, with the support of the corresponding structure of the Subsidiaries, assesses exposure to material risks based on approved qualitative and quantitative methodologies;
- management: the Head of the Risk Management Function and the Heads of the Subsidiaries' Risk Management Function monitor risk taking based on policies defined within the Group's internal regulations, in compliance with regulatory requirements, operational limits and the risk thresholds set out in the RAF;
- monitoring: compliance with operational and regulatory limits at Group level is monitored by the Risk Management Function, with the support of the corresponding structure of the Subsidiaries, and, if necessary provides for the activation of specific escalation procedures.

The Policy is approved by resolution of the Parent Company's Board of Directors upon the proposal of the Head of the Risk Management function, after informing the Chief Executive Officer of the Parent Company, having consulted with the Parent Company's Compliance & AML Function for controls in its area of responsibility, and applies to the Bank and its Subsidiaries. The Policy, as provided for in the Intra-group Regulations, is implemented by the Subsidiaries as approved by the relevant Corporate Body (the Board of Directors, for Subsidiaries adopting the traditional or one-tier governance model, or the Management Board for Subsidiaries adopting the two-tier governance model).
Moreover, in the Group's Strategic and Business Risk and Reputation Risk Policy, specific scenarios relating to ESG issues have been included in the list of questions in the self-assessment questionnaires, evaluated by the assessors in order to integrate the ESG risk factor materiality assessment with respect to different risk categories.

Actions and resources in relation to climate change policies

The following are the main actions and resources related to climate change mitigation that the Group has defined:

Area	Target	Action	Target year (per action)
ESRS Sustainability Matters: CLIMATE CHANGE (E1)			
CLIMATE RISKS AND THE CREDIT PROCESS	Integrate climate risks into the Group's business, operations, and credit processes	Full integration of climate risks and environmental issues in the organization	2025
TOWARDS CARBON NEUTRALITY	Improve the environmental performance of the Group's properties in terms of energy and material consumption and mitigation and offsetting of CO_2 emissions - Neutrality of own real estate emissions (own operations) - by 2026	More than 80% of employees in LEED buildings	2025
		Relocate the headquarters to a green building	2024
		Data center migration	2024
	Promote sustainable mobility - 2028	Complete the green transition of BFF Bank's car fleet	2026
		Start the transition of the Group companies' car fleet	2026
	Financed emissions monitoring	Gradual alignment with best practices in portfolio emissions monitoring	2025
ENVIRONMENTAL DISCLOSURE	Ensure transparent reporting of the Group's sustainability performance	Alignment with international climate change standards - Climate Report (formerly TCFD[25])	2026

As regards the sustainability topic 'Climate Change', and as already highlighted in the section '*ESRS2 SBM 1 Sustainability Strategy*', the Group has identified a number of targets with different time horizons for achieving them, to which individual actions have been associated, along with their respective target time horizons.

25) As of January 2024, the TCFD passed its mandate to the International Sustainability Standards Board (ISSB), the independent sustainability reporting standards-setting body of the IFRS Foundation following the decision of the Financial Stability Board (FSB). Although the TCFD does not have the mandate, the 'Climate reports' are still a document that investors and rating providers take into consideration, and it is still possible for Companies to provide disclosure on these reports.

In this context, with reference to the 'Climate Risks and Credit Process' area, following the publication by the Bank of Italy of the 12 supervisory expectations regarding the integration of climate-environmental risks, the BFF Group identified more structured solutions in order to define the risk management target process for climate and environmental risks and the different ways and methods it could take action. The risk management target process includes at least the following steps, based on which the main initiatives of the Plan have been defined:

- integration of reporting to Corporate Boards;
- identification of the key aspects of the risk management process impacted by the Expectations and mapping of affected internal regulations;
- review of the document framework related to risk management activities;
- performance of the materiality assessment;
- data integration and enrichment: analysis of internal and external data sources needed to develop the ESG framework;
- risk quantification: definition of a detailed transmission matrix to identify traditional risk categories potentially the most significantly impacted by C&E risk factors;
- integration of stress test exercises and any other actions (ongoing activity);
- definition of appropriate summary metrics (KPIs/KRIs) and integration of monitoring and reporting processes (ongoing activity);
- assessment of possible risk mitigation actions (activity to be started).

In parallel, the Risk Management Function conducted an assessment of ESG components within the 'ICAAP/ILAAP Report' by integrating it with the results of its materiality analysis of Climate and Environmental ('C&E') risks in terms of exposure, hazard, and vulnerability.
Consistent with its business plan, the Group will continue on the path of integrating the risk framework of the Group with the specific risk factors related to climate change, providing for the inclusion of such factors in its risk management processes.
With reference to the 'Towards Carbon Neutrality' area, the Group has identified different targets, referring to both (i) emissions from its own sites, (ii) emissions from the mobility of its employees, and (iii) financed emissions.
As regards the first target - achieving emission neutrality of its real estate assets - planned for 2026, 2024 saw the completion of the building hosting more than BFF Bank 500 employees in December, called Casa BFF, which has enabled the following actions to be finalized:

- More than 80% of employees in LEED buildings;
- Relocate the headquarters to a green building.

Casa BFF is part of a path of gradual renovation of the Group's workplaces that began in 2019, with the relocation of the Lodz office in Poland (a building that received LEED Gold Core & Shell certification), and continued in 2020 with the relocation of the Madrid office at Paseo della Castellana 81, which received LEED Platinum Core & Shell certification for its very high sustainability standards.
The Casa BFF project involved the construction of a LEED Platinum and WELL Gold certified building, putting people at the center. The building is characterized by the feature referred to as "Flying Carpet of Energy", a regular geometric shape on the roof that is clearly recognizable in the map of the city seen from above. With more than 2,400 m2 of solar panels, it will produce around 360 megawatts, becoming the poster child for BFF's environmental and sustainability values and generating energy from renewable sources to meet about 65% of the building's needs. The remaining energy requirements will be met by energy purchased from guarantee-

of-origin certified renewable sources. This project is the standout feature of the Group's strategy to reduce its emissions, the benefits of which may be seen in 2026 (2025 reporting year).
Remaining on the subject, the migration of the primary Data Center site to a dedicated, more energy-efficient facility was completed in November 2024, which will contribute to achieving the scope 1 and 2 emission neutrality target of the Group's real estate assets.
With reference to the additional target - Promotion of Sustainable Mobility - the Bank launched the ecological transition of its car fleet, starting in 2022, with the definition of an internal procedure that envisages only Full Electric or Plug-in cars, so excluding cars with only combustion engines.
A Plug-in/Full Electric car fleet can achieve a remarkable reduction in CO_2 emissions reinforcing the Group's message on sustainability.
The transition resulted in the replacement, as of December 31, 2024, of 25 cars out of a company fleet of 66 cars to date. Plans have already been made to replace an additional 25 vehicles in 2025, so a 76% reduction in cars no longer aligned with current policies is expected by this year. The Bank plans to complete the transition of its car fleet by 2026.
In the context of achieving this target, the Group has opted to extend this procedure to other Group companies and branches by 2025 (start of the transition in 2026).
In addition, BFF's people transfer plan will be updated during 2025, with the provision of a new survey, following the relocation of company staff at the Milan offices to Casa BFF, in order to identify targets for improving the carbon footprint of company employees on their commute.
Still on the topic of promoting sustainable mobility for its employees, the Group is considering further actions to encourage low-impact mobility, including taking advantage of the high potential of the new Milan headquarters. As early as the end of 2024, Casa BFF offered its staff bicycle parking, car pooling, 20 charging stations for electric, hybrid or plug-in cars, as well as its proximity to the Milan subway, facilitating the preference to opt for public transport.
Finally, with reference to the third target - Financed emissions monitoring - BFF initiated a project during 2024 to define a methodology for calculating financed emissions, thus enabling the quantification of this type of emissions for the first time, expanding the reporting of Scope 3 emissions (for more details about the methodology adopted and the results of this calculation, see the section '*E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions*'). Starting in 2026, the Group will be able to make objective assessments in terms of identifying specific targets aimed at reducing its financed emissions.
With reference to the last target - Ensuring transparent reporting of the Group's sustainability performance - BFF launched a specific project during 2024, aimed at aligning with the best standards on climate disclosure. In fact, the Group plans to prepare its first Climate Report in 2026, in accordance with ISSB (formerly TCFD) guidelines, with an initial reporting exercise in the second half of 2025.
As part of the definition of its targets and related actions in the area of climate change, the Group has defined a specific budget, that will be refined in 2025, also in line with the update of the Decarbonization Plan, as described in more detail in the section '*E1-4 Targets related to climate change mitigation and adaptation*'.
In order to achieve the "*Towards Carbon Neutrality*" target, BF has made an investment to date of approximately 72 million euros, for the construction of Casa BFF, which is at the center of the mitigation actions identified by the Group in this area. This investment includes the geothermal plant and photovoltaic system, among others.

Metrics and targets

E1-4 – Targets related to climate change mitigation and adaptation

With reference to the Group's climate change targets, as stated in this chapter under '*Actions and Resources related to climate change policies*', and in the chapter '*Strategy and business model*', the Group has set a challenging goal to reduce its carbon footprint: achieving emissions neutrality of its real estate assets by 2026.

This reduction target was defined based on the Group's main emissions to date and based on the decarbonization levers that BFF can implement. The methodology used to set this target did not include the use of a scientific basis, and 2023 was defined as the base year for achieving the target. This baseline was identified from the consistency and availability of data and strategy and actions defined by the Group. Having therefore set neutrality targets for its real estate assets for 2026, there are currently no further targets for 2030 and 2050. However, BFF reserves the possibility in the future to identify additional targets for the remaining direct scope 1 emissions (e.g., the car fleet), and for the other indirect scope 3 emissions, for which the calculation was refined from as early on as 2024, expanding the reporting of scope 3 emissions to category 15 of the GHG Protocol 'financed emissions'.

For the purpose of achieving real estate neutrality, the Group has defined the following decarbonization levers:

- More than 80% of employees in LEED-certified buildings;
- Relocation of the Milan offices to Casa BFF, which will result in emissions savings of approximately 704 tCO_2eq. In this regard, the Milan employees had already relocated to the new offices in 2024, and the effect of this action will be reported in 2025;
- Closure and sale of the building owned in Rome, which will result in savings of approximately 320 tCO_2eq. In this regard, BFF had already closed this building in 2024, and the effect of this action will be reported in 2025;
- Relocation of the Barcelona office by 2027;
- Evaluation also for other buildings in the Group to purchase energy from renewable sources with guarantee of origin certificates;
- Migration of the primary data center site to a dedicated, more energy-efficient facility. In this regard, BFF had already completed the migration of its data centers in 2024, and the effect of this action will be reported in 2025.

The Group will further refine the current decarbonization plan, planning to update it in 2025 with details of any additional decarbonization levers (e.g., energy efficiency and consumption rationalization interventions also based on new technologies available on the market) and the emission reductions they will generate.

As can be seen from the table and as described above, as from 2026 the Group plans to make its buildings emission neutral, therefore a 90% reduction in total emissions is planned, with the offsetting of the remaining 10% emissions. Therefore, with reference to its buildings, scope 1 emissions are expected to be reduced by 82% and scope 2 market-based emissions by 91% compared to the base year.

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Targets	UoM	Base year		Targets		
		2023	2024	2026	2030	2050
TOTAL SCOPE 1 AND SCOPE 2 GHG EMISSIONS (MARKET-BASED)	ton CO_2 eq	**1,182**	**1,200**	**118**	-	-
	%	-	**2%**	**-90%**	-	-
of which: Scope 1	ton CO_2 eq	99	91	18	-	-
	%	-	-8%	-82%	-	-
of which: Scope 2 (market-based)	ton CO_2 eq	1,083	1,109	100	-	-
	%	-	2%	-91%	-	-

E1-5 – Energy consumption and mix

With regard to energy consumption, the Group uses natural gas and a small portion of diesel oil for heating, purchases thermal energy (district heating), and draws electricity from the grid, with a total consumption of approximately 3013 MWh in 2024.

With reference to natural gas, a consumption of approximately 449 MWh was recorded, from the offices in Italy and Spain.

It should be noted, however, that in Spain, consumption of diesel fuel - for office heating - amounted to 0.25 MWh. Diesel consumption at the Madrid site is related to the use of a back-up boiler, which is used for start-up times on very cold days or in case of failure of the main boilers, which are fueled by natural gas.

In 2024, the Group's total consumption of energy from fossil sources came to approximately 2673 MWh, while consumption from nuclear energy came to 19 MWh, accounting for approximately 88% and 1% respectively of the total energy consumed. The remaining 11% percent of energy consumed came, instead, from energy purchased from renewable sources with Guarantee of Origin certificates, for the Spanish office in Madrid and the Polish office in Lodz, with consumption of some 340 MWh.

Starting from 2025, the Group will produce energy from renewable sources for its Milan headquarters, Casa BFF, thanks to solar panels on the building. However, it should be noted that in 2024, the Group did produce its own energy from renewable sources.

ENERGY CONSUMPTION AND MIX[26]

	12/31/2024
(1) Fuel consumption from coal and coal products (MWh)	-
(2) Fuel consumption from crude oil and petroleum products (MWh)	0.25
(3) Fuel consumption from natural gas (MWh)	449
(4) Fuel consumption from other fossil sources (MWh)	-
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	2,224
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**2,673**
Share of fossil sources in total energy consumption (%)	**88%**
(7) Consumption from nuclear sources (MWh)	19
Share of consumption from nuclear sources in total energy consumption (%)	**0.63%**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	-
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	340
(10) Consumption of self-generated non-fuel renewable energy (MWh)	-
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**340**
Share of renewable sources in total energy consumption (%)	**11%**
TOTAL ENERGY CONSUMPTION (MWH) (CALCULATED AS THE SUM OF LINES 6, AND 11)	**3,013**

For the purpose of transparent reporting, where BFF has used estimates for energy consumption (Scope 1 and 2), the criteria adopted for these estimates have been the trend of the previous two years or the average annual consumption. Estimation was necessary only when the primary source was unavailable.

26) The energy consumed by BFF does not include the fuel consumption of the Group's car fleet. This exclusion is due to the insignificance of this consumption, as the number of cars in the fleet is very small compared to the Group's total population. However, for the sake of fuller disclosure, the Group may include this type of consumption in future years.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

With reference to direct GHG emissions (Scope 1), the Group emitted 91 tCO_2eq during 2024, a reduction of 8% compared to 2023. These emissions are mainly from the consumption of natural gas and diesel oil for office heating.

With regard to Scope 2 emissions, indirect emissions related to the consumption of electricity, thermal energy, and energy used for cooling and calculated through the Location-Based method, which takes into account the national energy mix, the Group emitted a total of around 803 tCO_2eq in 2024, corresponding to a 7% reduction over the previous year.

With regard to indirect GHG emissions (Scope 2) Market-based[27], on the other hand, the Group emitted 1,109 tCO_2eq, an increase of 2% over last year.

As specified in the metric E1-5, related to energy consumption, the Group purchases guarantee-of-origin certificates for the supply of renewable energy at its Madrid and Lodz sites, equal to 100% of the electricity purchased at these two locations.

As for the Group's other indirect Scope 3 emissions, BFF reports scope 3 emissions category 6 'Business Travel' and category 15 'Investment' emissions, based on material assessments.

With reference to category 6 emissions, these mainly result from business travel by air and train by Group employees. Specifically, air and train travel by Group employees produced 192 tCO_2eq, a reduction of approximately 17% from 2023.

Conversely, with reference to indirect scope 3 emissions, category 15, 1,602,843 tCO_2eq were produced for 2024, a reduction of 11% from 2023. It should be noted that the figure for category 15 emissions refers to approximately 88% of the BFF Group's portfolio exposures. Finally, the Group overall recorded a 11% reduction in both location- and market-based total emissions.

27) As anticipated in the metric E1-4, the year 2023 is considered as the base year; compared to the figure published in the 2023 Consolidated Non-Financial Statement, and related to scope 2 market-based emissions, the calculation methodology for this parameter has been refined by updating the emission factors related to the 'residual mix' (Source: AIB - 2023 European Residual Mix), in order to have a more accurate baseline representation.

	Retrospective			Goals and target years			
	12/31/2023 (Base year)	12/31/2024	% N/N-1	Target 2026	Target 2030	Target 2050	Amount % target/ Base year
Scope 1 greenhouse gas emissions							
Scope 1 gross greenhouse gas emissions (tCO_2eq)	99	91	-8%	18	-	-	-
Scope 2 greenhouse gas emissions							
Scope 2 gross greenhouse gas emissions - Location-based (tCO_2eq)	863	803	-7%	-	-	-	-
Scope 2 gross greenhouse gas emissions - Market-based (tCO_2eq)	1,083	1,109	2%	100	-	-	-
Scope 3 significant greenhouse gas emissions							
Total gross indirect (Scope 3) greenhouse gas emissions (tCO_2eq)	1,803,100	1,603,034	-11%	-	-	-	-
6. Business trips	230	192	-17%	-	-	-	-
15. Investments	1,802,870[28]	1,602,843	-11%	-	-	-	-
Total greenhouse gas emissions							
Total greenhouse gas emissions (Location-based) (tCO_2eq)	1,804,062	1,603,928	-11%	-	-	-	-
Total greenhouse gas emissions (Market-based) (tCO_2eq)	1,804,282	1,604,234	-11%	118	-	-	-

The main calculation methods used are shown below:

- the 2024 UK Government GHG Conversion Factors for Company Reporting set by the UK Government's Department for Environmental and Rural Affairs (DEFRA) were used to calculate the GHG direct emissions (Scope 1);
- for the purpose of calculating indirect location-based GHG emissions (Scope 2) arising from electricity consumption, primary sources, reasonably recognized as such by the market, were used. With regard to the calculation of indirect GHG emissions (Scope 2) Market-Based emission factors related to the 'residual mix' (Source: AIB - 2023 European Residual Mix) were used. The 2024 UK Government GHG Conversion Factors for Company Reporting set by the UK Government's Department for Environmental and Rural Affairs (DEFRA) were used to calculate the GHG Indirect emissions (Scope 2) arising from thermal energy consumption;

28) In order to provide transparent and complete reporting, the figure for scope 3 indirect emissions category 15 relative to the 2023 reporting year has been indicated. However, it is specified that this figure is not subject to a limited review by independent auditors.

- for the purpose of calculating indirect GHG emissions (Scope 3) related to business travel (Category 6: Business Travels GHG Protocol), UK Government GHG Conversion Factors for Company Reporting 2024 set by the UK government's Department for Environmental and Rural Affairs (DEFRA) were used. It is also specified that BFF used primary data directly collected and managed by the Group for this category of emissions (accounting for 0.01% of total scope 3 emission data);
- for the purpose of calculating financed emissions (Category 15: Investment), the Group used PCAF guidelines (Part A: Financed Emissions), identifying the main Asset Classes within BFF's portfolio. For the calculation, it was necessary to use publicly available sources (e.g., UNFCC, OECD). Where emissions data refer to earlier periods, growth trends were applied to make this information comparable. This approach ensured that the estimates were consistent with changes in current energy consumption patterns and climate policies. The use of growth trends ensured greater accuracy in the analysis, contributing to a more robust assessment of emissions and their long-term implications. In order to make the calculation as accurate as possible, the Group has adopted estimation methods based on internationally recognized industry data and public information. With a view to continuous improvement, for future reporting, BFF will endeavor to obtain primary data wherever possible in order to minimize reliance on estimates and assumptions. It is also specified that for the calculation of Scope 3, Category 15 emissions, the asset class considered refers to Sovereign debt, which considers BFF's exposures to public companies, that account for nearly 90% of the assets in the group's scope. As a result, the methodology for calculating indirect emissions was based on the availability of the most up-to-date information in European statistical databases (e.g., OECD, Eurostat) regarding emissions from countries' production activities, and imported and exported emissions from countries to which the Group is exposed. Moreover, this information is not updated annually.

In terms of emission intensity, in 2024, the Group recorded a value for the market-based approach of 0.0040370 and for the location-based approach of 0.0040363, a reduction of 2% for both methodologies from the previous year. The intensity value is calculated as the ratio of total location and market-based emissions to total net revenues equal to 397,380,510 euros.

EMISSION INTENSITY

	12/31/2023	12/31/2024
Total GHG emissions (location-based) by total net revenue (tCO_2eq/Monetary unit)	0.0041300	0.0040363
Total GHG emissions (market-based) by total net revenue (tCO_2eq/Monetary unit)	0.0041305	0.0040370
Total net revenue	436,762,436	397,380,510

For the purpose of calculating GHG intensity, the sum of the following carrying amounts was considered as the Total Net Revenues:

- Total income;
- Other operating income and expenses;
- Gains (losses) on disposal of investments.

However, for the purpose of calculating this indicator, BFF considers the normalized value rather than the reported value to be more representative, the former cleaning the effects of some extraordinary items. In fact, in 2024, these items mainly refer to the change in asset values, including the change relating to late payment interest and the lump-sum indemnity for debt collection ('40 euros'). For more details, about the parameters used, please refer to the Notes to the Consolidated Financial Statements under '*Part L - Segment Reporting*'.

CONNECTIVITY OF GHG INTENSITY BASED ON REVENUE WITH FINANCIAL REPORTING INFORMATION

	12/31/2024
Net revenue used to calculate GHG intensity	397,380,510
Net revenue (other)	129,523,870
Total net revenue (in financial statements)	526,904,380

Social Information

ESRS S1 - Own workforce

Strategy

SBM-2 – Interests and views of stakeholders

The Group constantly invests in the development of its staff and is committed to creating a positive working environment, geared towards maximum mutual collaboration, teamwork and goal sharing, where everyone feels free to express their potential. For more details about the engagement activities organized by the Group and the ways in which the feedback collected influences BFF's strategy, please refer to the section '*SBM-2 – Interests and views of stakeholders*' in the chapter General Disclosures of this document.

SBM-3 – Management of impacts, risks and opportunities and their interaction with strategy and business model

The IROs related to Own Workforce identified as material from the Double Materiality Assessment are listed below.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)	**Business Perspective (VC)**	**Risks (OP)**	**Opportunities (OP)**
Topic: ESRS S1 – OWN WORKFORCE			
Managing the socio-economic conditions and quality of life of employees by respecting workers' rights and promoting a safe working environment Positive impact on employee satisfaction and productivity in relation to the work environment, within which inclusiveness, equal opportunity, respect for diversity, and fair pay are ensured	/	Risk related to the working conditions of own workforce (i.e., increased demand for qualified personnel from competing firms; increased social pressures) Risk related to non-compliance with equal treatment of own workforce, which is increasingly relevant at a regulatory and social level	Promoting the mental well-being of own workforce through ad hoc initiatives Improving the perception of BFF, which is attentive to Diversity & Inclusion, to the benefit of its reputation and attractiveness Ability to attract and retain skilled labor through human capital enhancement activities

BFF is committed to creating a positive work environment by ensuring continuous and constant monitoring of the needs of its workforce and protecting their rights, in terms of work-life balance, adequate remuneration and stable employment.
This approach applies to all types of workers at the Group's locations, whether they are employees, contract workers or self-employed. This contributes to an improved level of employee satisfaction, benefiting business productivity. a Valuing people and resources is a cornerstone of BFF's strategy, which aims to create a system of communication between parties based on transparency, honesty and mutual fairness, as well as shared values and goals that consequently shape the strategy's definition. In fact, as set out in the section '*strategy, business model and value chain*' in the chapter General Disclosures and in the following parts of this chapter, BFF has included specific targets within its strategy with reference to its workforce. In particular, the Group considers the following to be essential:

- fostering harmony by promoting behaviors based on fairness and transparency, without abusing one's position;
- ensuring truthful and accurate communication, with all BFF stakeholders;
- clearly communicating everyone's roles and responsibilities, setting clear objectives consistent with the Group's strategy, in order to make the workforce a participant in corporate change and growth.

In addition, the Bank is committed to ensuring that diversity, in all its forms, is valued and respected, making it a strength, repudiating all forms of discrimination, at all stages of the employment relationship. The BFF Group therefore offers adequate remuneration in line with the market, which is supplemented with a variable incentive system designed to enhance the performance of its workforce, based on meritocracy, along with a robust welfare system. Finally, aware of the importance of developing and updating the skills of its human capital, the Group provides constant training as further detailed in the dedicated section of this document.
Closely related to the aforementioned positive impacts, BFF has identified material opportunities. In particular, the ability to attract and retain skilled labor is linked to initiatives aimed at protecting and improving the mental well-being of its workforce and activities to enhance its human capital. In addition, attention to issues such as diversity & inclusion contribute to improving the Bank's reputation and attractiveness, benefiting its financial position. These opportunities are therefore closely related to the Strategy and business model that the BFF Group has adopted. In addition, with reference to the material risks and opportunities identified, the impacts generated by the Group towards its workforce have also been considered.

BFF has also identified risks related to its workforce, connected with the high demand for qualified personnel from competitors, which increases the potential risk of outbound turnover, and the high pressure from social partners. In addition, although with a low probability of occurrence, considering the safeguards already in place, potential non-compliance with equal opportunities, particularly in certain geographic areas where the Bank operates, could lead to reputational damage and, in the worst case scenario, administrative sanctions. Finally, it should be noted that the assessment did not identify any material negative impacts on its workforce or any activities that could generate risks of child, forced or compulsory labor.
Similarly, no major potential negative effects related to BFF's climate change operations were identified; on the contrary, the construction of 'Casa BFF', the new operational headquarters in Milan, the pinnacle of the Group's workspace renewal process, has positively impacted its people, who have been put at the center of the project, combining integration with the city and a sense of community.

Lastly, it should be noted that BFF received a ban in 2024 from the Bank of Italy (which is still active) on approving and paying variable remuneration to staff. The continuation of this ban could lead to risks of staff retention, and also have a negative impact on staff motivation.

Impact, risk and opportunity management

Policies related to own workforce

The Group is committed to ensuring that the impacts, risks and opportunities related to its workforce are managed and monitored continuously over time. Specifically, with regard to these IROs, the Group has defined and adopted specific Policies for their management, such as:

- The Code of Ethics
- The Sustainability Policy
- The Diversity & Inclusion Policy
- The Group Recruitment and Management policy
- The Human Rights Policy
- 2024 Remuneration and Incentive Policy for the members of the strategic supervision, management and control bodies and the personnel of the BFF Banking Group
- The Health and Safety Management System Policy

The Code of Ethics

BFF's Code of Ethics, which applies to BFF Bank S.p.A. and Group companies, regulates and defines the values that must be respected in all behaviors of its recipients, including areas related to personnel management and the behaviors that employees must ensure within Group relationships and in the workplace.

The Code of Ethics, together with the Code of Conduct and the Group's recruitment and management policy, provides guidelines on corporate policies and the values of transparency, fairness and integrity shared by all Group employees, such as:

- a people-centric approach, resulting in protection of human dignity, equal opportunities, safeguarding employees' safety, respect for the values of interrelation with others;
- safeguarding and promoting differences, fostering dialogue within the organization;
- diligence, professional attitude and promotion of human resources through professional empowerment;
- moral integrity, legality and honesty.

Through the Code of Ethics, the Group ensures BFF's people a work environment free from racism and any form of discrimination. Therefore, as also defined by the Diversity & Inclusion Policy, no form of discrimination is allowed, nor acts attributable to racism, discrimination and abuse, in line with the Declaration on Fundamental Principles and Rights at Work (ILO, International Labour Organization). The Group operates with respect for the dignity of its staff and takes necessary actions to protect the safety and physical integrity of employees, in accordance with applicable laws. Behavior in the workplace is based on mutual fairness: in particular, psychological and/or sexual harassment, and any kind of improper conduct of a sexual and/or psychological nature are strictly prohibited. In addition, conduct that may constitute abuse of a position of authority is prohibited. The Group considers it a priority to create a positive working environment focused on the utmost

mutual cooperation and teamwork, and on shared goals, in which everyone can express their potential, free from any conditioning or any form of intimidation. This implies that it is deemed essential to consider the company's goals as one's own and to establish a method of communication between parties involved based on principles of truthfulness and fairness.
The Group is committed to developing the aptitudes and abilities of each employee and constantly oversees their professional development. The evaluation of personnel to be hired is carried out on the basis of candidates' profiles, and their specific skills, matching the company's expectations and needs as outlined in the request made by the requesting function and always in compliance with equal opportunities for all parties concerned. All parties in any way involved in the personnel selection process take measures to avoid favoritism or forms of patronage in the selection and hiring stages.
The Group also ensures its employees have the right to freely associate with and join trade union organizations, in line with the affirmations made in the Declaration on Fundamental Principles and Rights at Work. It also guarantees the right to collective bargaining in line with relevant local regulations. The Group believes in a corporate culture shaped by continuous and transparent dialogue with its staff and inspired by the principles of safeguarding rights and health; therefore, it is committed to maintaining a relationship with staff characterized by their direct engagement and active involvement. This approach aims to share and achieve common goals, such as continuous improvement in performance and improvement of the work environment.

The Code of Ethics is approved by the Board of Directors, and for subsidiaries, after it has been acknowledged by resolution of the respective Corporate Boards. Upon the occurrence of significant changes in the Group's structure, governance or activities, the Code of Ethics is reviewed, evaluating whether amendments are appropriate, in order to ensure its constant alignment with changes in the business context and in the ethical principles expressed by the economic and social communities it engages with.

The Code of Ethics is drafted and published in Italian and translated into English and Spanish for foreign Group companies. It is available to Recipients in hard copy and electronic format through differentiated channels including the website, Group intranets, and training and internal communication activities. The Code is signed for acceptance by Recipients when they are hired or start employment and is part of the training programs for all employees and external staff according to their different roles and levels of responsibility. All Group operating and management structures ensure that their actions and activities align with the principles and values of this Code of Ethics and are committed to disseminating and promoting knowledge, understanding of and compliance with the Code.

Sustainability Policy

As stated in the section '*Policies related to climate change mitigation and adaptation*', the Sustainability Policy outlines the sustainability principles and standards adopted by the Group, for the responsible management of its business. Specifically, the material ESG factors, already defined through the double materiality assessment conducted, are reflected in the Policy's main objectives and refer to:

- supporting the Group's strategic choices, with the aim of concretely integrating ESG principles within its organization and in all areas of business;
- supporting the identification of opportunities and the implementation of concrete actions with the aim of creating sustainable value in both the short- and medium-/long-term;
- identifying and managing risks arising from exposure to relevant ESG factors;
- monitoring and reporting on risks and opportunities related to relevant ESG factors.

With specific reference to the social dimension, the Policy formalizes the Group's commitment to caring for and empowering its people, through actions that ensure well-being and equal opportunities. In particular, the Group's commitment is made concrete through the many actions described below, which are covered in the section 'Actions and processes to protect the workforce' included in this chapter, to which reference is made for further details.

For more information on the Sustainability Policy, please refer to the section '*Policies related to climate change mitigation and adaptation*,' regarding ESRS E1.

Diversity & Inclusion Policy

Since 2022, the Group has adopted the Diversity & Inclusion Policy, which defines the guiding principles to promote diversity and inclusion continuously and progressively within the Group thereby fostering an inclusive work environment for staff and sustaining the commitment to diversity and inclusion as a factor that exerts positive effects on all the Bank's stakeholders. Underlying the Policy is the idea that the ultimate goal to support diversity is to make sure that every single person has access to the same opportunities and equal treatments and thus, ultimately, that everyone has the opportunity to be evaluated on the basis of his or her own values, abilities and merits, regardless of race, ethnicity, age, gender, disability or other characteristics (such as marital and/or parental status) that could represent a discriminating factor. In this way, the Bank can, at the Group level, welcome and grow the best talent who can be hired on the basis of objective, non-discriminatory and, of course, meritocratic criteria. Bearing in mind that the culture of diversity and inclusion has several dimensions, each of which is fundamental to identifying, and consequently empowering the specific aspects of each person, in preparing the Policy, the Bank focused on the following issues: - gender; - culture and ethnicity; - age and generational diversity; - religious orientation; - disability; - gender identity and sexual orientation; - professional background, considering them all worthy of protection and enhancement at the Group level. Operating within a multinational context in which people express a considerable wealth of diversity, the enhancement of which is both a competitive advantage and an opportunity for growth and enrichment for the Group itself, the Group believes that the most innovative ideas and the best solutions stem from a work environment in which people can give a voice to their uniqueness.

Indeed, the diversity of skills, experiences, ideas and viewpoints fosters a better understanding of customer needs and greater competitiveness in the marketplace. The Bank understands that plurality and diversity help improve business performance, as well as meet stakeholder expectations on ESG issues. Therefore, supporting diversity and inclusion, as well as equal opportunities at all levels and in every context of the Group's activities, is a rationale of the Bank's strategy. Bearing in mind that the achievement of the objectives set forth in the Policy as well as its concrete implementation ultimately depend on people's behavior, the Group is committed to designing and delivering training courses so that people are aware of the content of the Policy and understand its relevance in creating a prosperous work environment - a fundamental basis not only for their professional but also for their personal growth.
As part of the process of drafting and/or updating the Group Business Plan, upon the proposal of the Chief Executive Officer, and after consultation with the Human Resources and Organizational Development Function, in coordination with the Group ESG & Financial Reporting Officer Support Organizational Unit, the Bank's Board of Directors establishes the Operational Plan for defining the actions and interventions necessary to achieve the objectives set forth in the Diversity & Inclusion Policy.

The Policy is also subject to review at least every two years, to ensure it is up-to-date with the Group's needs and with any changes in applicable regulations that may take place in the meantime, including at the international level, as well as with market needs and evolving best practices. The Board of Directors is responsible for monitoring the results of adopting the Policy and updating it.
In defining the guidelines and areas of intervention for Diversity & Inclusion, BFF is inspired, in addition to the principles and standards set by national legislation, such as, for example, the Constitution of the Italian Republic, Law 300/1970 (the so-called 'Workers' Statute'), and Circular 285/13 on remuneration policies and systems, by the EBA Guidelines with reference to checking the pay gap, and by international principles, such as, for example, the United Nations Global Compact Principles, and the principles in the Declaration on Fundamental Principles and Rights at Work and the eight Fundamental Conventions of the International Labor Organization (ILO), the Universal Declaration of Human Rights and subsequent international conventions on civil and political rights and economic rights, social and cultural rights, by the principles in the 2030 Agenda for Sustainable Development and related Sustainable Development Goals (SDGs), the United Nations Women's Empowerment Principles, the United Nations Conventions on the Rights of Women, on the Elimination of All Forms of Racial Discrimination, on the Rights of the Child, on the Rights of Persons with Disabilities, and in the ILO Convention on Violence and Harassment.

The Policy is communicated to all recipients, i.e. personnel and all persons who work on behalf of and/or in the interest of BFF and the Group, or who have business relationships or collaborations of another nature with them (e.g. suppliers, consultants, collaborators, and brokers). Specifically for BFF personnel, knowledge of the Policy is also fostered through appropriate and specific awareness-raising and training initiatives, proportionate and calibrated to the roles, responsibilities and functions of each area of operation.
Moreover, the Policy is disclosed by publication on the websites and intranets of Group companies, and is brought to the attention of newly hired individuals through the delivery of the "welcome kit", to foster a solid awareness of its setting, as well as for the purpose of transparency to the market with regard to the principles and values that are an integral part of the cultural heritage of the Bank and the Group. In particular, an e-learning initiative (in both Italian and English) based on the content of the policy and intended for all Group employees was launched in December 2023, now included among the set of mandatory courses.
Based on the purposes that the Policy aims to achieve, behavior contrary to the above principles is not tolerated and may be subject to specific sanctions, including disciplinary measures. Likewise, no form of retaliation is tolerated against employees and stakeholders who have complained about incidents of discrimination or harassment, or who have reported them to their company contact persons and/or by using tools such as the Group's internal whistleblowing platform.

Policy for the selection and management of Group human resources

The Group's human resources selection and management policy aims to regulate the guidelines the Group intends to observe in managing its human resources selection and management processes. The Group's Human Resources & Organizational Development Function ('GHR&OD Function') acts in accordance with the guidelines defined by the Parent Company Chief Executive Officer ('GCEO'), ensures compliance with common principles and values within the organization and guarantees the empowerment of people as a key asset in which to invest, as well as a determining factor in the growth and success achieved to date. The GHR&OD Function ensures that the strategy for human resources management, defined by the GCEO, is disseminated throughout the Group and is responsible for the implementation of each process set out in the Policy within the Group, managing and monitoring the activities described below, ensuring alignment with business needs and strategy also through the local oversight units that functionally report to it, i.e., guiding individual Organizational Units.

The Group, through the action of the GHR&O Function, pays special attention to human resources, starting with care for the corporate environment in which they work, and then paying attention in the selection phases, in which it not only examines professional experience and skills, but also assesses the fit between candidates and the values and guiding principles on which the Group is founded, the configuration of training plans, which include both mandatory as well as technical-specialist training, and training dedicated to soft skills, taking into account the reference context, individual role and growth needs, and the implementation of development plans, some of which are specifically intended for younger resources, that enable the best expression of different potentials, while ensuring professional growth consistent with the Group's own needs and people's interests. A further element is the management of the reward system aimed at ensuring, with meritocratic logics, adequate recognition of employees, their performance and their valuable contribution not only as individuals, but more importantly as part of a larger team, in which diversity in skills are complemented and enhanced reciprocally, to ensure an excellent and cutting-edge customer service.

2024 Remuneration and Incentive Policy for the members of the strategic supervision, management and control bodies and the personnel of the BFF Banking Group

The Group Remuneration and Incentive Policy is defined, implemented and managed through a clear process that involves, at different levels and according to specific responsibilities, numerous corporate boards and functions. Moreover, the Policy is defined as part of engagement activities with various stakeholders, including institutional investors and proxy advisors.
The Group's Remuneration and Incentive System aims to make values of meritocracy and pay-for-performance values, on which the Bank is based, concrete, and is inspired by the following principles:

- ensuring consistency with the bank's objectives, corporate culture, long-term strategies, prudent risk management policies, and overall corporate structure;
- aligning the interests of senior management and all staff as far as possible with the long-term interests of shareholders;
- avoiding conflict-of-interest situations;
- encouraging control activities by the relevant Corporate Control Functions;
- attracting and retaining individuals with professional expertise and abilities that are appropriate to the Group's needs, nurturing them through professional growth paths;
- ensuring behaviors are based on the utmost diligence and fairness in relationships;
- identifying and guiding the achievement of goals:
  1) linked with business results, adjusted appropriately for risk;
  2) consistent with the levels of capital and liquidity needed to meet the activities undertaken;
  3) so as to avoid distorted incentives that could lead to excessive risk-taking for the Group and the financial system as a whole.

Each year, the Group Human Resources and Organizational Development Function prepares a draft of the Policy, involving numerous relevant functions (i.e. General Counsel, Risk Management, the Group Planning and Control Organizational Unit, Compliance & AML) and drawing on the support of external professionals. This policy is approved by the Shareholders' Meeting, having heard the opinions of the Board of Directors, the Remuneration Committee and the Control and Risks Committee. This process takes place annually in order to capture organizational developments or new strategic directions of the Group, while also considering the Personnel Incentive System in terms of the tools, methods, operating mechanisms and parameters adopted by the Group.

The implementation of the Policy is reviewed, at least annually, by the Compliance & AML Function, the Internal Audit Function, and the Risk Management Function, each according to their respective responsibilities, to ensure the Policy's adequacy and compliance with Supervisory Provisions and its proper functioning.
The BFF Group's remuneration policy report has been defined in accordance with i) the Bank of Italy's Supervisory Provisions on Remuneration and Incentive Policies issued on October 23, 2018, as amended; ii) the Issuers' Regulation, recently amended by Consob, in implementation of Directive 2017/828/EC (the so-called 'SHRD II), by Resolution No. 21623 of December 10, 2020; iii) the Corporate Governance Code; iv) the Transparency Regulations. At the national level, the framework was supplemented during 2019 by the recent amendment to the Bank of Italy's order of July 29, 2009 on the 'Transparency of banking and financial transactions and services', which introduced some provisions on the remuneration policies that intermediaries must adopt in relation to 'staff and third-party sales network operators'. To implement these provisions, the Bank drafts a Policy for so-called 'Key Personnel', which is submitted to the Board of Directors for approval.

With reference to the European context, the regulatory framework consists of the: i) Capital Requirements Directive V (CRD V), which establishes specific principles and criteria that banks must adhere to; ii) the EBA Guidelines - GL 2021/04 of 2 July 2021, which provide guidance and clarifications on interpretation in accordance with CRD V.
The Group's Corporate Control Functions, each according to their respective responsibilities, ensure the Policy's adequacy and compliance with current regulations.
The Policy is made available on the Group's official website.
The Policy, moreover, is gender-neutral and contributes to pursuing equality for Staff with the same roles, functions, and geographical locations. It ensures, for the same activity performed, in relation to the connected responsibilities, activities and time required for performance, that Staff have an equal level of Remuneration, including in terms of the conditions for its recognition and payment.

Protection of human rights

The issue of human rights protection in relation to its workforce is a key topic for the BFF Group and compliance is ensured through several Group policies, including the Diversity & Inclusion Policy, the Code of Ethics and the Human Rights Policy.
Through its policies, BFF guarantees and protects fundamental human rights by drawing inspiration from internationally shared standards, guidelines and principles expressed by authoritative sources, such as the UN Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; the European Convention on Human Rights, 1950; the UN Convention on the Rights of the Child, 1989; the International Labour Organization (ILO) Conventions with regard to fundamental human rights (Conventions 29, 87, 98, 100, 105, 111, 138 and 182); the Declaration on Fundamental Principles and Rights at Work, 1998; the European Parliament Resolution of March 10, 2021, making recommendations to the Commission concerning due diligence and corporate responsibility; the United Nations (UN) Global Compact Principles, 1999; the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, 2011; G20/OECD Principles of Corporate Governance; the ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy; the World Bank's Environment, Health and Safety (EHS) Guidelines and the United Nations Environment Programme Finance Initiative (UNEP FI) Statement - of Financial Institutions on Environment and Sustainable Development. In 2023, BFF adopted a specific policy on human rights that enumerates the principles underpinning its business. In order to prevent and/or mitigate possible human rights impacts the Human Rights Policy defined within the Group considers different stakeholders and in particular: staff, suppliers, customers, investors and communities. For each stakeholder category, the Policy identifies principles of behavior, transparency and fairness.
BFF is aware of the importance of firmly promoting the principles of human rights and valuing them in both internal and external relations, and believes in direct dialog with all stakeholders to encourage their proactive involvement. The principles on which the Policy is based are:

- the promotion of fair and favorable working conditions (with diversity-nurturing initiatives);
- the protection of occupational health and safety;
- freedom of association and collective bargaining;
- the fight against child and forced labor;
- inclusion;
- the non-tolerance of all forms of discrimination and harassment.

The Policy governs compliance with these principles. In addition, specifically in relation to its employees, the Policy envisages respect for the person and dignity of each employee, through a work environment in which professional qualities, moral integrity, the ability to cooperate and innovate are present, through the development of each individual and the promotion of integration, the appreciation of diversity, and better working conditions, equal opportunities, non-discrimination, well-being and quality of life in the workplace.
In this regard, BFF acknowledges and guarantees for its people respect and freedom of action, so that everyone can be heard and express their opinions; freedom of association and collective bargaining; health and safety, through proper risk assessment in order to limit and mitigate risks; and the right balance between their private and professional life.
Moreover, the importance of the issue has prompted the Group to implement practices to prevent and/or mitigate its impacts on human rights, also taking into account the various stakeholders involved, such as Group staff.
In fact, the Group's directors and senior executives are responsible for disseminating the contents of the Human Rights Policy, including through support for awareness-raising actions aimed at ensuring its concrete

implementation. The content of the Human Rights Policy is continuously monitored by the Group ESG & Financial Reporting Support Unit, assisted by the Compliance & AML Function, to ensure the prevention and/or mitigation of possible human rights risks and impacts. Monitoring also extends to possible areas of impact and potential risks to human rights, drawing on the International Bill of Human Rights and the ILO Conventions defined in the Declaration on Fundamental Principles and Rights at Work.

The Group has provided for a system of sanctions in the event of non-compliance with the protection of human rights, which may, among others, result in the termination of the fiduciary relationship and the application of disciplinary measures and/or penalties.
In addition, a number of reporting channels are made available to employees and other stakeholders that are the recipients of the Human Rights Policy. For further details, see the 'Whistleblowing Procedure' section in this chapter.
To ensure compliance with the protection of human rights and the dissemination of the principles to all Group stakeholders, BFF provides communication through:

- the annual publication of sustainability reporting;
- the dissemination of initiatives in which the Group is involved to promote these rights;
- the publication of the Human Rights Policy on the Group's website;
- the dissemination of a culture of respect for human rights at the corporate level and among stakeholders.

Health and Safety

Since 2015, the Parent Company has had a Health and Safety Policy, through which it enshrines its commitment to a healthy and safe workplace.
Following the closure of the OHSAS 18001 certification, and in view of possible future developments, the Bank is keeping the management system active and monitored by an external consultant, in order to operate in compliance with the provisions of Italian Legislative Decree No. 81/08 and UNI-INAIL and to lay the foundations for a possible ISO 45001 certification.
Thanks to the Management System adopted, BFF complies with the provisions of Italian Legislative Decree No. 81/08 and has in place a constant monitoring process. The monitoring and control process is entrusted to Facilities, the Coordinator of which has been appointed head of the Management System. At present, given the different approaches adopted by the countries with respect to Health and Safety issues, the policy and the system is only applicable in Italy. The occupational accident management system is part of the Health and Safety Management System and is under the responsibility of the Coordinator of the Facilities Organizational Unit who reports to the Chief of Staff, who is the Employer's Delegate.
As prescribed by internal regulations, all company activities, technological systems and infrastructures are subject to periodic analysis in order to ensure better identification of the reference framework of potential risks, of possible health and safety hazards, both from a general standpoint and in relation to each identified work activity, and thus provide prompt recognition of the necessary mitigation measures by setting priorities for action.
The analysis is carried out, at least once a year, by the Employer and the Head of the Prevention and Protection Service with the collaboration of the Company Physician, the Workers' Health and Safety Representative and the Function Managers. The determination of the risk magnitude and acceptable risk value are established by the Company Prevention and Protection Service (Italian Legislative Decree 81/2008, Articles 31 and 33), which is assigned the task of identifying these factors.
The results of data collection and assessment are formalized annually in a report prepared by the Employer in collaboration with the Protection and Prevention Service, called the "Risk Assessment Document" (one for each operating site).

This document is made available to all the staff involved through publication in the internal document repository. To certify its existence with a certain date, the document is sent via the Bank's official certified email.
In light of the Bank's usual activity, the risk related to video terminal operators has become a major focus of attention with regard to risk assessment.
With particular reference to occupational medicine and health surveillance, the Employer designates a Company Physician meeting the qualifications and training and professional requirements pursuant to Article 38 of Italian Legislative Decree No. 81/2008, who works in conjunction with the Employer for the purposes of risk assessment. This position is entrusted with numerous duties, such as conducting special inspections of work environments, planning and carrying out health surveillance, and updating and keeping the health and risk records for each worker undergoing health surveillance.
It should be noted that the Bank is committed to the development and continuous improvement of the effectiveness of the company's Health and Safety Management System (HSMS), including by means of the following actions:

- Reporting the need to comply with mandatory requirements arising from national and/or local standards and legislative provisions;
- Definition and dissemination of the Health and Safety Policy;
- Definition of company objectives for health and safety and the relative programs and actions;
- Carrying out of periodic reviews of the HSMS;
- Making resources available;
- Participation in the Periodical Meetings pursuant to Article 35 of Italian Legislative Decree 81/2008.

The objectives are generally defined on an annual basis, they are periodically monitored (during internal inspections), and re-examined (during the HSMS Review) and, if necessary, updated/modified. The person in charge of the area/process to which a given objective is assigned is responsible for checking the progress of the defined actions/programs and their development, promptly informing the Head of the Occupational Health and Safety Management System (HSMS) of any delays or difficulties, so that these can be remedied quickly.
Anyone within BFF Bank can report potentially harmful situations or dangerous behaviors relating to Occupational Health and Safety to the Employer's Delegate.
Internal communication takes place using the company's communication channels, including the dedicated channels through which reports are made to the Prevention and Protection Service and the Delegated Manager. The use of the Whistleblowing channel is available at all times for anonymous reporting of any wrongdoing.
The Health and Safety Policy, which is an integral part of the above management system, is also made available by the Group, both to its own staff through the company intranet, and to external stakeholders at least through publication on the website.
With specific reference to Poland, each employer (BFF Polska S.A. and BFF MEDFinance S.A.) is required to protect the life and health of its employees. To this end, it must ensure safe working conditions. The employer's basic occupational health and safety duties are governed by Chapter X of the Labor Code and the relevant implementing acts.

Below are the documents and standards in force regarding Occupational Health and Safety:

- Risk Assessment Document;
- Safe working instructions;
- Record of injuries at work and post-injury documentation;

- Register of occupational diseases;
- Lighting measurements;
- Resistance to tactile measurements;
- Fire-fighting equipment gauging reports;
- Fire instructions;
- Evacuation report.

With specific reference to Spain, the company guarantees a safe working environment for employees by relying on the services of an external supplier (Prevencontrol), with the support of whom it promotes and takes care of every health and safety issue within the premises in accordance with legal requirements. However, no formal policies or procedures are in place with regard to this issue.
For the 2024/2025 period, the Bank is conducting an OHS assessment of all the Bank's European offices in order for the Facilities Organizational Unit to verify compliance with OHS regulatory requirements. BFF plans to conclude this activity by 2025.

Actions and processes to safeguard the workforce

The importance BFF attaches to its human capital is confirmed by the Group's engagement activities, as specified in the section '*SBM-2 - Interests and views of stakeholders*' of this document.
In particular, the Group believes that establishing and maintaining a constant and ongoing relationship with the workforce, through fair, transparent and differentiated forms of engagement, is its own specific interest, as well as a duty to this category of stakeholders. Such an approach can help to ensure a better understanding of mutual points of view, with a view to fostering value creation in the medium to long term and in compliance with existing regulatory provisions and the principle of the equal treatment of its employees.
In this context, the Group constantly aligns and engages its employees with various listening and discussion sessions throughout the year, repeated at least every three months at quarterly closure plenary meetings aimed at sharing achievements during the period, while maintaining a vision of the near future and which is also long term.

Town Hall Meetings, Group Conventions and other events

Continuous dialog with employees is central to the company's strategy. In order to promote a culture of transparency and exchange, BFF adopts a dedicated Internal Communication plan, with a number of employee engagement initiatives taking place during the year, aimed at ensuring moments of sharing, recognition, training, team building and team alignment.
Plenary meetings, for example, involve all employees and are conducted on a quarterly basis to share achievements during the period, besides focusing on future challenges.
Also during 2024, as in the past, plenary meetings were held in February, May, August and November. These are online sessions, held by the Group Chief Executive Officer, with the involvement of a number of senior positions, which provide an opportunity for all employees to take part, even anonymously, ask questions, and engage with the main issues that arose during the reporting period and during the specific event. Sessions devoted to questions and debate last an average of 40-60 minutes.

For each plenary meeting, employees are given the option of connecting to either the Italian-language version or the English-language version. It is also possible for hearing-impaired employees to activate the automatic generation of subtitles, allowing everyone to easily follow the presentations.
The two meetings are identical in their representation of data and strategy. They differ only in the question and discussion phase, which is entirely left to the needs of employees.
Recordings of plenary meetings, including sessions with questions, are available on the Group intranet in the days immediately following the event, together with answers to any questions that, for reasons of time, were not addressed live. The attendance rate at plenary meetings averages 85% of the group's employees.

Date	Time	Q&A	Event	Attended*
09-Feb-24	09:00	38	Town Hall Italy	500
09-Feb-24	10:45	19	Town Hall INTL	238
13-May-24	09:30	31	Town Hall Italy	519
13-May-24	11,30	13	Town Hall INTL	271
06-Aug-24	09:30	4	Town Hall Italy	363
06-Aug-24	11,30	9	Town Hall INTL	223
08-Nov-24	09:00	21	Town Hall Italy	498
08-Nov-24	10:45	13	Town Hall INTL	240

* always lower than the number of actual employees, due to leave, holidays, etc.

The BFF Discovery

In addition, in 2024, BFF launched its new onboarding program for new hires - BFF Discovery - which is an innovative element to engage its employees even before they actually join the company.
The program is a real journey of discovery of the Group, that aims to provide new hires with all the information they will need to best approach their career path at BFF. The highlight of the program is the BFF Discovery Event: a two-day event where new hires from all over Europe (who have been with BFF for at least one month) are in Milan for two and a half days of full immersion in the BFF world.
On this occasion, the new hires:

- have the opportunity to find out more about the activities of all departments and functions through ad hoc presentations given directly by the management team.
- are involved in a training course to give them the tools to improve their networking skills.
- through their involvement in two informal sessions, they can get to know better other people, like them, who are in their first months of experience at BFF, and at the networking cocktail event, they can talk about and discuss the topic of BFF's values and their meaning directly with the Chief Executive Officer, the front line, and several members of the management team.

This program has had positive effects on the retention of new hires who took part in it, thus fostering a sense of belonging to the Group. A lower turnover rate for program participants is also reported.

2024 Leadership Outdoor Meeting

At the end of September 2024, the Leadership Outdoor Meeting was held. This two-day event is dedicated to managers, particularly middle-managers, who are the link between the bank's leadership and employees, facilitating communication and promoting effective cooperation.

In addition to being role models for their teams, the Managers can convey the Group's vision clearly, effectively and 'more closely' to people, and help each employee understand the distinctive role they play in achieving the company's goals.

The event offered participants a training session aimed at strengthening key leadership skills with a focus on a winning mindset, effective leadership, continuous learning and motivation.

The Outdoor Leadership Meeting was a vital moment to build a stronger, more cohesive and growth-oriented shared leadership.

BFF Friends & Family 2024

The traditional 'BFF Friends & Family' event was held in our offices in Milan, Rome, Lodz, Barcelona and Madrid, marking an important time for the entire community of BFF's People to meet and connect.

After the forced hiatus imposed by the pandemic, the initiative returned with an even broader scope: for the first time, in fact, the event also involved the Lodz, Barcelona and Madrid offices, with the aim of increasingly extending participation internationally. The aim is to strengthen the sense of belonging and cohesion among all our people, regardless of their working location.

This year's theme, 'Back to Work, Back to School', symbolically represented a return to routine with energy and motivation, both in professional and personal spheres, as it was held immediately upon return from the vacation. The event offered participants a valuable opportunity to share lighthearted moments with friends and family, fostering well-being and a sense of community.

This event also emphasized the importance of collective well-being, and the participation of families made the message even more meaningful, celebrating the bonds that unite us and strengthening the awareness that we are part of one big team.

SURVEYS

The Group also gives out dedicated surveys, at least every two years, to measure the inclusion and engagement of all resources, and gather tips that they deem useful for improving company performance and strategic objectives.

December 2023 saw the administration of the third edition of the Purpose Survey, the Group's bi-annual questionnaire that allows for an analysis of the current organizational climate and the gathering of important input, thanks to which concrete actions can be taken, with the goal of making BFF an even more successful company, providing every employee with the resources they need to contribute to its goals.

In 2024, the approach adopted by BFF saw the direct involvement and engagement of the leaders of each team, sharing and discussing results with them and identifying shared goals and concrete action plans - a distinctive feature compared to previous editions.
In general, the survey results indicated that the strengths and opportunities were mostly unchanged, noting however, possible improvements in some areas.
Employees reported clarity of expectations, good cooperation and respect within the company, albeit highlighting areas for improvement with reference to recognition (feedback) and empowerment.

The results, therefore, indicated the potential for creating an even more engaging and productive work environment. Currently, 15% of the workforce has a high degree of satisfaction, while 55% say they are neutral (non-polarized), thus presenting potential for improvement.
Taking into account the wide variety of experiences within the Group, the action plans proposed by managers, together with their teams, fully consider these aspects.
Instead, the fourth edition of the climate survey will be held in May 2025.
Finally, the interest and attention paid to the opinions of its workforce are also confirmed in the context of the Double Materiality assessment, during which support was requested from some of BFF's business functions.
In particular, the Group's ESG function was involved in the assessment and validation of impacts. Similarly, the involvement of the Risk Management Function was essential as part of the financial materiality analysis, to identify and assess risks associated with ESG issues.

BFF's engagement actions, organized and managed by the Group's HR & Organizational Development Function, are extended to the entire corporate population, thus taking into consideration the needs of everyone, including the most vulnerable categories. As mentioned in the paragraphs above, the results of these engagement initiatives are also communicated to the highest levels of management in the Group, thus ensuring a careful and timely assessment of the issues raised.

Processes to remediate negative impacts and channels for own workers to raise concerns

WHISTLEBLOWING PROCEDURE

The Group, with the aim of contributing to remedying any negative impacts on its employees, has adopted an organizational procedure that describes how to report irregularities and/or violations governed by legislation on whistleblowing. Specifically, the applicable Directive (Directive (EU) 2019/1937) governs the protection of individuals who report violations of national or European Union regulatory provisions that harm the public interest or the integrity of the public administration/private entity, which they have become aware of in their work-related context. This organizational procedure was updated as a result of the issue of Legislative Decree No. 24 of March 10, 2023, which transposed Directive (U) 2019/1937 into national law. The procedure, approved by the Board of Directors, is subject to an ex-ante review by the Compliance & AML Function and is applicable to BFF Bank S.p.A., its branches and subsidiaries.
In accordance with the provisions set forth in this procedure, the Board of Directors of the Bank appointed a person responsible for the internal Whistleblowing procedure who manages the acceptance, review and evaluation of concerns, in a manner consistent with the principle of proportionality. The Head of the Internal Audit Function has been identified, based on the independent hierarchical position, as the person responsible for the internal whistleblowing system (Whistleblowing Officer). The Whistleblowing Officer is required to receive and evaluate individual reports and present them to the Corporate Bodies.

The reporting party may use several channels to send reports, namely:

- The reporting person may use the specific IT procedure 'Whistleblowing - Reporting Violations', which can be accessed via the web link posted on the company intranet and on BFF's public website. In this procedure, messages may be sent orally, with a recording by the reporting party (voice messaging system integrated into the platform). The procedure is managed by an external provider and guarantees (if the reporting person does not wish to disclose his or her identity) the anonymity and confidentiality of the identity of the reporting party, the person involved and/or the person otherwise mentioned in the report, as well as the content of the report and related documentation. At the end of the report, a unique code is communicated to the reporting person that allows the report to be tracked.
- The reporting person may request a face-to-face meeting with the Whistleblowing Officer to pass on their report.
- The whistleblower may transmit a report by regular mail, sending it to the Head of Internal Audit.

The Bank guarantees the confidentiality and protection of the personal data and identity of the reporting person and of the alleged perpetrator of a violation. In addition, the protection of the reporting party against retaliatory, discriminatory or otherwise unfair conduct resulting from the reporting is guaranteed.
The Bank's staff, upon employment, declare that they have read the procedure and reporting methods envisaged by the Bank, by signing the appropriate form. The Whistleblowing procedure is made available to all staff and posted on the group website. In addition, as part of the training periodically provided by the relevant functions to the Bank's staff, the purpose of this procedure, the operational reporting methods and the evaluation process are explained clearly, precisely and comprehensively.
The Whistleblowing Officer reports annually on the proper functioning of the internal reporting systems, indicating in a special report the aggregate information (including non-relevant reports) on the results of activities carried out and follow-up of reports received that are relevant and substantiated. In preparing this information, the Whistleblowing Officer is required to comply with the provisions of data protection regulations. This report is submitted to the Board of Directors for approval and made available to BFF Banking Group staff.

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Group Initiatives in support of its employees

The main actions and resources related to its workforce defined by the Group are reported below:

Area	Target	Action	Target year (per action)
ESRS Sustainability Matters: OWN WORKFORCE (S1)			
DIVERSITY WITHIN THE WORK ENVIRONMENT	Diversification of the talent pool	Increase the number of employees belonging to underrepresented groups (e.g., gender, nationality, age) in key roles	Recurring target
	Reduce the gender pay gap	Ambition of substantial equal pay	Recurring target
DEVELOPMENT OF HUMAN CAPITAL	Distribution of the value created	Continue to distribute value created in the organization through the LTI program	Recurring target

As part of the sustainability matter 'Own workforce' and as already highlighted in the section 'ESRS2 SBM 1 Sustainability Strategy', the Group has identified a number of recurring targets, to which individual actions have been associated. The following actions have been defined by the Group to pursue relevant opportunities as well as mitigate the risks and impacts identified in the Double Materiality assessment.

Diversity within the work environment

In this context, with reference to the 'Diversity within the work environment' area, the Group identified two main targets in 2024. Details are given below.
With reference to the first target, during 2024, the Group started the Talent Review process, which meets the following objectives:

- facilitate succession planning, ensuring that there is talent ready to fill key roles should the need arise;
- identify people's expertise, abilities and potential, enabling the organization to invest in their growth and development;
- ensure that the right people are assigned to the projects and positions that best utilize their abilities;
- establish retention policies which target people who show particular potential for growth in the organization.

In addition to job performance evaluation, which is a prerequisite, the following dimensions were investigated:

- Leadership: the ability to exert influence and be recognized as a point of reference, to lead a team, to show strategic thinking, and to hold positions of responsibility effectively;
- Drive: the willingness to perform additional tasks and take on more responsibility, showing a desire for growth and focus on results;
- Learning Agility: the willingness and ability to learn from experience, applying what has been learned to operate successfully in new or unexpected conditions, the ability to work effectively in a dynamic and rapidly changing environment.

In line with the objective of identifying and managing possible bias, as also provided for in the Group's Diversity & Inclusion policy, it should be noted that the criteria identified for Talent definition were selected with particular attention paid to their neutrality, with the aim of obtaining an assessment that is as objective and free of bias as possible.

In 2024, the Career Partnership program was launched, aimed primarily at the Group's talents, but also at all those who want to invest in their own development, and at further enhancing the skills of the people in whom the Group has decided to invest. The program starts with the creation of an individual development plan, shared with the HR&OD Function and the person's manager, to work on defined and structured growth goals. To support the development plan, people have access to an assessment to identify their strengths and to the entire online and in-person training catalog that the Group makes available to its employees.
Finally, the Group-wide Succession Planning process was conducted again, in 2024, which aims to ensure the continuity of key positions in the organization, avoiding operational disruptions in case of leadership transitions. Together with the Talent Review process, the Group also promotes the ongoing identification and subsequent development of internal skills, ensuring that these activities are closely aligned with the corporate strategy, with the aim of strengthening governance and supporting long-term stability and growth.
The Succession Planning process, which took place between June and August 2024, was coordinated internally by the Group Human Resources and Organizational Development Function and involved identifying critical roles, internal successors and, in their absence, action plans.

Specifically, strategic impact (i.e., the impact on the organization's results and/or key processes and/or customers and/or large number of employees) and replacement difficulty (i.e., the difficulty of finding these positions on the market) were considered in identifying critical roles.
The identification of critical roles is also aimed at prioritizing specific investments (selection, training, but also in preparation for any organizational changes) and defining the timing.
For each critical role, the internal succession pipeline was then analyzed and, where not present, appropriate short- and medium-/long-term mitigation actions were identified, considering both organizational alternatives (organizational structure reviews) and external market scouting (market mapping or selection projects).
With reference to the second target - reducing the gender pay gap - for which the Group has identified the ambition of substantial pay equality, BFF - to ensure constant monitoring of remuneration gaps and gender neutrality as part of the overall governance of policies, and in compliance with the provisions of the update of Circular 285/13 on remuneration and incentive policies and practices of November 24, 2021 and the EBA Guidelines (July 2, 2021) - has activated specific safeguards to ensure the gender neutrality of remuneration policies.

In detail:

- an annual report for the Remuneration Committee and Board of Directors is produced on the trend of the gender pay gap ("Average Pay Gap" and "Pay Equity Gap") and gender gaps as a whole, generally between June and October, in any case in time to ensure the integration of any monitoring measures in the remuneration policy for the following year;
- where there are pay differentials, for the same role or role of equal value, greater than 10%, the detailed revision of the HR processes of growth and salary adjustment through the inclusion of 'control steps' in pay review processes;
- in the event of particularly significant gaps, consideration is given to the allocation of dedicated budgets (a non-gender neutral remuneration policy in favor of the discriminated gender), always within the overall budget approved by the Board of Directors.

The Group is also implementing a review of its recruiting, growth and staff retention processes, with a special focus on the gender gap. To achieve this goal, analysis and monitoring tools, including those based on numerical indicators, are being used so as to assess any situations of wage inequality accurately and take appropriate corrective measures.
To ensure the achievement of set objectives and given the relevance that the issue of diversity and inclusion holds for the Group, the Inclusion Board was set up. This committee is composed of Bank employees, representing the various Legal Entities of the Group, selected on the basis of self-nominations, with the aim of:

- collecting and representing inclusion issues within the Group;
- initiating discussions with the leadership team and setting priorities for actions to be taken;
- using a clear, transparent approach, promote the initiatives and actions put in place at the Group level having to do with inclusion and participation in corporate life;
- propose measures to avoid diversity-related biases, both in hiring processes and in the subsequent phases of professional development and promotions;
- promote inclusion across countries and national cultures where the Bank has a presence at the Group level.

The Inclusion Board is therefore responsible for promoting a culture of diversity and inclusion through a process of listening and feedback to BFF People, the Human Resources and Organizational Development function, and Top Management. The Committee plays a crucial role in fostering inclusion by providing a diverse representation of perspectives and expertise to enable more inclusive decisions and bring new perspectives, promoting the creation of a fair, inclusive, and opportunity-rich work environment for all people in the Group and equity and equal opportunities for growth, including economic growth.

Always with a view to ensuring the adoption of a proactive approach in fostering equal opportunities at all levels, BFF ensures objective and meritocratic criteria, starting from as early on the selection and hiring phase of BFF's People up to the optimization of each person's natural abilities and talents.
In Poland, for example, diversity and equal opportunities are strictly governed by local labor law. In particular, equal treatment with regard to employment is based on the following assumptions:

- regardless of the type and terms of employment, employees must be treated equally with respect to gender, age, disability, race, religion, nationality, political opinions, ethnic origin, religious beliefs, sexual orientation;

- equal treatment in employment means not discriminating in any way, directly or indirectly, against the worker's life within the organization, including his or her professional development until employment terminates.

Other diversity initiatives

During 2024, the commitment to forging strategic partnerships with important institutions and organizations and sectoral associations was strengthened (e.g., ABI's D&I in Finance, Valore D, the Diversity Working Group of Assifact, and the Women's Empowerment Observatory of Ambrosetti) to foster the exchange of best practices with other corporate entities, consolidate BFF's commitment to these issues, and build internal and external advocacy. In particular, a partnership with Valore D, a leading association in Italy for the promotion of diversity and inclusion in companies and which, over the years, has broadened its spectrum - originally focused on gender issues - to embrace all diversity in society, was launched in November 2024.
This collaboration is part of the Group's more extensive journey to support and value diversity as a key element in its success and to create an inclusive environment where everyone can best express their talents.
With this important collaboration, all BFF's people have access to the new platform - Younicity by Valore D - dedicated to information and training on diversity and inclusion issues, which is an accessible space for everyone to be informed about the main equity issues with insights, news and interviews, to grow personally and professionally through e-learning, video clips, live streaming and many other resources, to engage with a network that shares our values, exchanging ideas and creating new synergies and being inspired by success stories, innovative projects and ideas on how to turn challenges into opportunities.

Further Group initiatives in support of employees

In addition to the above, in order to manage the impacts, risks and opportunities relevant to its workforce, the Group guarantees its employees additional initiatives, as described below.

Human capital development

The Group provides training to staff, in order to develop their skills, aptitudes and abilities, and to keep up to date with the regulatory requirements relevant to the business and industry trends.

BFF Academy is both a physical and virtual environment where knowledge, skills, techniques and ideas are shared and developed to advance our workforce and thereby also the growth of the company.

The training offered by BFF Academy aims to create a common and distinctive knowledge of BFF Group's identity which, combined with the transfer of knowledge, aspires to boost performance, placing major emphasis on understanding the meaning of specific internal procedures and the reasons for adopting them. This gives rise to the following pay-off: "Common Behaviors + Knowledge Transfer = Fast Business Results."

To achieve this goal, BFF Group decided to focus on a training and development path that has made it possible to:

- define a Group approach (BFF Group Academy);
- align the training plan with the BFF Group strategy;
- integrate personal development plans with the training plan;
- provide greater support to the development of each professional role;
- optimize costs;

- Organize a streamlined and more consistent governance of training processes;
- use the LMS (Learning Management System) as the Group management tool that supports training.

The overall objective of the Academy is, therefore, to ensure the professional development of staff and to pass on various professional skills, using a variety of activities, subjects and training methods.

To achieve this goal, BFF Academy has set up a:

A. Comprehensive Linear Training Structure consisting of four macro-areas into which all training is categorized and organized, at parent company as well as local level, or customized for each individual Country.

The four macro-areas that make up the Academy's structure are described below:

1. Onboarding Journey: this process is fully aligned with the company's goals, its primary objective being to make new recruits and others aware of the products and services offered by the Group and the BFF Value Chain. In line with the Group's strategy, from 2019 an additional dedicated customized transversal induction process for all new recruits was introduced based on their specific professional requirements. In line with the assumption that "much of what we learn, we learn thanks to others", this induction process includes on job training alongside a specialist to illustrate the organizational context and the people within it, with the aim of welcoming, facilitating and speeding up the new employee's entry into the company, as well as the assimilation of the corporate culture and the purpose of the specific job.

2. Business Area: it seems essential to provide employees not only with a general overview of all the specialized factoring, credit management and financial services provided by BFF Group to Healthcare and Public Administration suppliers, but also with more in-depth knowledge of the regulations that underpin the Group's business. Therefore, specific training has been developed concerning the Business macro-area, within which significant space is given to courses covering specific topics depending on the business area or activity, such as budgeting, bond and derivative trading, internal audit, credit risk, corporate governance and legal, financial and administrative training.

3. Cross Tool & Processes: this area addresses soft skills related to both general work tools as well as processes specific to BFF Group which are indispensable to increase efficiency and productivity, such as Project Management, the Office suite, technical updating on cross-cutting tools and processes, etc., as well as studying and perfecting foreign languages. This macro-area also includes:

3.a) Statutory training

This cluster mainly incorporates compliance issues, with a principal focus on privacy, conflict-of-interest management, banking transparency, the code of ethics and whistleblowing, anti-money laundering and combatting terrorism, insider trading, and Information Technology issues such as personal data processing, after the entry into force of the GDPR, as well as cyber security.

3.b) Training regarding health and safety at work

Information in the provision of training and the relative attestations on occupational health and safety reflect the professional roles required by regulations in force: (i) employees, managers and supervisors; (ii) those responsible for the risk prevention and protection service (RSPP) and those with specific duties; (iii) employers.

4. Soft skills: this training aims to ensure an adequate understanding of the role that such skills play in the working life of each individual employee. Actions also include the spreading of the Group's core values, such as teamwork value, in the belief that a fair working climate, where generational diversity is also valued, will have a positive impact on the discharge of all work-related tasks and on the process for the integration of all employees. Soft skills training covers a variety of topics, such as negotiation skills, time and stress management, public speaking and team building. This macro-area also includes managerial training.

B. Diversified training methods within the various training plans and areas:

1. ***Online –*** includes events, webinars and Open training courses, available throughout the entire BFF Group, as well as local courses specific to each country provided in e-learning mode.
2. ***Classroom Based*** **–** standard training method involving in person interaction between the employee and the instructor.
3. ***Virtual Classroom*** **–** virtual training paths through relationship and interaction activities, using multimedia and interactive approaches, with a view to providing an educational assisted by technology.
4. ***Blended*** **–** integrates traditional classroom training with online training.

C. Training type divided between:

1. ***Internal Training*** – includes courses transversal to the entire BFF Group and local courses in each country, the design, organization, management and provision of which is handled by the Group's Human Resources and Organizational Development Function and the local Human Resources organizational units, always aligned with the business strategy.
2. ***External Training*** – includes training courses proposed by BFF Group employees, requested from outside the training offer and the standard courses available in each country. This category may also include participation in professional training courses, seminars, conventions and business workshops.
3. ***Personal Training*** – includes training organized outside the BFF Group and financed by the Employee, demonstrating how the Bank is responsive and flexible in capturing the training needs of its people. Participation in masters' courses may also be included in this category.
4. ***Individual Training*** – includes individual training courses (one-to-one). This category may include language courses or technical courses.
5. ***Group Training*** – includes training courses taken by uniform groups in terms of their baseline level (such as the Microsoft Office suite) and Training Needs and Objectives.

In addition to the aforementioned BFF Discovery Event, the onboarding program includes two other initiatives: the Buddy Program (launched in June 2024) and the Shadowing Program (starting in early 2025). The Buddy Program involves pairing a BFF employee with each new hire in the Group. By enhancing the employee experience of the new colleague, the program aims to create a greater sense of belonging from the outset, through social moments and the sharing of useful information, as well as access to a more informal point of reference within the organization. The Shadowing Program, on the other hand, will involve each new joiner being shadowed by company subject matter experts, through dedicated meetings to increase knowledge of the Group and the activities of the various teams, with whom the new joiner will have contact in his or her daily activities.

Focusing on the development and personal empowerment of all people in the Group, the partnership with GoodHabitz continued in November 2024. This interactive e-learning and assessment platform helps develop skills related to business, behavior, digital technology, languages, diversity, wellness, and more.
The platform is available 24/7 from both fixed and mobile devices and allows for targeted choices among the courses offered based on the various assessments available, which help people gain greater self-awareness and thus choose the most suitable courses designed to foster the development of both current and future skills with respect to their professional goals/areas of improvement.
The platform also provides access to a list of courses aimed at wellness and mental health, offering tools to combat stress and thus increase job satisfaction.
The approach is based on the realization that constant learning has become a necessity today: we no longer train only in the classroom, but through continuous experience in the course of our daily lives, both on and off the job. Finally, unlike the 'traditional' training model, people are responsible for what they learn, how they learn, and the situations and context in which they choose to learn.

Initiatives for employee well-being

BFF launched its own teleworking program in 2022, addressed to all Group employees in the same manner. To date, 93% of employees have opted to take advantage of teleworking for an average of about 5531 remote work days per month. Underlying the agreement is the belief that allowing greater flexibility in managing one's time, better reconciling work and personal life, has a positive impact on people's motivation, as well as the desire to positively impact the environment by reducing air pollution and traffic in cities. The agreement includes the possibility of working two days a week – chosen from Monday, Wednesday, and Friday – from one's home, while three days are worked in the office. While working from home can increase the focus on work, to preserve sociality and alignment among people the Bank has chosen to establish two days – Tuesdays and Thursdays – when everyone works in the office. In addition, there are more extensive programs for special categories, also consistent with local provisions of different laws, or as a better treatment, to facilitate the work-life balance, for example, of so-called super vulnerable people, cohabiting caregivers and disabled people.
BFF believes that the welfare of its employees is important for the achievement of the Group's objectives. In this regard, welfare plans have been developed in the various countries, consistent with the different needs of employees. In Italy, Greece, Poland, Portugal, Slovakia, and Spain, all employees are covered by private health insurance.
Additional initiatives in Italy include supplementary pension fund payments and meal vouchers; while in Portugal, Slovakia and Spain, agreements with gyms and meal vouchers are also adopted.
The contribution that the Bank makes every year to the " BFF Bank S.p.A. Staff Cultural, Recreational and Sports Club" (CRAL) is a further example of the commitment that BFF Bank has for the well-being of its employees. This club organizes activities for its members, in keeping with the Bank's desire to stimulate and respond more effectively to the aspirations of its staff, and to provide a wider and more practical fulfillment of the needs of its employees. The activities are in a whole range of fields, including culture, sport, tourism, entertainment and leisure, and are intended to promote social and cultural formation through a healthy and profitable use of free time. During 2024, the CRAL made a number of donations in favor of charitable associations operating throughout the country: to Associazione PEBA Onlus, which supports the removal of architectural barriers in public buildings, for the delivery of 60 panettoni to the parishes of Milan; Fondazione De Marchi, which fulfills the desires of children and young people with serious problems, and to Opera San Francesco, to give comfort to people in need. In addition, a clothing collection was held in collaboration with the City Angels of Milan to give concrete help to the homeless.

A new training area was launched in 2024 dedicated to the topics of Mental Health and Well-being, with micro-meditation initiatives and a dedicated communication plan, as key elements in strengthening engagement and the ability to effectively manage change.
In October 2024, a partnership was established in Italy with Unobravo, a company specializing in psychological well-being, to increase employee awareness of the above-mentioned issues and providing an online psychological support service available free of charge to all Italian employees (5 sessions) and at subsidized rates also for family members of the same employees (up to a maximum of 3 family members per Italian employee). Similar services are also available in many of the other countries in which the Group operates.
In addition, in terms of employee engagement in Italy, one of the most significant project of 2024 was undoubtedly Casa BFF Builders.
At the end of 2023, in preparation for the move to Casa BFF, BFF had selected 23 'Casa BFF builders' from all departments and functions of the bank, with the aim of supporting colleagues during the move to the new location. After spontaneously applying and passing a rigorous selection process, the 'builders' underwent training to best prepare them for their role.
In addition to gathering questions and sharing information about what to expect at Casa BFF, they helped draft the Golden Rules - guidelines that will govern daily life in the new headquarters. Their function did not end with the move: they have now become a key point of reference for colleagues, acting on the one hand as facilitators in listening to colleagues' needs and ideas, and on the other as a vehicle for rapid and widespread communication.
Casa BFF is a place designed to ensure the well-being and quality of life of its employees. Highlights include the company gym, which will be operational and may be used by all employees starting in the first part of 2025 and will promote a healthy and active lifestyle, and the in-house restaurant, where quality and attention to dietary needs combine to provide a balanced dining experience for everyone, on the top floor of the building in a bright and rejuvenating space. For health and safety, a dedicated infirmary is available, with a space for breastfeeding, to ensure a confidential, comfortable and respectful environment for new mothers returning from maternity leave.

A part of its organizational structure, the Group has specific teams, including at the local level, dedicated to managing identified impacts, risks and opportunities related to its workforce, with specific budgets assigned to each one. The Group Human Resources & Organizational Development Function is also responsible for implementing the actions related to BFF's people outlined in the previous sections.

Metrics and targets

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

For more information on the targets that BFF has set in its Sustainability Strategy regarding its own workforce, please refer to the chapter '*General Disclosures*', with particular reference to the section on the Group's strategic plan and the section on '*Actions and processes to safeguard the workforce*' in this chapter.
As specified in the section on stakeholder engagement '*ESRS 2 - Interests and views of stakeholders*' and as covered in this chapter, to which reference is made for more details, the Group is committed to actively engaging its people. Moreover, as regards relations with trade union representatives, BFF provides annual general disclosures on its employment trends, and economic and production performance. In addition, upon request, it communicates guidelines, principles and criteria to be adopted for the appraisal and professional development of Group employees.

S1-6 – Characteristics of the undertaking's employees

The Group's workforce consists of a total of 873 resources (up by 5% from the previous year), including 468 women (up 4% from 2023) and 405 men (up 6% from 2023).
As regards employee distribution by country of Group operations, around 67% of employees are hired in Italy, approximately 22% in Poland, and the remaining 11% percent or so in the other countries where the Group is present.
With reference to contract categories, 92% of employees are on permanent contracts, about 52% of whom are women and the remaining 48% men.
Regarding the type of employment, in 2024, about 6% of employees had a part-time contract, of which 8% were men and 92% women. More specifically, 48 employees are on a part-time basis in Italy, 3 in Poland and 1 in Spain, while 94% have a full-time contract.

TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY GENDER (HEADCOUNT)

		2023					2024				
Contract categories	**UoM**	**Male**	**Female**	**Other**	**Not reported**	**Total**	**Male**	**Female**	**Other**	**Not reported**	**Total**
Number of permanent employees	no.	373	421	-	-	**794**	387	420	-	-	**807**
Number of temporary employees	no.	8	28	-	-	**36**	18	48	-	-	**66**
Number of non-guaranteed hours employees	no.	-	-	-	-	**-**	-	-	-	-	**-**
Number of full-time employees	no.	378	403	-	-	**781**	401	420	-	-	**821**
Number of part-time employees	no.	3	46	-	-	**49**	4	48	-	-	**52**
Number of employees	**no.**	**381**	**449**		**-**	**830**	**405**	**468**	**-**	**-**	**873**

TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY COUNTRY (HEADCOUNT)

	2024								
Contract categories	UoM	Italy	Spain	Portugal	Poland	Czech Rep.	Greece	Slovakia	Total
Number of permanent employees	no.	566	60	14	142	2	12	11	**807**
Number of temporary employees	no.	15	1	1	47	-	-	2	**66**
Number of non-guaranted hours employees	no.	-	-	-	-	-	-	-	**-**
Number of full-time employees	no.	533	60	15	186	2	12	13	**821**
Number of part-time employees	no.	48	1	-	3	-	-	-	**52**
Number of employees	**no.**	**581**	**61**	**15**	**189**	**2**	**12**	**13**	**873**

TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY COUNTRY (HEADCOUNT)

	2023								
Contract categories	UoM	Italy	Spain	Portugal	Poland	Czech Rep.	Greece	Slovakia	Total
Number of permanent employees	no.	539	64	12	155	2	10	12	**794**
Number of temporary employees	no.	4	-	1	30	-	-	1	**36**
Number of non-guaranted hours employees	no.	-	-	-	-	-	-	-	**-**
Number of full-time employees	no.	498	62	13	183	2	10	13	**781**
Number of part-time employees	no.	45	2	-	2	-	-	-	**49**
Number of employees	**no.**	**543**	**64**	**13**	**185**	**2**	**10**	**13**	**830**

TOTAL NUMBER OF EMPLOYEES BY COUNTRY

Employees by country	UoM	2023	2024
Italy	no.	543	581
Spain	no.	64	61
Portugal	no.	13	15
Poland	no.	185	189
Slovakia	no.	13	13
Czech Republic	no.	2	2
Greece	no.	10	12
Total employees	**no.**	**830**	**873**

In terms of outbound turnover, the Group recorded 101 outflows during 2024, a decrease of 15% compared to 2023, recording an overall turnover of 12%. Of the total number of outflows, 38 were men (with a 9% turnover) and 63 women (with a 13% turnover). With reference instead to the contract category, 21% of outflows referred to employees on a temporary contract, and 79% to employees on a permanent contract.

TOTAL NUMBER OF EMPLOYEES WHO LEFT THE UNDERTAKING DURING THE REPORTING PERIOD

Gender	UoM	2023	2024
Male	no.	54	38
Female	no.	65	63
Other	no.	-	-
Not reported	no.	-	-
Total employees	**no.**	**119**	**101**

S1-6 Entity specific - Inbound turnover

In 2024 144 new entries were registered, with an overall inbound turnover of 16% up 35% from the previous year when 107 new employees joined. Of the total new hires, 62 were men (with an inbound turnover of 15%) and the remaining 82 women (with an inbound turnover of 18%). In particular, compared to 2023, there was a 52% increase in female hires.

TOTAL NUMBER OF EMPLOYEES WHO JOINED THE ENTERPRISE DURING THE REPORTING PERIOD

Gender	UoM	2023	2024
Male	no.	53	62
Female	no.	54	82
Other	no.	-	-
Not reported	no.	-	-
Total employees	**no.**	**107**	**144**

All figures above refer to the total number of employees (headcount) as at 12/31/2024. The outbound turnover rate was calculated through the ratio of the number of people who terminated their contractual relationship with BFF during 2024 to the total number of employees (headcount) registered at the end of the financial year, with a breakdown by gender. The same methodology was also used to calculate the inbound turnover rate, but considering the number of people who instead joined the Group during 2024, with details by gender. In addition, the figures for total employees are the same as those reported in the financial statements as shown in the Consolidated Financial Statements under 'Section 12 - Administrative Expenses - Line Item 190' but with a different breakdown required by the Italian Supervisory Authority.

S1-7 – Characteristics of non-employees in the undertaking's own workforce

In addition to employees, there were 23 non-employee workers in 2024, in line with the previous year. Specifically, 11 in Poland, 6 in Italy, 3 in Slovakia, 2 in Spain and 1 in Greece. Non-employee workers mainly belong to the categories of temporary staff - covering uncovered and/or temporary organizational positions - and interns - with training projects on specific company activities or projects, the purpose of which is the development of professionalizing skills.

TOTAL NUMBER OF NON-EMPLOYEE WORKERS

	UoM	2023	2024
Total non-employees	no.	23	23

The number of non-employee workers is calculated as the sum of all such workers as at 12/31/2024.

S1-8 – Collective bargaining coverage and social dialogue

The Group ensures that all its employees have the right to freely associate and join trade union organizations, as envisaged by law and the Code of Ethics.
With regard to the Parent Company, it is represented by ABI, the Italian Banking Association and applies the relevant national collective bargaining agreement stipulated with the most representative workers' unions nationwide, and therefore the only one guaranteeing both adequate remuneration and regulatory standards. BFF recognizes these trade unions as legitimate representatives of the interests of its member workers, as well as natural counterparts in company discussions on issues mandated by national bargaining in respect of their mutual prerogatives and attributions.
A total of 67% of the Group's employees are covered by labor representatives. Notably, in Italy, 100% of employees are covered by labor representatives.
The Group has chosen to apply the relevant national collective bargaining agreements in each country where such contracts exist, regardless of the presence of union representation within the company, testifying to BFF's commitment to compliance with the rules that protect its employees.
Approximately 75% of the Group's employees are covered by collective labor agreements, with the exception of Greece, Poland, the Czech Republic, and Slovakia, where these types of contracts are not envisaged in local laws. While in Italy, Spain and Portugal, 100% of employees are covered by collective agreements.

	Collective bargaining coverage	Social dialogue
Coverage Rate	**Employees – EEA**	**Workplace representation (EEA only)**
0 -19%	SLOVAKIA, GREECE, POLAND, CZECH REPUBLIC	POLAND, SPAIN, PORTUGAL, CZECH REPUBLIC, SLOVAKIA, GREECE
10 -39%		
40 - 59%		
60 - 79%		
80 - 100%	PORTUGAL, SPAIN, ITALY	ITALY

S1-9 – Diversity metrics

In terms of job categories, approximately 3% of employees belong to the Top Management category (of whom approximately 20% are women), approximately 19% of employees belong to the Middle Management category (of whom 42% are women), while the remaining 77% or so belong to the Staff category (of whom 58% are women).
With specific reference to Top Management, the Group had a total of 30 top management employees in 2024, including 24 men, and 6 women representing 20% of this professional category, up by about 20% from 2023. Finally, of the total number of employees belonging to the Top Management category, 77% are in Italy, 13% in Poland, and the remaining 10% in Portugal, Greece, and Spain.

NUMBER OF MEMBERS OF TOP MANAGEMENT BY GENDER

		2024			
UoM	Male	Female	Other	Not reported	Total
no.	24	6	-	-	30
%	80%	20%	-	-	**100%**

NUMBER OF MEMBERS OF TOP MANAGEMENT BY GENDER

		2023			
UoM	Male	Female	Other	Not reported	Total
no.	24	5	-	-	29
%	83%	17%	-	-	**100%**

As regards the age distribution of employees, in 2024, 54% of the Group's employees were aged between 30 and 50, totaling 469, 35% were over the age of 50, totaling 304, and finally 11% were under the age of 30, totaling 100. Compared to 2023, the age category with the greatest change was in employees in the under-30 bracket, with an increase of 27%, while the remaining categories stayed more or less the same.

DISTRIBUTION OF EMPLOYEES BY AGE GROUP

		2023					2024				
Distribution of employees by age group	UoM	Male	Female	Other	Not reported	Total	Male	Female	Other	Not reported	Total
<30	no.	26	53	-	-	**79**	32	68	-	-	**100**
30-50	no.	211	254	-	-	**465**	217	252	-	-	**469**
>50	no.	144	142	-	-	**286**	156	148	-	-	**304**
Total	**no.**	**381**	**449**	**-**	**-**	**830**	**405**	**468**	**-**	**-**	**873**

For the purpose of accurate reporting, the following professional categorization was defined: (i) Senior Executives/Executives (hereinafter also referred to as '**Top Management**'); (ii) Managers/Coordinators (hereinafter also referred to as '**Middle Management**'); (iii) Specialists/Professionals (hereinafter also referred to as '**Staff**').

S1-10 – Adequate wages

100% of the Group's employees receive adequate wages in line with current regulations for each country in which BFF operates. Specifically, the wages received by workers are in line with provisions of local regulations and collective bargaining agreements according to the relevant classifications.

S1-11 – Social protection

All employees are recipients of social protection measures in all its forms, according to the regulations provided by law and collective bargaining. Relevant communication is given to all employees through Disclosure attached to the employment contract, detailing the contents of this subject matter. For measures not applicable during the employment relationship (retirement and unemployment), information is provided by the relevant entities.

S1-12 – People with disabilities

There were 22 employees with disabilities in the Group's workforce in 2024, equivalent to 3% of the total workforce. Of these, 19 were employees in Italy and 3 in Poland.
In keeping with the methodologies used to calculate employees, the Group calculated the number of people with disabilities as the sum of employees belonging to that category as at 12/31/2024.
For each country in which the Group operates, the specific nature of relevant regulations was taken into account and an unambiguous definition of a person with a disability was used.[29]

29) Person with long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others's.

S1-15 – Work-life balance metrics

100% of employees are entitled to family leave. In 2024, 200 employees took this type of leave, accounting for about 23% of the Group's total employees, of whom 29% were women and the remaining 16% were men.

PERCENTAGE OF EMPLOYEES ELIGIBLE FOR FAMILY LEAVE + % OF EMPLOYEES WHO TOOK LEAVE

2024					
	UoM	Male	Female	Other	Not reported
Number of employees entitled to take family-related leave	no.	405	468	-	-
% of employees entitled to take family-related leave	%	100%	100%	-	-
Number of employees who took family-related leave	no.	63	137	-	-
% of employees who took family-related leave	%	16%	29%	-	-

S1-16 – Compensation matrics (pay gap and total compensation)

In 2024, the BFF Group recorded a total gender pay gap of 29% and more specifically, with reference to fixed pay, a 20% gap was recorded in the Top Management category, 22% in the Middle Management category, and 14% in the Staff category, while with reference to variable pay, in 2024, a gap of 19% in the Top Management category, 37% in the Middle Management category, and 27% in the Staff category was recorded. The data below do not take into account any adjustment resulting from the consideration of objective factors such as the type of work and country of employment.

GENDER PAY GAP - BASIC SALARY

2024							
		Top Management		*Middle Management*		*Staff*	
	UoM	Male	Female	Male	Female	Male	Female
Average gross hourly pay	€	84	68	40	32	26	22
Gender pay gap	%	20%		22%		14%	

GENDER PAY GAP - COMPLEMENTARY SALARY

		2024					
		Top Management		*Middle Management*		*Staff*	
	UoM	Male	Female	Male	Female	Male	Female
Average gross hourly pay	€	19	16	10	6	4	3
Gender pay gap	**%**	**19%**		**37%**		**27%**	

GENDER PAY GAP - TOTAL REMUNERATION

		2024					
		Top Management		*Middle Management*		*Staff*	
	UoM	Male	Female	Male	Female	Male	Female
Average gross hourly pay	€	103	83	49	37	31	25
Gender pay gap	**%**	**19%**		**24%**		**17%**	

In 2024, the ratio of the total annual salary of the highest paid person to the median of the total annual salary of all employees was equal to 35.15.

	UoM	2023	2024
Total compensation ratio	-	51.71	35.15

For the purpose of the calculations made regarding remuneration, the following is noted: i) with reference to the 'Gender pay gap' metric - Basic Salary - the gross value of the GAR of each employee, considered as full time, was taken into account; ii) with reference to the 'Gender pay gap' metric - Complementary Salary - the cash basis criterion was used, considering the following components of variable remuneration:

- short- and long-term variable remuneration,
- production bonus,
- fringe benefits and
- health insurance.

Also, with reference to the metric '*Total annual pay ratio*', the sum of the components described above was considered.
Finally, it should be noted that the data shown are calculated on the basis of employees expressed in Full Time Equivalent (FTE) for the purpose of a more accurate and specific representation of average values of wages and remuneration in relation to gender.

S1-13 – Training and skills development metrics

The Group provided a total of 34,422 hours of training in 2024, up 2% from the previous year, of which around 56% was delivered to female employees and the remaining 44% to male employees, with an overall average of 39 hours provided per employee, 42 average hours for women and 37 average hours for men, mostly in line with the average hours in 2023, when the total amounted to 41 average hours per employee, 42 average hours for women and 39 for men.

AVERAGE HOURS OF TRAINING (H)

		2023					2024				
Professional category	**UoM**	**Male**	**Female**	**Other**	**Not reported**	**Total**	**Male**	**Female**	**Other**	**Not reported**	**Total**
Top Management	no. of hours	28	32	-	-	29	29	27	-	-	29
Middle Management	no. of hours	44	37	-	-	41	38	40	-	-	39
Staff	no. of hours	38	43	-	-	41	37	42	-	-	40
Total		**39**	**42**	**-**	**-**	**41**	**37**	**42**	**-**	**-**	**39**

In general, training is divided into 4 separate categories by subject area. In order to provide more detailed information regarding training, the data below is broken down into the following categories: Statutory Training and Health and Safety, Soft Skills, Cross Tool & Processes, Business, Onboarding.

Entity-specific metric: Number of training hours, by type

1. Soft Skills

Soft skills training covers a variety of topics, such as negotiation skills, time and stress management, effective communication and cross cultural integration.
At Group level, some 1,949 hours were provided in 2024 and 3,122 hours in 2023, a decrease of 38% from the previous year. The change, compared to the previous year, is attributable to the fact that many issues had already been explored in depth in 2023, calling for less focus in 2024. On the other hand, training on these issues in 2024 aimed at new hires was integrated into onboarding programs. This approach made it possible to optimize training resources, focusing on the needs of new employees and quickly aligning them in terms of soft skills with the previous training of colleagues.

TOTAL NUMBER OF HOURS OF TRAINING ON SOFT SKILLS (HOURS)

		2023				2024			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	137	20	157	5	43	14	56	11
Middle Management	no. of hours	398	303	701	4	329	287	615	11
Staff	no. of hours	854	1,410	2,264	4	553	725	1,278	11
Total		**1,389**	**1,733**	**3,122**	**4**	**924**	**1,025**	**1,949**	**11**

2. Cross-cutting processes and tools

This training covers various areas, such as studying and improving knowledge of foreign languages, Project Management and the Microsoft Office suite.
At Group level, 12,780 hours were provided in 2024, a slight decrease of 4% compared to 2023, when 13,349 hours were provided in the same training category.

TOTAL NUMBER OF TRAINING HOURS ON CROSS-CUTTING PROCESSES AND TOOLS (HOURS)

		2023				2024			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	218	42	260	9	240	69	309	10
Middle Management	no. of hours	2,129	1,007	3,136	20	1,376	1,419	2,795	17
Staff	no. of hours	3,556	6,398	9,953	16	3,527	6,148	9,675	14
Total		**5,902**	**7,447**	**13,349**	**16**	**5,143**	**7,637**	**12,780**	**15**

2.a) Statutory training

At Group level, approximately 9,907 hours were provided in 2024 and approximately 10,047 hours in 2023, a slight decrease from the previous year.

TOTAL NUMBER OF HOURS OF STATUTORY TRAINING (HOURS)

		2023				2024			
Professional category	**UoM**	**Male**	**Female**	**Total**	**Average hours**	**Male**	**Female**	**Total**	**Average hours**
Top Management	no. of hours	163	50	213	7	256	70	326	11
Middle Management	no. of hours	1,073	781	1,855	12	1,123	777	1,900	11
Staff	no. of hours	3,336	4,643	7,979	12	3,260	4,422	7,682	11
Totale		**4,573**	**5,474**	**10,047**	**12**	**4,639**	**5,269**	**9,907**	**11**

2.b) Occupational health and safety training

Training on occupational health and safety is provided through the "Company Safe Course", which is held in all the Group's subsidiaries. At Group level, approximately 580 hours were provided in 2024 and around 980 hours in 2023, a decrease of 69% over the previous year. This reduction in hours is mainly due to the health and safety course being valid over several years.

TOTAL NUMBER OF HOURS OF OCCUPATIONAL HEALTH AND SAFETY TRAINING (HOURS)

		2023				2024			
Professional category	**UoM**	**Male**	**Female**	**Total**	**Average hours**	**Male**	**Female**	**Total**	**Average hours**
Top Management	no. of hours	46	32	78	3	17	1	18	1
Middle Management	no. of hours	74	90	164	1	86	14	100	1
Staff	no. of hours	389	349	738	1	220	242	462	1
Total		**509**	**471**	**980**	**1**	**323**	**257**	**580**	**1**

3. *Business area*

This training covers specific topics linked to the reference area or activity, such as basic factoring, corporate governance, credit risk management and "workout" budget analysis.
At Group level, 1,384 hours were provided in 2024, and approximately 2,219 hours in 2023, a decrease of 38% from the previous year.
The change, compared to the previous year, is mainly due to the fact that during 2024, as opposed to 2023, the corporate convention (bi-annual at BFF) was not held, which is an important occasion to educate the entire

corporate population on issues specific to the Group's business, thus leading to this reduction compared to the previous year.

TOTAL NUMBER OF HOURS OF TRAINING ON BUSINESS (HOURS)

		2023				2024			
Professional category	**UoM**	**Male**	**Female**	**Total**	**Average hours**	**Male**	**Female**	**Total**	**Average hours**
Top Management	no. of hours	55	16	71	2	29	3	32	1
Middle Management	no. of hours	215	138	352	2	114	131	245	1
Staff	no. of hours	459	1,338	1,797	3	343	764	1,107	2
Total		**728**	**1,491**	**2,219**	**3**	**486**	**898**	**1,384**	**2**

4. Onboarding Training

In line with the Group's strategy, as early as 2019, an additional training category - the onboarding journey - was planned. Compared to the past, this includes a customized, all-encompassing induction path based on specific professional skills, and is dedicated to all new entries. This induction involves more structured field training delivered in the first few weeks, alongside the job specialist, in order to facilitate induction through the assimilation of the company culture and quick access to tools, processes and procedures typical of the new resource's area of placement.
At Group level, 7,882 hours were provided, a sharp increase (+97%) from 2023 when 3,997 hours were provided.

TOTAL NUMBER OF HOURS OF ON BOARDING TRAINING (HOURS)

		2023				2024			
Professional category	**UoM**	**Male**	**Female**	**Total**	**Average hours**	**Male**	**Female**	**Total**	**Average hours**
Top Management	no. of hours	50	-	50	2	113	3	116	4
Middle Management	no. of hours	238	129	367	2	668	190	858	5
Staff	no. of hours	1,503	2,078	3,581	6	2,679	4,169	6,848	10
Total		**1,791**	**2,206**	**3,997**	**5**	**3,459**	**4,362**	**7,822**	**9**

In 2024, 88% of employees received a regular review of their performance and professional development; the remaining 12% did not undergo any review process because they had been with the company for less than six months. Of the 771 employees who received a periodic review, 52% were women and 48% were men. In 2024, out of 468 women, 86% received a performance review, while out of 405 men, 91% received a periodic review. The remaining corporate population did not receive a performance review because they had been in the workforce for less than six months.

During 2024, 100% of performance reviews were agreed with management.

PERCENTAGE OF EMPLOYEES WHO RECEIVED A PERIODIC PERFORMANCE AND PROFESSIONAL DEVELOPMENT REVIEW

	2023				2024			
UoM	Male	Female	Other	Not reported	Male	Female	Other	Not reported
%	93%	88%	-	-	91%	86%	-	-

S1-14 – Health and safety metrics

100% of employees are covered by the company's health and safety management system according to legal requirements and standards, which is audited internally at regular intervals. In addition, as mentioned in the section '*Policies related to own workforce - Health and Safety*', the Bank is assisted by an external consultant to monitor the proper maintenance of the management system in preparation for potentially obtaining external certification, such as ISO 45001 certification.
During 2024, there were no fatalities among own workers and no cases concerning work-related ill health.

NUMBER OF FATALITIES THAT OCCURRED DURING THE REPORTING YEAR

	2024			
	UoM	Employees	Non-employees	Workers in the value chain
Fatalities among own workers	no.	-	-	-

TOTAL OCCUPATIONAL DISEASES RECORDED AMONG EMPLOYEES

	2024	
	UoM	
Number of occupational diseases recorded	no.	-

In 2024 the accident rate was 2.91 and the hours worked by Group employees amounted to 1,374,274. The total number of accidents was 4 and resulted in a total of 34 days lost.

THE NUMBER AND RATE OF RECORDABLE WORK-RELATED ACCIDENTS

	2024	
Accidents of own workers	UoM	
Number of cases	**no.**	**4**
Of which employees	no.	4
Of which non-employees	no.	-
Work-related accident rate	**%**	**2.91**
Of which employees	%	2.91
Of which non-employees	%	-

S1-17 – Incidents, complaints and severe human rights impacts

NUMBER OF INCIDENTS OF DISCRIMINATION, INCLUDING HARASSMENT, REPORTED IN THE REPORTING PERIOD

	UoM	2024
Total number of reported incidents of discrimination	no.	-

During the reporting period, there were no cases of discrimination or issues that could have a negative impact on the Bank and its subsidiaries.
A total of 2 whistleblowing reports were handled during the year, including one identified in 2023 and therefore previously reported in the 2023 Consolidated Non-Financial Statement. Specifically:

- 1 report received in 2023 through the IT channel, which was considered to be relevant and was followed up by a special investigation. The outcomes were reported to the appropriate corporate bodies.
- 1 report received in November 2024 through the IT channel, with preliminary analysis confirming that it partially came under the scope of Whistleblowing regulations. A special investigation was therefore started, which was still being managed at December 31, 2024.

NUMBER OF COMPLAINTS FILED BY WORKERS THROUGH GRIEVANCE MECHANISMS AND/OR THROUGH NATIONAL CONTACT POINTS

	UoM	2023	2024
Total number of complaints filed by workers	no.	1	1
of which: through the undertaking's appropriate channels	no.	1	1
of which: through national contact points	no.	-	-

TOTAL AMOUNT OF FINES, PENALTIES AND COMPENSATION FOR DAMAGES RESULTING FROM SUCH INCIDENTS AND COMPLAINTS

	UoM	2024
Total amount of fines/penalties/ compensation for damages due to incidents and complaints (above) incurred during the reporting period	€	-
Indication of the most relevant amount reported in the financial statements	€	-

During 2024, the Group did not receive any material sanctions, penalties or compensation for damages resulting from violations related to social and human rights factors.
Moreover, in accordance with the principles set forth and the actions implemented, during 2024 there were no cases of human rights violations.

NUMBER OF SEVERE HUMAN RIGHTS INCIDENTS RELATED TO THE WORKFORCE (E.G., FORCED LABOR, HUMAN TRAFFICKING, CHILD LABOR)

2024		
	UoM	
Total number of severe human rights incidents	**no.**	**-**
of which: breaches of the UN Guiding Principles on Business and Human Rights, the ILO Guiding Principles and Fundamental Rights at Work, and the OECD Guidelines for Multinational Enterprises	no.	-

TOTAL AMOUNT OF FINES/PENALTIES/COMPENSATION FOR DAMAGES FOR THE ABOVE INCIDENTS

2024		
	UoM	
Total amount of fines/penalties/compensation for damages due to incidents (as above) incurred in the reporting period	**€**	**-**
Indication of the most relevant amount reported in the financial statements	€	-

ESRS S2 - Workers in the value chain

Strategy

SBM-2 – Interests and views of stakeholders and processes for engaging with value chain workers about impacts

Listening at all times to the views and interests of players operating in the BFF Group's upstream and downstream value chain fosters the establishment of solid relationships, improving collaboration and, consequently, results - for a more sustainable future in the medium to long term. Workers in the value chain, in fact, may be exposed to material impacts, both positive and negative, as described in more detail in '*SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model*', thereby guiding the Group's strategy. BFF's commitment therefore takes the form of ad hoc initiatives in favor of these stakeholders, as specified in section '*SBM-2 - Interests and views of stakeholders*' of this document, to which reference is made for more details. With reference to the Double Materiality assessment, and particularly in the context of identifying and assessing impacts, however, BFF has not planned to involve value chain workers or their representatives for this reporting year. Nevertheless, the Group may refine the approach taken in subsequent years.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The IROs related to Workers in the value chain identified as material from the Double Materiality Assessment are listed below.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)	**Business Perspective (VC)**	**Risks (OP)**	**Opportunities (OP)[30]**
Topic: ESRS S2 – WORKERS IN THE VALUE CHAIN			
Proper management of socio-economic conditions and quality of life along the entire value chain by protecting workers in the VC and respecting their rights Dissemination of sustainability practices and good governance throughout the VC through the promotion of precise sustainability standards	Portfolio exposure with Creditors and, indirectly, Debtors operating in sectors with negative impacts related to their workers (working conditions, equal opportunities, other labor-related rights) Products offered to Customers operating in sectors with positive impacts related to their workforce (equal opportunities)	Risk related to the protection of equal opportunities for workers in the value chain, which is increasingly significant at regulatory and social level	/

30) It is specified that, for this reporting year, the Group did not identify any material opportunities related to 'Workers in the Value Chain' downstream of conducting the Double Materiality assessment.

The BFF Group is committed to ensuring proper management of the relationship with its customers and suppliers[31], making sure that they adopt behaviors in line with the provisions of the law, regulations, principles and values of the Group, enshrined in its Code of Ethics. In particular, the request for actors in BFF's upstream value chain, such as IT suppliers, audit and consulting service providers, data providers, etc., to sign the Code of Ethics demonstrates the Group's increasing focus on the sustainability of its supply chain and its commitment to the promotion and dissemination of responsible practices and standards. In addition, this enables the Bank to ensure that its business partners adopt an appropriate and proper management of the socio-economic conditions and quality of life of their workers and respect for their rights. The Group intends putting a process in place to select suppliers according to ESG criteria as early as 2025.

Moreover, considering the Factoring & Lending Business Unit, the service is provided to a more diverse range of customers (i.e., Assignors or Creditors): in particular, there are numerous industries, such as manufacturing, energy, construction, retail and wholesale trade; These sectors are by nature characterized by the occurrence of potential negative impacts on their workforce, such as risks related to working conditions, employee health and safety, and respect for basic workers' rights, especially in particular geographical areas. Considering the results obtained from the Double Materiality assessment, no material negative impacts on workers in the value chain resulting from the transition to a more sustainable business are reported.

There are no distinguishing characteristics relating to specific categories of workers within the value chain that point to their greater exposure to such impacts and/or risks.
Considering the outside-in perspective instead, the strong and growing regulatory and social focus on staff diversity and ensuring equality and equal opportunity in the workplace, particularly in the services and financial services sector, may lead to negative reputational effects for BFF should incidents of non-compliance with workers' rights related to its value chain come to light, with a direct impact on its business model and strategy. Nevertheless, the regulatory safeguards in the sectors to which BFF is exposed reduce the likelihood of this happening, to the benefit of the Group.

Within the scope of its business relations, there are no areas of significant risk of child and/or forced labor. In fact, the Group does not tolerate in any way whatsoever the adoption of practices that can be linked to child and forced labor, or conditions that do not guarantee equal opportunities, inclusivity, and non-discrimination both within its own companies and across the value chain, as set out in the Human Rights Policy adopted. For more details, please refer to the section 'Policies related to value chain workers' in this document.

31) As part of the Double Materiality assessment, IROs were identified and assessed considering all workers operating in the upstream and downstream value chain of the Group, and in particular: IT suppliers, audit and consulting service providers, suppliers offering access to economic information on customers and suppliers, insurance contract providers, cleaning, communication, and event service providers, as part of the operations perspective, as well as factoring companies, in the context of the Factoring & Lending Business Unit, customer banks and contracting parties as part of Payment Services, custodian banks, SGRs, funds, and Investee Companies as part of custody services, and retail customers as part of deposit account services. In contrast, workers who perform their activities at the Organization's headquarters, but who are not part of the Organization's own workforce, and/or in a joint venture of the Group, were not considered, as they are not applicable to the BFF Group's context.

Impact, risk and opportunity management

Policies related to value chain workers

As described in chapter 'S1 - Own Workforce' to which reference is made for more details, BFF has adopted several policies to manage and monitor the material impacts and risks related to this issue. These measures also extend to workers along the entire value chain and include:

- The Code of Ethics
- The Human Rights Policy

The Code of Ethics

The BFF Group's Code of Ethics establishes clear principles for managing relationships with suppliers and partners, based on transparency, fairness and mutual respect. The Group takes a rigorous and objective approach to selecting and managing these partnerships, giving preference to stakeholders who share its values of social and environmental sustainability. Fair and impartial selection processes guarantee equal access opportunities and the prevention of conflicts of interest, ensuring that suppliers are chosen on the basis of economic soundness, professional competence and compliance with ethical and legal regulations.

BFF does not simply establish supply relationships, but promotes relations based on trust and collaboration, with the goal of fostering continuous improvement throughout the entire value chain. The search for innovative and responsible solutions, developed with its partners, aims to raise standards of quality and social accountability, paying particular attention to respecting human rights, valuing diversity, and protecting people's integrity. These principles are part of a broader framework of an ethical and sustainable commitment, in line with the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

In 2021, BFF introduced a Supplier Portal to configure the management of the Supplier Register and make it more transparent. This tool facilitates the monitoring of the entire procurement process, from selection to performance evaluation, ensuring responsible supply chain management and continuous adherence to company policies.

The Group continues to raise stakeholders' awareness of its vision of transparency and sustainability by disseminating the Sustainability Report annually. This commitment is also reflected in the publication of Policies adopted by the Group to strengthen the culture of respect for human rights.

In addition, BFF upholds the importance of a work environment free from harassment and discriminatory behavior, strictly enforcing its policy of zero-tolerance toward any form of discrimination or harassment. The Group does not tolerate any form of intimidation or retaliation against employees, suppliers or any other stakeholder who reports situations of discrimination or harassment.

Through these principles, the Group reinforces its commitment to responsible and sustainable supply chain management and professional partnerships, promoting transparent and lasting relationships with its partners.

Human Rights Policy

As stated in the chapter on its own Workforce, the BFF Group recognizes respect for human rights as one of the fundamental principles of its corporate culture, which also guides every activity along the entire value chain. Aware of its responsibility, the Group is committed to promoting practices based on integrity, fairness and sustainability, ensuring that all entities involved in its processes operate in accordance with international ethical and regulatory standards. This commitment is formalized in the Human Rights Policy.
In line with international regulations, including the Universal Declaration of Human Rights and International Labor Organization (ILO) Conventions, the Group has implemented concrete actions to prevent and mitigate negative human rights impacts, considering the interests of all stakeholders, including customers and suppliers.
Firstly, the selection and management of relations with suppliers are based on principles of transparency, fairness and impartiality. Through its selection process, BFF ensures equal opportunities for suppliers and requires them to adopt sustainable practices that respect human rights, paying particular attention to non-discrimination, occupational safety and the prevention of all forms of exploitation, child and forced labor, in full compliance with international standards. In doing so, the Group is committed to promoting a safe, inclusive work environment that respects fundamental rights, and ensuring that every player in the value chain operates responsibly.
In addition, BFF promotes ongoing dialogue with suppliers in order to identify areas for improvement and strengthen transparency and compliance with contractual agreements. Finally, the Group encourages socially and environmentally responsible practices throughout the value chain by providing, in the case of violations of ethical principles, sanctions mechanisms that, in the most serious cases, can lead to contract termination.
Although the Group has not yet formalized a Code of Ethics for suppliers, these initiatives demonstrate BFF's active and ongoing commitment to promoting an ethical behavior which respects human rights throughout the supply chain. This enables BFF to monitor and consolidate its practices, intervening promptly if situations arise that call for corrective actions.
During the present reporting year, no reports of non-compliance with international guiding principles (i.e. UN; ILO; OECD) involving workers in the value chain were reported.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

Similarly to its own operations, the Bank is committed to ensuring that it constantly listens to the interests of stakeholders operating within its value chain, making sure they have adequate communication tools to voice their concerns and any complaints. Therefore, since 2015, BFF has established a process for reporting violations and non-compliance with the Group's regulations by setting up the Whistleblowing channel. As stated in the section 'Whistleblowing Procedure', in the chapter on Own Workforce, to which reference is made for more details regarding the methods of control and verification of the effectiveness of this channel, the whistleblowing channel is easy to use, as it is made available on BFF's website and is therefore accessible to all workers in the value chain who may have suffered a potentially material negative impact. In addition, the reporting party can also send his or her complaint by regular mail or by requesting a special meeting with the Head of the Corporate Internal Audit Function.
The Organization ensures the confidentiality and protection of the personal data and identity of the reporting party, condemning any form of retaliation against them, as specified in the section 'Business conduct policies and corporate culture' to which reference is made for more details.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Although, to date, the Bank has not established specific quantitative targets related to this issue, BFF is continuously committed to a respectful management of the players operating within its value chain.
In particular, in relation to the material risks identified, such as the reputational risk related to the supplier's business activities, potentially not in line with the values of integrity and equal opportunity, as well as the risk of incorrect information management by the latter, the Group has put in place some measures to mitigate them. In particular, when stipulating a contract, BFF requires the business partner to sign the Group's Code of Ethics. In addition, it includes special contractual clauses, which guarantee, on the one hand, principles of security and business continuity within the supply chain, as well as acknowledgement of the Bank's Law 231 Model (Compliance Program), and, on the other hand, the adoption of any useful and/or necessary measures in order to prevent the commission of the offenses envisaged in Italian Legislative Decree No. 231/2001. This enables the Group to reduce the risk of coming up against unethical business practices.
In addition, with a view to managing supply chain-related security risks, BFF has introduced special activities to audit outsourced IT systems and applications to ensure that suppliers operate in accordance with contractual agreements and applicable regulations.
Moreover, with the aim of preventing possible material negative impacts on workers in the value chain, BFF, and in particular dedicated internal functions in charge of managing relations with the supply chain, ensure the adoption of fair and transparent supply chain selection and management practices, in full compliance with equal opportunities and workers' rights, and with conditions of fair competition in conducting negotiations, preventing any possible form of conflict of interest. Lastly, BFF maintains a constant and meaningful dialogue with the latter, to identify possible areas for improvement, with specific reference to transparency and compliance with contractual terms, and to encourage greater social and environmental responsibility throughout the supply chain.
BFF does not yet have a specific ad hoc action plan for managing impacts, both positive and negative, related to its business activities in the strict sense (i.e., management of its portfolio exposures).
Although, to date, the Bank does not have a due diligence process for its suppliers that also takes into account environmental, social and governance parameters, in 2025, with a view to continuous improvement, as stated, the Group plans to revise its procurement process in order to include ESG metrics in its supply chain assessment. During 2024, no reports were received about serious human rights problems and incidents related to the value chain.

ESRS S3 - Affected communities

Strategy

SBM-2 – Interests and views of stakeholders

For BFF, local communities play a significant role. In fact, the Group listens to their needs, including through employees, and promotes cultural, social and economic projects to facilitate dialogue and sharing. For more details on how these activities guide BFF's strategy and business model, please refer to the section '*SBM-2 – Interests and views of stakeholders*', in the chapter General Disclosures of this document.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The IROs related to Affected communities identified as material from the Double Materiality Assessment are listed below.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)	**Business Perspective (VC)**	**Risks (OP)[32]**	**Opportunities (OP)**
Topic: ESRS S3 – AFFECTED COMMUNITIES			
Local community development through education and cultural projects	Portfolio exposure with Customers operating in sectors with negative impacts related to Local Communities, in terms of economic, social and cultural rights Portfolio exposure with Customers operating in sectors with positive impacts towards Local Communities, in terms of economic, social and cultural rights	/	/

32) For this reporting year, the Group did not identify any material risks and opportunities related to 'Affected communities' downstream of conducting the Double Materiality assessment.

Since its establishment, the Group has always been sensitive to the topic of culture, which is considered a strategic area of growth and development. In fact, the Group is committed to generating well-being for the communities in which it operates, giving back to society some of the value it generates. This takes the form of supporting and promoting initiatives for the purpose of disseminating knowledge in various fields by sharing analyses prepared with the help of experts in the field, collaborating with associations and universities, organizing training events for personnel inside and outside the Organization, as well as cultural and art events, for the benefit of the entire community[33].
In addition, a pivotal element is the BFF Group's Foundation - FAST FORWARD FOUNDATION (also referred to as 'the foundation'), which:

- promotes equal access to care offered by the Health Care System;
- promotes access to integrated welfare systems;
- facilitates the financial inclusion of the 'vulnerable'.

BFF is committed to promoting the Foundation's purpose, supporting the execution of the strategy and increasing its contribution. More details about the above initiatives will be provided in the section on actions taken for the benefit of the local community, specifically under ESRS S3-4 - '*Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities and the effectiveness of those actions*'.

The results of the double materiality assessment show that BFF can generate positive and negative impacts on communities even within the Group's business relationships. As a matter of prudence, the Group has identified potential negative impacts that could be caused by its counterparties; this, as stated, is due to the possible establishment, albeit indirect, of business relationships with companies operating in high-impact sectors. However, since these are potential negative impacts related to its own portfolio exposures, the Group did not conduct an in-depth analysis - for this reporting year - of the specific aspects of the affected communities served by the counterparties to which BFF is exposed in order to highlight any exposure to specific risks.

33) As part of the Double Materiality Assessment, considering the sector it belongs to, the Group considered it has potentially material impacts only with communities located near the Bank's branches. The analysis of impacts related to its value chain, on the other hand, was carried out through the development of the business perspective.

Impact, risk and opportunity management

Policies related to affected communities

In order to manage the impacts, risks and opportunities identified above, BFF has adopted several Policies that take a cross-cutting approach to addressing the issue of Affected communities, including:

- The Code of Ethics;
- The Sustainability Policy;
- The Human Rights Policy.

The Code of Ethics

As explained in the previous sections of this document, the Group's Code of Ethics sets out the ethical principles that the Group pursues in its business activities and which it is committed to uphold in its relations with its stakeholders. The Code of Ethics formalizes the behaviors that the Group is required to adopt in its interactions with the community that BFF engages with, and which includes different categories of stakeholders such as public authorities, the public administration, the judicial authorities, political and trade union organizations and the media.

For more information on the Code of Ethics, please refer to the section '*Policies related to own workforce*' regarding ESRS S1.

Sustainability Policy

The Sustainability Policy, also explored in detail in the previous chapters, which is applied across the entire BFF Group, is the document through which the Group sets out and communicates its commitments to Sustainability, taking into account its three spheres, environment, society and governance. With reference to the social sphere, the Policy formalizes the Group's commitment and strategy in relations with the community, with which it interacts.
As further explained in section S3-4 - '*Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions*', the Group promotes and is engaged in scientific research and cultural initiatives, the purpose of which is to further explore topical issues that influence the public-private relationship: from studies conducted with the help of experts in the field, to training events aimed at customers and insiders, as well as think-tanks with associations and universities, and cultural and art events, the results of which benefit the entire community.

For more information on the Sustainability Policy, please refer to the section '*Policies related to climate change mitigation and adaptation*,' regarding ESRS E1.

Human Rights Policy

As discussed in more detail in the chapter on its own workforce, with particular reference to the section on '*Policies related to own workforce*', the Group prepared its Human Rights Policy in 2023, which enshrines the commitment of all Group Companies to respecting human rights.
The Group builds its relationship with the community taking into account the principles of listening and dialogue with different spheres of civil society and is committed to assessing the consistency of its financing, investment and customer service activities with the following principles in mind:

- the right to life and health;
- the right of local communities to self-determination;
- the right of native peoples to preserve, protect and develop their traditions and culture;
- the right to an adequate standard of living;
- the right to education and to participation in cultural life.

The Policy also states that all recipients are responsible, each according to their respective responsibilities, for compliance with the Policy itself. In particular, all actions, transactions, negotiations and, in general, the conduct adopted by the recipients in the performance of their work activities, must be inspired by the principles and values expressed in the Policy, and must be checked and controlled in accordance with current regulations and internal procedures.
In addition, individuals with supervisory and coordinating responsibilities are required to supervise their employees' compliance with the Policy and take appropriate measures to prevent, identify and report potential violations.
All Recipients are required to read, understand and fully comply with the Policy, which is available on the company intranet and BFF's institutional website.
All Recipients are expected to abide by and, to the extent of their responsibilities, ensure compliance with the principles in the Policy, and under no circumstances is behavior contrary to the contents of the Policy justified.
During the reporting period, there were no cases of human rights violations, nor instances of non-compliance with the United Nations Guiding Principles on Business and Human Rights regarding its own operations or in the upstream and downstream value chain.
Finally, for more information on the Human Rights Policy, please refer to the section '*Policies related to own workforce*' regarding ESRS S1.

Processes for engaging with affected communities about impacts

As for the ways in which affected communities are engaged, please refer to the section '*SBM-2 - Interests and views of stakeholders*' in this document.

Processes to remediate negative impacts and channels for affected communities to raise concerns

The Group is always mindful of the communities where it operates and so where possible, it implements initiatives to encourage discussion and sharing of experiences through cultural, social and economic projects. It should be noted that BFF does not operate or produce impacts, risks and opportunities in territories inhabited by indigenous peoples.
That said, the Group, to date, does not have processes in place for direct engagement with affected communities or channels for affected communities to express concerns. However, regarding the latter, BFF provides a reporting channel on its website that is also accessible to external parties. For more details, please refer to the section 'Whistleblowing Procedure' in the chapter on Own Workforce.

Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

As detailed above, the Group promotes scientific research and cultural initiatives in order to explore topical issues that inevitably affect the public-private relationship. In this sense, the Group takes action on the management of impacts, risks and opportunities related to the affected communities from different perspectives. The main actions and activities carried out during 2024 are outlined below.
In particular, in 2024, the efforts that first began in previous years focusing on various areas of activity continued:

- the issue of the first social bond;
- support for culture, aimed among other things at promoting Italian art abroad;
- the continuation of the process to transform the Foundation, established by the Bank in 2004, and which in 2024 continued its process of change to better meet the needs of the community;
- the organization of events aimed at community inclusion;
- membership and participation in industry associations.

SOCIAL BOND

Consistent with its commitment to ESG issues, during October 2023, BFF Bank published the first Social Bond Framework (the 'Framework'), which aims to strengthen the Group's pursuit of growth through the adoption of an integrated approach to ESG issues, and particularly social issues, by promoting collaboration on sustainability matters.
Through the establishment of this Framework, given a Second Party Opinion by ISS Corporate Solutions, BFF offers debt investors the opportunity to support issuers' sustainability goals while helping them implement their own responsible investment strategies.
Through the Framework aligned with the Social Bond Principles ('SBP') of the International Capital Market Association ('ICMA'), BFF can issue social debt instruments in various formats, maturities and currencies. These instruments include but are not limited to senior preferred, senior non-preferred, subordinated, commercial paper, covered bonds and ABS.

The asset selection criteria are aligned with the Social Bond Principles published by ICMA in June 2023 and aim to contribute to the social targets presented in the latest European Social Taxonomy report released in February 2022 by the Platform on Sustainable Finance.
Access to health care is the key dimension of Social Bonds. BFF focuses on improving health care services, ensuring their accessibility and supporting their resilience and capacity. By meticulously identifying and evaluating the activities to be financed, BFF ensures that its Social Bonds, and more generally all Social financial instruments that might be issued under the Framework have a significant and measurable impact on society. This rigorous process represents BFF's commitment to sustainability and its social responsibility, particularly with a view to improving the quality and accessibility of health services in the countries in which it operates.
Income from the Social Bonds issued under the Framework will be used exclusively to finance and/or refinance new and/or existing activities ('Eligible Activities') that generate a significant Social impact for the 'Target Population' defined in terms of the 'General Public'. In fact, in line with the provisions of ICMA's SBPs, BFF-financed/refinanced activities will promote access to essential services i.e., health services offered by National Health Systems, making them available to any individual without discrimination of any kind.
The combination of all Eligible Assets identified by BFF and recognized in its financial statements will represent the Portfolio of Eligible Assets ('Portfolio'). BFF is committed to maintaining a total Portfolio amount that matches or exceeds the balance of funds from outstanding Social Bonds issued under the Framework.
After a preliminary analysis aimed at identifying the Bank's financial products which can be considered as being in the social sphere, a number of categories of activities related to national health services, consistent with access to essential services in the 'Health' category, meaning a socially eligible category under the ICMA principles, were identified. The selected activities are mainly divided into three subcategories based on product type - factoring agreements for health care providers, short-term loans, and long-term loans to health care facilities - and cover business originated in several countries referable to some of the geographical areas in which BFF operates.
To assess the social reach of the financing/refinancing of these Eligible Activities, a number of impact indicators ('KPIs') were identified that, within the Framework, are useful in measuring the benefit generated by the Social activities managed by BFF. Furthermore, in line with the Framework's contents, BFF has specifically excluded investments in sectors where negative impacts on the environment and/or society have been demonstrated, such as gambling, weapons/munitions, GMOs (genetically modified organisms), tobacco, alcohol, and the sex trade.

To track the allocation and impact of proceeds from Social Bonds issued under the Framework in relation to the Eligible Assets Portfolio, BFF has established a Register that will include the following information:

- Details of outstanding Social Bonds: ISIN, amount, pricing date, maturity date, coupon, etc.
- Details of the Eligible Assets Portfolio: aggregate amount by asset category, country, nature, and maturity.
- KPIs identified and measured, at least at the level of the Eligible Activity category.

In accordance with the recommendations of ICMA's Principles applicable to Social Bonds, BFF has committed to preparing an annual Social Bond Report (the 'Report'), starting from the year following the year of issue and until the year following the year when the Social Bonds will be outstanding. This Report, referring to the above Register, will be verified and certified by an independent third party, ISS Corporate Solutions, and published on the company's website. The Report will provide evidence of the information contained in the Register, illustrating the 'Use of Proceeds' of outstanding Social bonds and evidence referable to impact indicators in relation to the identified Eligible Assets Portfolio.
Pursuant to the above, the Social bonds issued by BFF during 2024, i.e., the two Social Senior Preferred bond issues outstanding as at December 31, 2024 totaling 600 million euros, will be reported in the first Report to be produced during 2025.

SUPPORTING CULTURE

Art and culture are important driving forces for the development of companies and society. This concept is behind BFF's initiatives to promote art and culture and in particular the project created in 2021, ART FACTOR – The Pop Legacy in Post-War Italian Art, initially embodied in the publication in English of the book of the same title published by Skira editore Milan Geneva Paris in April 2021, and then followed by a website entirely dedicated to the collection, and which culminated in a traveling exhibition in Europe. Thanks to this initiative, the Collection was presented in five of the European countries in which the Group operates: Slovakia, Poland and Greece in 2022, and Spain and Portugal in 2023. In 2024, the Bank's collection was featured in a new art book and exhibition which was taken to New York and Washington DC in the first half of the year. A new volume, 'Italian and American Art - An Interaction - 1930s - 1980s', published by 5 Continents in English and dedicated to the interaction and mutual fascination between Italian art and American art, came out in January 2024 and was created in support of a new exhibition, titled 'Contemporary Echoes: Rediscovering Italian Art from 1950-1980, Artworks from the BFF Collection', produced in collaboration with the American International Arts and Artists Association. The exhibition was held in New York from February 28 to March 28 and in Washington, D.C. from April 5 to June 2, 2024. In addition to the opening moments, the conference 'Creative Alliances: Navigating Cultural Diplomacy at the Intersection of Business and the Arts' was held in Washington on April 19, 2024, with the support of the Embassy of Italy to the United States.
This new phase of the project took place with the institutional sponsorship of the Ministry of Foreign Affairs and International Cooperation and the Ministry of Culture, awarded in 2023.
The initiative will continue in 2025 and will culminate at 'Casa BFF', the Group's new headquarters in Milan, where a museum area dedicated to displaying the works on a permanent basis is planned.

FAST FORWARD FOUNDATION

In keeping with the 2023-2027 Strategic Plan, the Foundation organized initiatives to reorient its actions to respond more nimbly and effectively to the new needs of society. In fact, the Foundation's new purpose, validated by intense stakeholder engagement activity, meets a new need: to work in an integrated manner in the areas of health, social security and financial inclusion, to facilitate transformation also thanks to possible international scale-ups.
Through the 2023-2027 Strategic Plan the Foundation aims to:

- promote equitable access to care and contribute to the sustainability of the health system;
- accelerate informed access to integrated welfare systems;
- facilitates the financial inclusion of the 'vulnerable'.

The year 2024 saw the development of some research projects started in 2023 and the launch of new research areas. Building on the research project already active in 2023 with a comparative analysis of the health care systems of the nine European countries in which the BFF Group operates, the Foundation implemented the UWelfare project in 2024, dedicated to college students who want to start saving for their future and take care of their own health. With this project, the Fast Forward Foundation participated in the 'Financial Education Month' initiative, sponsored by the Committee for the Planning and Coordination of Financial Education Activities (Edufin Committee), organizing the interactive workshop ' *Cominciare a investire per la pensione*' (November 19, CampusX Marconi, Turin, Italy).
In October 2024, the Fast Forward Foundation completed the research project and presented the Study 'Leveraging modern payment techniques to enhance integrated welfare solutions'. The research provides a new methodology for establishing a clear and comparable picture of payment systems related to specific welfare areas, identifying both critical issues and best practices. The report was presented on October 29, 2024 at the 2024 Salone dei Pagamenti (Payments Industry Fair) during the workshop '*Digital Payments: accelerating solutions for integrated welfare*' organized by BFF, in collaboration with the Fast Forward Foundation. The workshop featured a panel of national and international experts. The Study plans to launch concrete pilot studies and case-studies, the first of which is expected in the first half of 2024.
The Fast Forward Foundation was also a knowledge partner of the OECD's 7th World Forum on Well-being, an international event bringing together policy makers, statisticians, academics and experts from the private sector, civil society and other sectors with the aim of promoting at international level the adoption of a framework for formulating policies that are attentive of a fair and sustainable well-being. As part of the Forum, held from November 4-6, 2024, the Foundation organized a co-design workshop to present and discuss an innovative tool with various stakeholders, that has been designed to align rapid and digital payment systems with social purposes: the Integrated Welfare Wallet.
In line with the commitment in its 2023-2027 Strategic Plan, the Bank contributed to the Foundation's initiatives with a donation of 600 thousand euros, up from the previous year's contribution of 520 thousand euros.

EVENTS: A TOOL FOR SHARING KNOWLEDGE AND EXPERTISE

For the Group, each event represents an important tool of transparency, sharing and dialog on relevant topics for our customers and stakeholders. They are useful for improving existing practices and maintaining our bridging and facilitator role in commercial relations between the public and private spheres, not only through the services offered, therefore directly by acquiring and managing trade receivables due from public agencies, but also and especially by facilitating understanding and contributing when possible to greater system efficiency.
Major events were organized or sponsored during the year in many countries where the Group operates. These include Poland's sponsorship of the latest edition of the so-called 'Hospital Ranking', a unique classification in the country that rewards high-quality medical care and economic performance. This initiative is an opportunity for constructive discussion on best practices and solutions that can help further improve the Polish health care system.
In the 2024 edition, 417 hospitals participated, 101 more than the previous year. Institutional partners were involved, including the Federation of Polish Hospitals, the Polish National Association of Employers of Provincial Hospitals, and the Polish Union of Clinic Hospitals.
In Italy, the sponsorship of Il Salone dei Pagamenti, promoted by ABI, the Italian Banking Association, and organized by ABIEventi, is worth mentioning. Il Salone dei Pagamenti is the annual event to attend in the banking and digital payments sectors in Italy. The future of payments, Artificial Intelligence, the continued digitization of payments and their function as a driver of the sustainable socio-economic revolution were the key themes of the 2024 edition. The event, aimed at banks, payment institutions, IMELs, institutions, companies, and the public administration, featured BFF in the opening plenary session. Representatives from BFF were also panelists in several workshops. BFF, in collaboration with the Fast Forward Foundation, also organized a workshop on the future of global payments, titled 'Digital Payments Accelerate Integrated Welfare Solutions'. Remaining in Italy, the Bank also participated in the 13th edition of Il Salone del Risparmio, the industry event on asset management, organized by Assogestioni, the Italian asset management association. This is the annual benchmark event for the world of asset management, bringing together all industry players, institutions, academia and the media, as well as savers, on specially dedicated days.
In this sector, the Bank was also at the side of its customers at the 25th Anniversary of the Arco Fund, the 10th Anniversary of the Perseo Sirio Fund, the Shareholders' Meeting of the Negotiated Pension Funds, the ADEPP General States Conference, and, finally, the event organized by BFF at the Confcommercio Headquarters to launch the ESG Indices, enabling it to showcase some Funds. In addition, there was no shortage of contributions through events organized, throughout the year by Pri.Banks, Assifact, or other associations of which the Bank is a member.
By way of example, many other moments of discussion at local and international events took place. In Slovakia, with the Healthy Future Forum, in Portugal on the occasion of the Christmas Toast with a private visit to the modern arts center, Centro de Arte Moderna Gulbenkian, an important networking opportunity, and in Denmark, in Copenhagen, for the usual appointment with Eurofinance, the world's most important financial event. Local and European institutions are often involved in these events, as well as representatives of trade associations or Chambers of Commerce, both Italian and foreign, of which the Group is often a member, again with the aim of achieving a broad scope of dialog with customers and stakeholders.

COLLABORATION WITH TRADE ASSOCIATIONS

In 2024, relations with relevant Associations in all countries where the Group operates were further strengthened.
In many of them, BFF is present as an exponent of the association bodies, with the intention of interpreting trends and improving the operating environment in which businesses, banks, and public bodies operate, enriching the joint action of communication and sharing for greater knowledge and efficiency of the relevant sector for the benefit of the widest possible audience.

Association Name
Italy
ACMI - Italian Association of Credit Managers
ABI
ADV231 - Association of Members of Supervisory Bodies
AGICI - Corporate Finance
AICOM - Italian Compliance Association
AIFIRM - Italian Association of Financial Industry Risk Managers
AIIA - Italian Internal Auditors Association
AIR - Italian Investor Relations Association
AIRA - Italian Association of Anti-Money Laundering Officers
ASSBB - Association for the Development of Bank and Stock Exchange Studies
AMCHAM - American Chamber of Commerce in Italy
ANDAF - National Association of Administrative and Financial Directors
APSP - Italian Payment Services Providers Association
Assifact - Italian Factoring Association
ASSO-AML
Assogestioni
Assonime
AMF Italia - Association of Financial Market Intermediaries
French Chamber of Commerce in Italy
German-Italian Chamber of Commerce
Spanish Chamber of Commerce
Confindustria Servizi
CBI Consortium - Customer to business interaction
EPC - European Payments Council
Forum Analysis Spa
PriBanks
SWIFT
The European House Ambrosetti
Croatia
Italian Chamber of Commerce and Industry for Croatia

Association Name
France
AFTE - Association Française des Tresoriers d'Entreprise
AFDCC - Association Française des Credit Managers & Conseils
Greece
HFA - Hellenic Factors Association
AMCHAM - American-Hellenic Chamber of Commerce
CEO Club International
Poland
PFZ - Polish Factors Association
PFSz - Polish Hospitals Federation
ZPB - Polish Bank Association
PZPB - Polish Association of Construction Industry Employers
Portugal
ALF - Associação Portuguesa de Leasing, Factoring and Renting
AMCHAM - American Chamber of Commerce in Portugal
APORMED - Associação Portuguesa das Empresas de Dispositivos Médicos
Câmara de Comércio e Indústria Luso-Alemã
CCILE - Câmara de Comércio Luso-Espanhola
CCILF - Chambre de Commerce et d'Industrie Luso-Française
HCP - Health Cluster Portugal
Czech Republic
NO ASSOCIATION IN 2024
Slovakia
AMCHAM - American Chamber of Commerce in Slovakia
Spain
AEB - Asociación Española de Banca
ASSET - Asociación Española de Financieros de Empresa
AEF - Asociación Española de Factoring
Asociación para el Progreso de la Dirección (APD)
AMCHAM - American Chamber of Commerce in Spain
Centro de Cooperación Interbancaria (CCI)
Italian Chamber of Commerce and Industry for Spain

Note that BFF is a member of the corporate boards of the following associations:

- **Assifact -** Chair and Governing Board;
- **ASSBB - Association for the Development of Bank and Stock Exchange Studies -** Governing Board
- **Pri.Banks -** General Board
- **ABI -** The Board of Statutory Auditors
- **APSP - Association of Italian Payment Service Providers -** Governing Board
- **AMF Italia – Association of Financial Market Intermediaries –** Steering Committee
- **Chamber of Commerce of Spain in Italy -** Governing Board
- **Asociación Española de Factoring -** Chair and Governing Board

During 2024, the Group did not have to take remedial action in relation to actual material negative impacts as such impacts did not occur.
The Group conducts the double materiality assessment annually, in order to identify potential positive and/or negative impacts as well as risks and opportunities associated with the communities with which it interacts
During 2024, no reports were received about serious human rights problems and incidents in relation to the affected communities.
A part of its organizational structure, the Group has specific teams, including at the local level, dedicated to managing identified impacts, with specific budgets assigned to each one.

Metrics and targets

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The following are the main actions and resources related to affected communities that the Group has defined:

Area	Target	Action	Target year (per action)
ESRS Sustainability Matters: AFFECTED COMMUNITIES (S3)			
WELL-BEING OF AFFECTED COMMUNITIES	Promote the new purpose of the Foundation, supporting the execution of the strategy	Increase the Foundation's funding contribution	2026
	Fund projects with high social impact, in keeping with the Group's ESG strategy	Emission of a Social bond based on the Social Bond Framework published in 2023	2024

In the context of the sustainability topic 'Affected communities', and as already highlighted in the section '*ESRS2 SBM 1 - Sustainability Strategy*', the Group has identified specific targets with different time horizons for achieving them, to which individual actions have been associated, along with their respective target time horizons. For further details on the process to set these targets and on engagement with affected communities, please refer to the sections ESRS SBM-1 '*Strategy, Business Model and Value Chain*' and SBM-2 '*Interests and views of stakeholders*'. As regards the welfare of affected communities, the Group has identified two main targets, to promote the new purpose of the Foundation by supporting the execution of its strategy and to finance projects with a high social impact, in line with the Group's ESG strategy. With respect to the first target, the Group plans to increase the Foundation's funding contribution by 2026, with no need to set intermediate targets.

With regard to the second target, on the other hand, the Group issued its first Social Bond in 2024, based on the Social Bond Framework published in 2023 and as further detailed in the section 'Social Bonds'.

ESRS S4 - Consumers and end-users

Strategy

SBM-2 – Interests and views of stakeholders

BFF recognizes the importance of constant and transparent dialogue with all stakeholders, whose interests, opinions and expectations may affect the achievement of the company's goals. Its commitment is geared toward respecting and promoting human rights in all interactions, both internal and external. In this context, the Group promotes open and inclusive discussion with its customers and consumers, so that all voices can contribute to business decisions. For more details, please refer to '*SBM-2 – Interests and views of stakeholders*' in the chapter General Disclosures of this document.

	SECTOR LEADER	CUSTOMERS
Factoring & Lending	#1 in public sector factoring in **EUROPE**	Suppliers of Public Entities Large Multinationals Hospitals and Municipalities
Securities Services	#1 Independent custodian bank in **ITALY**	Domestic Asset Managers and Banks Pension Funds, Mutual Funds and Investment Funds Social Insurance Funds, Foundations, Social Security Institutions
Payments Services	#1 in intermediary services in **ITALY**	Banks, Payment Institutions and IMELs Corporates Partnership with Nexi

OFFER	OPPORTUNITY
Non-Recourse Factoring Financing for the public sector and healthcare Credit Management	€1,000 billion of market opportunities with potential for volume growth in Italy and abroad
Custodian Global custody Fund accounting Transfer agent	Long-term growth in assets under management and administration in Italy
Payment intermediary Corporate payments Checks and bills	Epochal transition from cash payments to digital payments in Italy

ORGANIC GROWTH

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The IROs related to Consumers and end-users identified as material from the Double Materiality Assessment are listed below.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)	**Business Perspective (VC)**	**Risks (OP)**	**Opportunities (OP)[34]**
Topic: ESRS S4 – CONSUMERS AND END-USERS			
/	Violation of privacy and disclosure of sensitive data due to the inefficient management of security systems Increased customer well-being through ad hoc initiatives (e.g. financial well-being) and the provision of dedicated services	Portfolio exposure with Customers operating in sectors with negative impacts related to End Consumers (personal safety and social inclusion) Portfolio exposure with Customers operating in sectors with positive impacts related to End Consumers (social inclusion)	Risk associated with rapid changes in customer preferences Risk of a change in relevant regulations related to sustainability characteristics of purchased financial products and services Risk related to poor customer privacy protection and low quality of services offered

The main categories of customers with whom BFF interfaces are Suppliers of Public Authorities, large multinational corporations as well as municipalities and hospitals, as far as the Factoring & Lending Business Unit is concerned. Instead, in the context of the Transaction Services offered, BFF interfaces mainly with Asset managers, Funds (Pension, Mutual and Investment Funds), Social Security Institutions, Pension Funds, Foundations, Banking and Payment Institutions, Public Administration and corporate companies. Lastly, the Group has a retail customer base for the provision of deposit account services.
The key to offering a sustainable service in line with customers' needs is the constant dialogue established with them, enabling the creation of a solid relationship based on trust and transparency. In fact, BFF is committed to ensuring a personalized and quality service that can meet the interests of its Customers, who are often subject to change due to the dynamic external environment. In addition, the Bank's salesforce actively participates in events and workshops promoted by leading counterparties (e.g., ACMI, AITI, ANDAF, IKN, etc.) in order to stay up-to-date with trends in the industries in which customers operate, taking the opportunity to develop innovative and timely solutions. The latter's increasing focus on sustainability issues is embodied in the Group's offering of ad hoc services, including the development of a monthly reporting service for immediate consultation of the ESG performance of individual portfolios.

34) It is specified that, for this reporting year, the Group did not identify any material opportunities related to 'Consumers and end-users' downstream of conducting the Double Materiality assessment.

Through this service, BFF confirms its intention of participating in the ESG evolution in the asset management industry, on the one hand, and its focus on the welfare and economic-financial interests of its customers on the other. Similarly, in the context of the business perspective, BFF is part of the 'ESG for Factoring' Working Group, formed at Assifact (the Italian Factoring Association), whose goal is to define common guidelines for all factors. More details on initiatives adopted for its Customers are reported in the dedicated section (ESRS S4-4 '*Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions*').
Attention to customer satisfaction, also certified through surveys and plans related to it with a view to continuous improvement, also makes it possible to reduce as far as possible the Bank's risk of failing to capture sudden changes in its customers' tastes and preferences, to the detriment of its reputation and profitability. This risk is even more accentuated by possible regulatory developments with respect to the sustainability features of the financial products and services offered, which, if not properly integrated, can create possible imbalances in financial terms. In this sense, in continuing on the path of sustainability integration, BFF is committed to offering responsible products and quality services, in accordance with the distribution strategy already defined, through which the Bank ensures that the way products are marketed is always appropriate for the characteristics of the Target Market and the products themselves.

Customer focus is also embodied in protecting the confidentiality of available data. BFF is in fact mindful of data protection issues and is committed to ensuring that an adequate level of data security is guaranteed. The Group has several privacy management tools, such as the Group Privacy Policy and other internal procedures, made available to the entire workforce so that they are aware of the behaviors to be adopted. In addition, the Group's Data Protection Officer periodically conducts so-called privacy impact assessments in order to certify the effectiveness of internal processes in this area. Despite the safeguards put in place, and thus the reduced likelihood of occurrence, certified by historical data sets available to the Group, BFF has identified a potential negative impact related to an exposure to the risk of cyber-attacks and data breaches, which could compromise the confidentiality of collected data, to the detriment of Customers.
It is specified that the impacts, positive and negative, as well as the risks associated with them, are applicable to and across all types of Group customers. In addition, considering its own portfolio exposures, no in-depth analysis was conducted for this reporting year on the distinctive aspects of Customers served by the counterparties to which BFF is exposed, in order to highlight any exposure to specific risks.

Management of customer-related impacts, risks, and opportunities

Policies related to consumers and end-users

In order to manage the impacts and risks identified above, BFF has adopted several Policies that address the issue of consumers and end-users ('Customers') from all perspectives, including:

- The Code of Ethics
- The Sustainability Policy
- The Group Complaint Management Policy
- The Privacy Policy
- The Human Rights Policy
- The Anti-Corruption Policy

The Code of Ethics

The Code of Ethics sets out, among other things, the principles guiding employees in their relations with their customers. The Group aims to develop lasting economic relationships based on mutual trust and satisfaction. To this end, business activities are underpinned by strict professional ethics focused on the substantial fairness of relationships and continuous improvement of performance through an adequate identification of needs and a service with a high level of professionalism, reliability and accuracy. Each employee is expected to provide high quality services and to deal with Customers with professionalism, competence, honesty, transparency and courtesy. Behaviors consistent with the provisions of the law, the provisions of contracts and regulations must be adopted in dealing with Customers. In particular, operators are required to provide information on the characteristics and economic conditions of the products and services offered so that Customers can make informed choices. All information acquired, directly or indirectly, about Customers is used and stored with care, to ensure maximum confidentiality and compliance with current privacy regulations. Requests for information from Customers are, therefore, met promptly and constantly monitored, in order to improve the quality of service provided and, thus, Customer satisfaction. Particular attention is given to suggestions from Customers, as the Group considers these to be a preferred tool for forging constructive relationships and effective cooperation with Customers. The Group opposes all corrupt practices and therefore requires all parties operating in its name and on its behalf to ensure that all business transactions with third parties, public or private, are managed in accordance with integrity and transparency, in compliance with applicable laws and regulations. Recipients are also prohibited from offering, promising, giving, paying, authorizing someone to give or pay, directly or indirectly, an economic advantage or other benefit to a third party (private or public) with the aim of inducing the third party to perform any function or act and rewarding him or her, in any form, for performing it and unduly securing or retaining a business or unfair advantage in connection with business activities, in violation of applicable laws and regulations.
The Group also prohibits financing, in any form, of companies, whether based in Italy or abroad, which, directly or through subsidiaries or affiliates, engage in the construction, production, development, assembly, repair, preservation, deployment, use, storage, holding, promotion, sale, distribution, import, export, transfer or transportation of anti-personnel mines, cluster munitions and submunitions, of any nature or composition, or their parts.

Finally, in terms of availability and in compliance with the principle of accessibility, the Group establishes an open dialogue with customers, with the aim of providing professional services consistent with their needs, and appropriate and understandable answers and solutions, in order to ensure transparency of the conditions applied.
For more information on the Code of Ethics, please refer to the section 'Policies related to own workforce' regarding ESRS S1.

Sustainability Policy

The Sustainability Policy acknowledges customer relationships, service quality, and data security as a key element of the Sustainability strategy. In fact, the Group acts to create long-term value and well-being for its stakeholders, including its customers. Within its Sustainability Policy, BFF sets out the guidelines for promoting a responsible and sustainable business model in order to support its customers and the community in which it operates, expressing its commitment with particular reference to environmental, social and governance factors ('ESG' factors).
The Group is aware of the importance of respecting the privacy of its Stakeholders, and more generally of ensuring the appropriate handling of confidential information of employees and customers, including the disclosure of such information to third parties. The Group's approach to data privacy and confidentiality is in line with local regulations and laws on the subject and is applied to all types of data, regardless of the Stakeholder to whom the data refer or the channel through which they were received. BFF adopts appropriate administrative, technical, physical and security systems to comply with legal requirements and to safeguard personal data against loss, theft, unauthorized access, use or modification. Moreover, the Group recognizes cyber security risk as one of the most relevant and complex risks to limit, also in view of its growing and changing implications and related developments in the internal safeguards to be adopted. In relation to this, the Group, in order to protect the company's information assets, as a fundamental resource for its own and for customers' business, is constantly striving to ensure, through organizational, technological and process safeguards, adequate levels of protection against any cyber threats that may compromise the confidentiality, integrity and availability of information processed through IT tools.
For more information on the Sustainability Policy, please refer to the section 'Policies related to climate change mitigation and adaptation', regarding ESRS E1.

The Group Complaint Management Policy

The purpose of the Complaints Management Policy is to regulate the guidelines that the BFF Banking Group intends observing for managing complaints received from customers, as well as the principles underlying the organizational placement of the complaints organization structure - in ways that reflect the distinctive aspects of each business reality, which companies belonging to the Group must follow.
The Group has always been focused on meeting the needs of its customers, identified as the main resource with whom to establish and strengthen a solid, lasting, transparent relationship based on trust and respect for mutual rights. This focus - which has its foundations in the company's mission and the BFF Banking Group's Code of Ethics - contributes to improving the relationship of trust with the Group's customers, better identifying any critical issues in the characteristics of the products and services offered as well as reducing possible litigation.

The aim of the Policy, therefore, is to increase the Group's awareness, for an actual protection of customers' reasons and to facilitate the handling of reports. The Policy is approved at least every two years[35] by the Board of Directors of the Parent Company upon the proposal of the Chief Executive Officer of the Parent Company, after consultation with the Compliance and AML Function of the Parent Company and the Risk Management Function of the Parent Company for controls according to their respective responsibilities, and is implemented by the Subsidiaries on the basis of the provisions of the Policy.
The Policy also requires the Bank, Branches and Subsidiaries to clearly indicate on their websites and in contractual documentation delivered to the Customer, the methods to be used for sending any Complaints. In particular, Complaints may be sent to the Bank, Branches and Subsidiaries in writing, also by computerized means (electronic mail, including certified email, fax).
The Bank, and its Branches and Subsidiaries, identify, in a manner that reflects the distinctive nature of each entity and in compliance with the regulatory provisions from time to time applicable to them, the Complaints Manager and/or the Complaints Office. The Complaints Manager and/or the Complaints Office are responsible for examining complaints submitted by Customers, coordinating with the relevant Corporate Structures, verifying compliance with regulatory provisions, managing and registering complaints submitted by customers also addressed to any relevant Supervisory Bodies, as well as appeals submitted to any mediation or conciliation bodies established in relevant jurisdictions. They also set up the Complaints Register, as defined below, overseeing its maintenance and updating, and preparing reports concerning managed complaints to be submitted to the Corporate Boards.
The list of Complaints Officers is attached to the Policy, and the Chief Executive Officer of the Parent Company has the authority to update the attachment consistently with the appointments of Complaints Officers resolved by the relevant Corporate Boards of each Group entity. In addition, the Policy defines the entire complaints management process and the respective responsibilities for each stage.

Privacy policy

The Group has adopted internal policies approved by the Board of Directors and by the corresponding corporate boards of the Subsidiaries, updated on a periodic basis in compliance with the requirements of EU Regulation 2016/679:

- **Group Policy on the Exercise of the Right to the Portability of Personal Data:** this policy governs the right to the portability of personal data pursuant to Art. 20 of Regulation (EU) 2016/679, which constitutes a supplement to the right of access as an instrument whereby the "data subject" manages and reuses the personal data fully autonomously. It facilitates the circulation, copying or transfer of personal data from one IT environment to another without any impediments, promoting innovation and the sharing of personal data between the Parent Company and/or the Subsidiaries and other data controllers completely securely and under the control of the "data subject".
- **Group Privacy by Design-Default Policy:** the Policy regards the implementation of adequate technical and organizational measures to protect personal data starting from the design phase (privacy by design) and also throughout the data lifecycle as a predefined setting (privacy by default).
- **Group Policy for Exercising the Rights of Data Subjects:** this policy governs the rights over the personal data provided, as set out in Regulation (EU) 2016/679, which consist of:
  - right of access;
  - right of rectification;
  - right to erasure or "right to be forgotten";

35) If there are no substantive changes to the complaints management process during the two-year period, the Complaints Manager evaluates the adequacy of the Policy, informing the Board of Directors in the Annual Complaints Management Report

- right to restrict processing;
- right to personal data portability;
- right to object.

The Group has set up a system to manage data subjects' requests to exercise their rights, which enables the Data Controller or their Delegate to provide a prompt, accurate and transparent response, without undue delay, adequately justifying any intention not to accept such requests.

- **Group Policy for the Management of Data Breaches:** the security policy adopted by the Group establishes that adequate technical and organizational measures are put in place to guarantee and demonstrate that personal data processing is performed in compliance with the Data Protection Regulation (Regulation (EU) 2016/679). When however, despite such measures, a data breach takes place, the Parent Company and/or the Branches must respond promptly in order to guarantee compliance with the four security objectives:
  - availability: guaranteeing access to information and network services to responsible personnel in relation to work requirements and the rights and fundamental freedoms of the data subjects;
  - confidentiality: guaranteeing the prevention of abusive or unauthorized access to information, services and systems;
  - integrity: guaranteeing that information has not been altered by incidents or abuses;
  - resilience: a system's capacity to adapt to changes.

The Policies described above are disclosed by publication in the regulatory repository and likewise are brought to the attention of employees as part of periodic training courses with the aim of raising awareness of the subject. The Privacy Policy contains the methods by which the Group undertakes and ensures the proper processing of data, consistent with the applicable legislation in each country, and is published on the Group's corporate website.

Human Rights Policy

As already stated, the Human Rights Policy expresses the principles underlying the Group's business and in which the Group strongly believes. Moreover, the importance of the issue has prompted the Group to implement practices to prevent and/or mitigate its impacts on human rights, also taking into account the various stakeholders involved, such as customers. Based on the above, the Group pursues principles of transparency throughout the value chain and in the implementation of awareness-raising actions focused on positive behavior.
The Group also shares respect for human rights with reference to customers, whose protection and safety it guarantees. Customer relations are based on principles of transparency and fairness, establishing a direct dialogue through a number of tools for communication with the Group, aimed at listening to and valuing customer needs.
The Group has always been mindful of respect for and the promotion of universally affirmed human rights in line with international standards in both internal and external relations. During the reporting period, there were no cases of human rights violations, nor instances of non-compliance with the United Nations Guiding Principles on Business and Human Rights in the downstream value chain. For more information on the Human Rights Policy, please refer to the section '*Policies related to own workforce*'.

Anti-Corruption Policy

BFF has adopted the 'Group Anti-Corruption Policy' effective as of December 22, 2021, which defines the principles on anti-corruption, roles and responsibilities for managing the risk of corruption within the activities carried out by the Bank and its subsidiaries, and identifies the activities and areas most at risk of corruption, with the targets described in detail in the section 'ESRS G1 - *Management of customer-related impacts, risks, and opportunities*'.

Processes for engaging with consumers and end-users about impacts

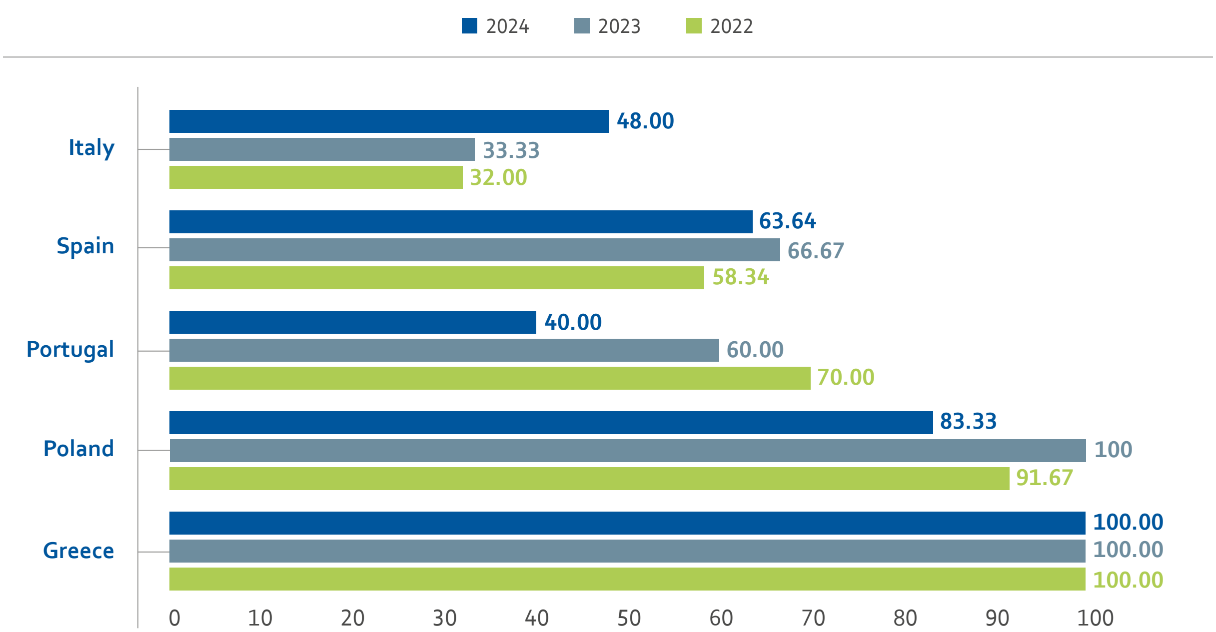
The Group constantly strives to satisfy its customers, completing and implementing action plans and strategies on the basis of the results arising from customer satisfaction efforts.
Italy, Spain and Portugal and Poland and Greece (from 2021), annually undertake a survey of a representative panel of customers in order to gauge their degree of satisfaction with respect to their expectations in terms of the products, operations and processes, and their propensity to promote BFF services (Net Promoter Score), with the aim of supporting and promoting the Bank's external recognition and values, in line with business and customer management. Each year, a portion of new customers are added to the existing historical sample, the latter being included to ensure continuity in line with the objective of monitoring the business and expanding the panel. The survey carried out through the administration of questionnaires includes the analysis of two dimensions: the level of satisfaction measured according to the SERVQUAL method and the Net Promoter Score (NPS).
This method of engagement is managed by the Group's two main business departments, Factoring & Lending and Transaction Services, for their own business of managing and monitoring customer engagement.
Following the presentation of the results to the most senior-level company bodies, specific action plans are prepared, with the aim of following up the indications provided by the customers interviewed in terms of areas for improvement and expectations for the future. The actions identified in this way are geared towards enriching and improving the customer experience of services used, and at redirecting expectations towards elements of the Bank's governability, which are not related to regulatory or product constraints.
In particular, it should be noted that over the years BFF has always carried out qualitative and quantitative surveys on Factoring & Lending clients in order to enhance the quality of its services. As a result of extending operations to Transaction Services, the good practice of the annual Customer Survey was also extended to encompass this segment from 2022, aimed at measuring customers' degree of satisfaction and related action plans to improve this aspect.
The Group constantly strives to satisfy its customers, completing and implementing action plans and strategies on the basis of the results arising from customer satisfaction efforts. Customer satisfaction results are also part and parcel of the variable compensation of some employees.

CUSTOMER SATISFACTION

		2024		2023	
	UoM	TS	F&L	TS	F&L
Total number of customers who were administered the questionnaire	no.	25	68	20	68
Total number of satisfied customers who were administered the questionnaire	no.	25	67	19	67
Percentage of satisfied customers who were administered the questionnaire	**%**	**100%**	**98,5%**	**95%**	**98,5%**

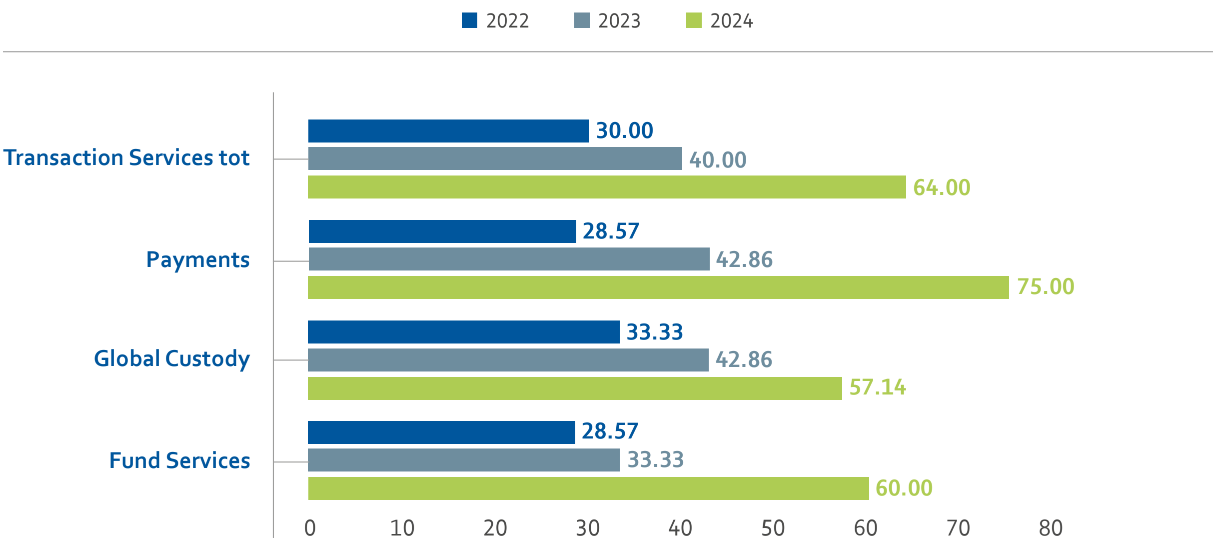
In 2024, for the Factoring & Lending business, 14% of total active customers were interviewed, and for the Transaction Services business, approximately 4% of total active customers were interviewed.
The table shows that the panel identified is satisfied with the service offered.
The total number of satisfied customers is the sum of 'promoters' and 'neutral' customers analyzed using the NPS index.
With regard to the Factoring & Lending business, in 2024 the NPS index was equal to: 48 in Italy, 63.64 in Spain, 40 in Portugal, 83.33 in Poland, and 100 in Greece.

NET PROMOTER SCORE (NPS F&L)



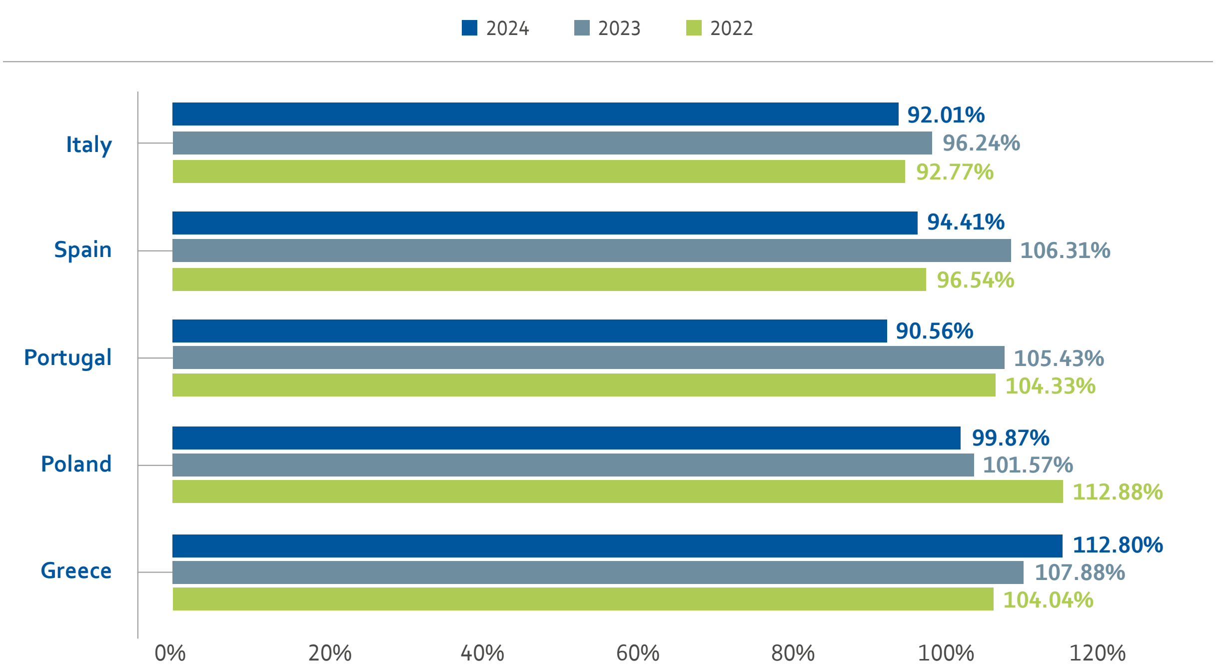
During 2024, with reference to the Transaction Services business, an NPS index of 64 was recorded in Italy (compared to 40 recorded in 2023).

NET PROMOTER SCORE (NPS TS)



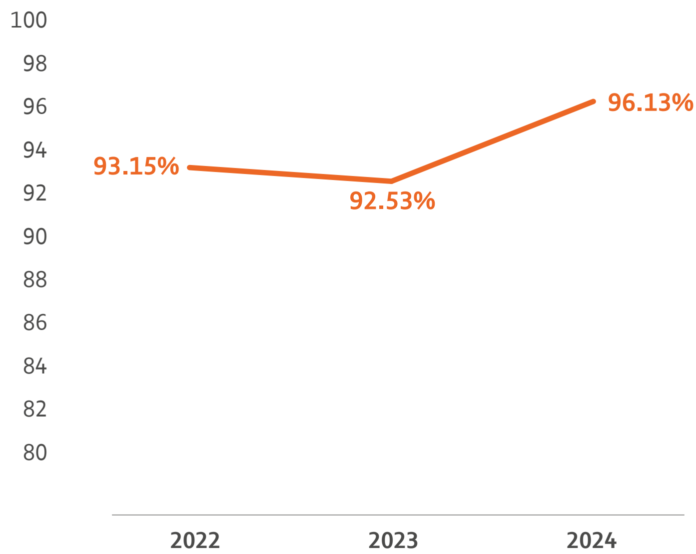
With reference to the level of satisfaction, the figure below shows the specific results emerging from the surveys carried out in the 2022-2024 three-year period by individual country for the F&L area.

LEVEL OF SATISFACTION (%)



With reference to the degree of satisfaction, the figure below shows the specific results emerging from the Surveys carried out in the 2022-2024 three-year period by individual Division of the Transaction Services area.

DEGREE OF SATISFACTION IN PERCENTAGE 2022-2024



GLOBAL CUSTODY

2024	96.58%
2023	94.64%
2022	90.63%

PAYMENTS

2024	93.43%
2023	88.62%
2022	95.80%

FUND SERVICES

2024	97.98%
2023	94.63%
2022	92.67%

The Survey establishes whether the company's distinctive traits are visible and if BFF's core values are understood, and it also gives an insight into the level of customer satisfaction of the products and services used. Furthermore, the survey assesses customers' opinions on important changes or new developments such as, for example, the relationship at the personal and operational levels, international development, prospects for the future, and sustainability.
Since BFF offers dedicated services in the various markets in which it operates, the year-on-year comparison in the same market is particularly noteworthy, while the comparison between individual markets is affected by the different types of services offered and the level of maturity and expectations of customers in the individual market.
Compared to 2023, there is a growing involvement in all countries on ESG topics. In particular, in Italy, there is strong increase in sensitivity to and awareness of sustainability issues for the business, due also to increased expectations based on the size and relevance of BFF in the domestic market. In general, there is a greater emphasis on sustainability issues and greater appreciation of BFF's ESG efforts in all countries.
In Italy, 25 F&L customers were interviewed, 17 of whom were also interviewed in 2023, and of whom 16 were National Health Service suppliers and 9 government authority providers.
The Bank's solid reputation and reliability, leadership in the industry, ability to implement and manage complex operations, and quality of relationships established, and value recognized in the services used were identified as distinctive elements of BFF's offering, making the Bank a strategic and reliable partner for the customers interviewed.

For the third time, customers from all 3 Transaction Services departments were also interviewed, but the sample taking part in the survey was increased to a total of 25 customers. The results show how:

- BFF is perceived to be a reliable, stable partner with a good reputation;

- BFF's ability to adapt its management style from large to small enterprises, as well as its strong tailoring expertise and level of specialization, are all recognized;
- BFF Bank's offering is considered by most customers as comprehensive and competitive;
- BFF's staff manage to imprint a direct, trusting and efficient relationship with customers, and in addition are very helpful and attentive towards them;
- the majority of customers positively rate the bank's ability to respond quickly to new regulations.

Most Transaction Services customers surveyed believe that sustainability is relevant to their business, although the approach and maturity level of their initiatives vary. Around 50% of customers demonstrate an active commitment to sustainability policies, with the remainder believing that sustainability is a key element in their business or identifying it as a direction for future development.
Transaction Services' capabilities recognized by customers and previously illustrated are also the basis of the lasting relationship of trust established with so many customers over the years.
In Spain, 11 customers were interviewed for the Customer Satisfaction survey, 3 of whom had already been interviewed in 2023. BFF is recognized by most customers for its unique industry expertise and specialization, agile and valuable services, proactive approach and ability to effectively address customer needs, and quality of relationships established.
In Portugal, the Customer Satisfaction survey involved 10 customers, 5 of whom had already been interviewed in 2023. BFF stands out as a unique partner in the quality and effectiveness of factoring services offered, as well as the professionalism and expertise of its staff.
In Poland, the Customer Satisfaction survey involved 12 customers, with 2 already interviewed in 2022 and 1 in 2021. The main strengths recognized were timely decision making, flexible and customizable service offerings, high specialization and expertise in the field, and dedicated events for companies and hospitals.
Finally, in Greece, 10 customers were interviewed, 7 of whom had already been interviewed in 2023, who identified BFF's uniqueness and the high level of proposed solutions to effectively meet their financial needs, the quality of relationships, flexibility and speed of service delivery as distinctive features of BFF.
For this reporting year, the BFF Group has not planned to involve external stakeholders in the DMA process, considering its new implementation status. The interests of stakeholders were considered starting from the results of the already planned engagement activities described above, in which observations or reports on particular impacts, positive or negative, caused by the Group could be shared. These engagement activities enabled the company to better understand the perspectives of its Customers and develop actions to manage the identified impacts. Nevertheless, we do not rule out the possibility of refining the methodology in future years in order to promote greater stakeholder involvement in this area as well.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group handles all reports received with the utmost care, according to principles of impartiality and fairness and in line with the provisions in the internal whistleblowing procedure. Responsibility for internal reporting systems lies with the Parent Company's Internal Audit Function, which manages the stages of receiving, reviewing reporting and evaluating the process, assisted by its structure. Each report is assessed for relevance and grounds, involving, where necessary and possible, the reporting party, taking due safeguarding measures in accordance with current regulations. If the report turns out to be relevant and well-founded, a preliminary investigation is initiated, the results of which are then shared with the Board of Statutory Auditors and Top Management; the latter will then consider implementing necessary measures. If, instead, the report is considered to be irrelevant and/or unfounded, it will be dismissed. If the evidence gathered during the investigation proves to be insufficient to make an impartial judgment on the subject matter of

the investigation, the head of the internal reporting system notifies this in the report and proceeds to inform the reporting party. All reports, material and non-material, are collected in a special register, and the head of internal reporting systems prepares an annual report on the activities carried out for approval by the Board of Directors, which is subsequently made available to Bank staff.
As already discussed in previous chapters, the Group guarantees the confidentiality and protection of the personal data and the identity of the reporting party and alleged perpetrators of a violation. The protection given under this procedure does not apply to reports made that do not fall within the scope of the procedure.
For further details on the Whistleblowing channel, please refer to the chapter on ESRS S1 'Own Workforce', and the section '*Processes to remediate negative impacts and channels for consumers and end-users to raise concerns*'.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The Group has set up a personal data protection system designed to ensure the protection of personal data from the earliest stages of processing through their entire lifecycle, with the adoption of safeguards in terms of data availability, confidentiality, integrity and resilience.
In particular, the Group aims to observe the principle of privacy by default, by complying with the general principles of data protection, such as data minimization and purpose limitation, thus ensuring that the personal data processed are only those data necessary for the specific purpose of the processing, are made accessible only to specific persons with the exclusion, therefore, of unauthorized third parties, and are not kept for longer than the minimum time required or permitted by the relevant legislation.
The Group has also set up a management system for data subjects to exercise their rights, which allows each entity of the Group - that is the autonomous data controller - to provide feedback in a timely, correct and transparent manner, without undue delay, and has also established - as already explained in the 'Customer-related policies' section of this chapter - an internal policy describing the responsibilities and methods for detecting and handling any personal data breaches.
In this regard, the Data Protection Officer (hereinafter also the 'DPO') conducts periodic audits at the Group's sites in order to i) ascertain that data protection is considered from the earliest stages of the process to develop and design products, services and applications and in any organizational variation and/or change ii) verify the adequacy of the organization in meeting the obligations established by the regulations.

The scheduling of audits and their outcomes are presented to the Parent Company's Board of Directors on an annual basis.
With a view to continuous improvement, customer management and the process to manage reporting take place through a clear definition of:

- the interactions between the function responsible for handling complaints and the other functions involved in the complaint handling process;
- the company's standards for answers to ensure that timely and exhaustive replies are given to customers;
- the frequency, methods and recipients of the relevant reports. In addition, BFF is supervised by the Bank of Italy and must meet the transparency requirements laid down by the regulations in force. In this regard, the Bank has special transparency procedures in place to govern the contents of product disclosures, as well as procedures for making contracts, forms and/or documentation available to the public in accordance with current legislation.

As stated, BFF has a structured process to manage reporting, which provides for a well-organized process of receiving, examining and evaluating reports. However, it is noted that no negative impacts towards customers were identified in product design, marketing or sales. This process enables the Group to remedy any negative impacts judged to be well-founded, through the adoption of appropriate mitigation measures, customized according to the case being reported. The effectiveness of the process is ensured by a person in charge of the internal Whistleblowing system who, as such, is required to accurately evaluate each case received and provide a timely representation to the Corporate Boards. For more details, please refer to the section '*Processes to remediate negative impacts and channels for consumers and end-users to raise concerns*' in this Chapter.
With a view to operating at all times to the benefit of its customers, BFF is committed to providing services in line with their interests. In particular, BFF has a monthly reporting service that can be consulted immediately. It includes personalized details on the ESG metrics of the individual portfolios such as, for example, the production of a summary ESG rating of the individual portfolio and the identification of the best and worst instruments based on their ESG rating with relative weighting with respect to the investment, and also a report on corporate securities exposed to disputes such as: Gambling, GMO, Arms, etc. Through this service, BFF also confirms its intention of carving out a key role for itself in the changing ESG dimension within the Asset Management Sector.
As a leader in Italy in the custody of Pension Funds, beginning May 2021 the BFF Indices were launched with the aim of making available to Pension Fund managers some indicators capable of summarizing the performance of an increasingly important sector in the Italian financial landscape.
Pension Funds managers can compare the performance of their lines with traditional market benchmarks and the BFF Indices relating to the same types of investment to understand how they are positioned with respect to the other Pension Funds.
The sustainable finance disclosure regulation (SFDR) aims to supplement and standardize the reporting requirements of ESG investment processes, while also improving investment transparency requirements for mutual fund and pension fund subscribers.
The objective is to make a correct and appropriate classification of ESG financial instruments by comparing different players market by producing reports that capture the portfolio's aggregate rating and a variety of detailed metrics including the degree of exposure to controversial sectors, the presence of ESG instruments (e.g., Green Bonds and Sustainability Linked Bonds), positioning with respect to specific environmental issues (Coal, fossil fuels, water, and clean technologies), and reworking CO_2 Intensity. The in-depth examination of individual positions is carried out between Corporate and Governmental issuers, for which the top 10 securities by weight and quality (high and low) are highlighted.
The distinguishing characteristics of the service include comparing the ESG positioning of individual portfolios against that of the specific benchmark they pertain to, thus facilitating the identification of the elements that contribute to the deviations (positive and negative), and the integration of the Look-Through data of the UCIs.
The service is modular and thus allows ESG representation to be obtained at the aggregate Fund level, by individual sector and financial manager.

The method is built on real investment decisions as it aggregates data from ESG agencies, investor opinions and choices, and public information.
With this service, BFF has confirmed its ability to carve out a central role for itself in the evolution of ESG in the Asset Management sector.
Among the risks that the Group monitors is cyber security risk, which is therefore related to a poor protection of stakeholders' personal data privacy, with important implications not only in economic terms but also in reputational terms. Therefore, in order to protect the company's information assets from cyber threats, BFF has defined structured internal technological safeguards that prevent and mitigate the risk of a data breach. In particular, as stated, the Group has developed numerous policies to protect data privacy, which each player is required to implement in every business process. For more details, please refer to the *Customer-related policies* section in this Chapter.
Moreover, the Group is aware of the importance of fighting potential money laundering and terrorism financing. The Bank is responsible for governing these risks at a Group level, according to a 'decentralized' approach, where, given the different business models and types of clientele of the various entities, each company has primary responsibility for monitoring internally the risk of money laundering and terrorism financing, in compliance with the standards of the 'Host Member State', as the rules applicable to overseas organizations are those of the country in which the branch/subsidiary is established. In this regard, the Bank has adopted an Anti-Money Laundering - Anti-Terrorism Policy; for details, please refer to the section *Customer-related policies* in this Chapter.
Finally, BFF is exposed to the risk of potential changes in its Customers' choices and preferences, often related to changes in the regulatory environment. Nonetheless, through the action of special initiatives to listen to and involve these stakeholders, the Bank ensures a good understanding of their needs, thus guaranteeing adequate and timely adaptation in the event of more or less sudden changes. For more details on these listening initiatives, see the section *Processes for engaging with consumers and end-users about impacts* in this Chapter.
No serious problems or incidents of human rights related to consumers and/or end-users were reported during 2024.
The Group has adequate organizational safeguards in place aimed at managing relevant impacts identified under the topic of consumers and end-users. In fact, BFF, in its own organizational structure, provides for mitigating the risk of money laundering, identifying local organizational structures (covering the countries in which it operates) as well as specific budgets. With reference instead to data protection, the Group has a Data Protection Officer, with specific safeguards and resources at his or her disposal.

Metrics and targets

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Safety incidents and other KPIs related to Consumers and end-users were established for internal monitoring purposes. They do not represent official targets to be achieved as part of the ESG and digital strategy.

Governance Information

ESRS G1 – Business conduct

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

The IROs related to Business conduct identified as material from the Double Materiality Assessment are listed below.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)	Business Perspective (VC)	Risks (OP)	Opportunities (OP)
Topic: ESRS G1 – BUSINESS CONDUCT			
Positive impact related to the contribution of increased transparency in business practices through the use of policies on good conduct and the promotion of corporate culture Positive impact related to contributing to the creation of healthy work environments through the promotion of initiatives and communication channels that ensure the confidentiality of personal data of individuals reporting possible violations of the organization's regulations and guidelines Negative impact related to the increase in corruption cases due to the absence of policies and activities supervising employees (e.g., ad hoc anti-corruption training)	Negative impacts generated through business activities (factoring service) on the external environment with reference to the topic - Corporate culture	Risk related to the replacement of existing technologies, products, and services due to technological advances and adjustments involving financial outlay Risk of deficiencies related to the implementation of the Organization and Management Model, risk oversight and implementation of internal regulations with reference to business conduct Risk related to non-compliance with applicable regulations and unlawful behaviors in areas such as reusing profits from illegal activities, incidents of extortion, anti-competitive behavior, etc.	/

The Group is committed to fostering a corporate culture that values transparency, integrity and compliance, creating an ethical and responsible work environment. To this end, the Group has adopted specific corporate policies, such as the Code of Ethics, the Code of Conduct, the Law 231 Model (Compliance Program), the Anti-Corruption Policy, and the Human Rights Policy, aimed at identifying and managing risks related to misconduct or illegal behavior, such as corruption, and ensuring compliance with rules of good conduct. BFF's approach, based on the values of ethics and integrity, takes the form of targeted actions to protect its reputation and ensure long-term sustainability, benefiting the Group's competitiveness and market positioning.
In addition, BFF is committed to promoting healthy work environments by ensuring that employees can work in an environment that protects their privacy and safety. In particular, the Group has developed secure and confidential communication channels to ensure the protection of personal data and to incentivize the reporting of possible violations while maintaining anonymity, thereby strengthening the psychological well-being of employees and creating an environment in which everyone can express themselves freely without fear of retaliation.

Despite the progress made, BFF recognizes the need to address impacts, and consequently risks, related to instances of non-compliance with current regulations (i.e., incidents of corruption and extortion, anti-competitive behaviors, etc.). In this regard, the Group has put in place effective prevention policies, such as specific anti-corruption training courses as well as structured awareness programs. These actions are crucial to mitigating the risk of corruption and maintaining high ethical standards within the Organization.

This is also embodied in BFF's business activities: in particular, portfolio exposure to customers operating in industries with risks related to weak governance practices could jeopardize the Group's reputation. BFF therefore favors working relationships with customers who adhere to high standards of ethics and corporate governance in line with the Group's values wherever possible.

In addition, further risk categories that could negatively affect the Group's long-term operations and sustainability are identified, such as the risk associated with rapid technological change, which could lead to the replacement of existing technologies, products, and services, and thus to a significant financial commitment to adopt and adapt to new technologies. With a view to protection, BFF has therefore adopted a strategy of constantly monitoring technological innovations, also allocating funds for research and development activities, ensuring a dynamic, flexible business. In addition, any shortcomings in corporate governance, particularly in relation to the implementation of the Organization, Management and Control Model, risk management, and the proper application of internal regulations, could undermine the effectiveness of internal controls and adherence to compliance and business conduct regulations. Aware of this risk, BFF is committed to the continuous strengthening of its governance processes, investing in internal control measures and training to ensure a proper business conduct.

The above applies across the board to all BFF Group entities. As part of the Double Materiality assessment, the Group considered any distinctive aspects related to specific geographical areas and/or business areas; nevertheless, there were no substantial differences to report in terms of geographical location. On the contrary, specific aspects related to its own portfolio exposures have been appropriately described.

For more details on the role of the highest governing bodies with regard to good conduct practices and responsibilities in this area, please refer to the section '*Role of administrative, management and supervisory bodies'* in the chapter on General Disclosures.

Impact, risk and opportunity management

Policies related to business conduct and corporate culture

As stated above, in order to manage and monitor the impacts, risks and opportunities that are material for the Group, BFF has adopted several Policies on business conduct, including:

- The Code of Ethics;
- The Sustainability Policy;
- Anti-Corruption Policy;
- The Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001.

The Code of Ethics

As discussed in detail in the previous chapters of this Report, the Parent Company's Board of Directors, sensitive to the need to ensure conditions of legality, fairness and transparency in business conduct and corporate activities, to protect its own position and image, the expectations of shareholders and bondholders, and the work of employees, has approved the Group Code of Ethics, last updated in 2023, which sets out the ethical principles that the Group and its counterparties must observe.
The Code governs the conduct of all those who at BFF and any other Group company, in all countries where the Group operates, hold representative, administrative, or managerial positions, or who exercise management and control of the legal entity they belong to, shareholders, all employees without exception, suppliers, consultants, and anyone else who establishes a working relationship with the Group in any capacity.
The Code of Ethics also bans the financing in any form of companies, whether based in Italy or abroad, which, directly or through subsidiaries or affiliates, engage in the construction, production, development, assembly, repair, preservation, use, storage, holding, promotion, sale, distribution, import, export, transfer or transportation of anti-personnel mines, cluster munitions and submunitions, of whatever nature or composition, or their parts.
For more information on the Code of Ethics, please refer to the section 'Policies related to own workforce' regarding ESRS S1.

Sustainability Policy

The Sustainability Policy, as stated in the previous chapters, presents the guidelines related to BFF Group's sustainability. The Group, sensitive to the need to ensure transparency and fairness in the management of its business, promoting a corporate culture based on legality, ethics and integrity, has adopted a system of rules and controls aimed at the prevention of corruption offenses with the objective of prohibiting all forms of corruption and bribery, involving not only public officials but also private counterparties. The Group, committing to comply with the regulations in force in each country where it operates, has zero tolerance of acts of corruption and prohibits them from being committed in any form, whether direct or indirect. The Group does not tolerate its staff or third parties in any way connected to the Group being involved in acts of corruption. Moreover, aware of the negative effects of corrupt practices on economic and social development in the areas in which it operates, the Group is committed to combating corruption proactively and preventing and countering the occurrence of wrongdoing in the performance of its activities in the sector in which it operates.

The Group reserves the right to refrain from doing business with a third party when there is any doubt that acts of bribery may have been committed by said party. The Group is also committed to supporting the target community through the sponsorship of various events, initiatives and organizations in accordance with the principles of transparency, verifiability, traceability, reasonableness and cost-effectiveness. Courtesy and hospitality are part of the normal practice of conducting business and relationships must be consistent with the principles set out in the Anti-Corruption Policy and Code of Ethics. Under no circumstances may donations of gifts be used to conceal acts of corruption. Donations are made to well-known, serious, trustworthy organizations with excellent reputations. The Group undertakes not to make donations to entities/organizations that have ongoing judicial investigations and/or to persons under investigation for personal facts or related to such entities/organizations. The beneficiary entity must demonstrate that it has all certifications and has met all requirements to operate in compliance with applicable laws.

Moreover, the Group is aware of the importance of fighting money laundering and terrorism financing. BFF is responsible for the governance of money laundering and terrorist financing risk at Group level, following a 'decentralized' approach, assigning responsibility for managing the issue internally to each legal entity, based on the regulations in force. As indicated in the chapter on consumers and end-users, the Bank has adopted an Anti-Money Laundering - Anti-Terrorism Policy. It considers the specific aspects of the different components of the Group and the risk inherent in the activities carried out, as well as the risk associated with the products and services offered, the type of customers, the distribution channels used to sell products and services, and foreseeable developments in these areas.
For more information on the Sustainability Policy, please refer to the section '*Policies related to climate change mitigation and adaptation*', regarding ESRS E1 and the section '*Policies related to consumers and end-users*', regarding ESRS S4.

Anti-Corruption Policy

BFF has adopted the 'Group Anti-Corruption Policy', effective as of December 22, 2021, and updated on February 7, 2025, which defines the principles on anti-corruption, roles and responsibilities for managing the risk of corruption within the activities carried out by the Bank and its subsidiaries, and identifies the activities and areas most at risk of corruption. The Policy aims to:

- set out the Group's commitment to both the fight against corruption and compliance with current anti-corruption regulations;
- clearly communicate to all Group staff and to everyone working in Italy and abroad, for or on behalf of the Bank, the principles and rules to be followed to ensure compliance with regulatory requirements;
- define the principles to identify and prevent potential incidents of corruption in order to protect the integrity and reputation of the Group;
- provide the general framework for the Group Anti-Corruption Program.

Through the aforementioned policy and the principles outlined in it, the Board of Directors, the Chief Executive Officer and Corporate Boards of the Subsidiaries specifically require the Group to observe the core values of integrity, transparency and accountability consistently throughout the Group and in all jurisdictions where it operates, and to promote a culture opposed to any act of corruption.

Committing to zero tolerance toward corruption, the Group ensures that any behavior in violation of the principles of the policy and any concerns highlighted as possible acts of corruption are evaluated and, if appropriate, are investigated and disciplinary action taken in addition to the sanctions provided for in applicable regulations. Moreover, aware of the negative effects of corrupt practices on economic and social development in the different areas in which it operates, the Group is committed to combating corruption proactively and preventing and countering the occurrence of wrongdoing in the performance of its activities in the sector in which it operates. To this end, the Group promotes, among all its stakeholders, integrity and ways of doing business that are beyond corruption. In this regard, the Group is committed to investing in the training of its staff. In addition, the Group, consistent with its strategic profile and also taking into account its organizational structure (ownership structure, legal form and operational specialization), adopts a general conflict-of-interest management strategy characterized by a low risk appetite. In this regard, the Group has established organizational processes and a system of controls based on operational procedures for the monitoring, supervision and proper management of conflicts of interest.

The policy has been approved by the Parent Company's Board of Directors on the proposal of the Chief Executive Officer, and is sent to all Subsidiaries for implementation by them. It is periodically updated by the Parent Company Compliance & AML Function and made available on the Bank's website and to all staff on the corporate intranet.

Organization, Management and Control Model

In addition to the Group Code of Ethics mentioned above, the Bank adopted an 'Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001' (hereinafter also referred to as the 'Law 231 Model'), most recently approved by the Bank's Board of Directors on December 19, 2024. The Law 231 Model is applicable to the Bank and all its branches overseas.

Its purpose is to:

- identify the potential risks, i.e., in which sectors or business areas and in what manner events that could prove detrimental to the objectives set out in the aforementioned Decree might occur;
- define a system of rules and procedures aimed at preventing, to the extent as reasonably possible, the perpetration of offenses;
- prohibit conduct that may constitute one or more types of offense;
- make all recipients of the Law 231 Model aware of the consequences that may arise from any conduct that does not comply with certain rules and procedures and, in particular, clarify that any violation of Italian Legislative Decree No. 231/2001, the provisions contained in the Law 231 Model and the principles set out in the Group Code of Ethics may cause sanctions to be inflicted, including against the Bank;
- prevent and/or counter the perpetration of offenses with timeliness, including by relying on a constant monitoring of the appropriate implementation of the internal control system.

The Law 231 Model, therefore, is designed to make all recipients aware of compliance with the rules of law, the regulations defined by the Bank and reflected in the Model itself and in the Group's Code of Ethics, as well as compliance with company rules and procedures, gearing their behavior towards fairness and transparency.
As set out in Article 6, paragraph 1, letter b) of Italian Legislative Decree 231/2001, the Supervisory Body is responsible for supervising the functioning and compliance with the Law 231 Model, as well as updating it, discharging its duties by virtue of its independent powers of action and supervision, consistent with the provisions of the aforementioned Decree.
With regard to the Bank's Italian subsidiaries, in accordance with the Group's policies, BFF Immobiliare and BFF Techlab have adopted an Organization, Management, and Control Model and at the same time appointed a one-person Supervisory Body. With regard to the Bank's overseas subsidiaries, BFF Finance Iberia adopted a compliance program pursuant to Article 31-bis of the Spanish Criminal Code, while BFF Polska S.A. approved a document containing guidelines on corporate criminal liability, which is also applicable to its subsidiaries.
As already discussed in the section 'Whistleblowing Procedure', BFF adopted this organizational procedure which, in compliance with the applicable legislation and with a view to strengthening the process for identifying events of various kinds related to non-compliance with Group regulations, defines the principles for reporting irregularities and violations that occur in the Group.

For more details on this procedure and reporting channels, please refer to the paragraph above.

The Group provides, at least annually, specific mandatory training courses for the entire corporate population and relating to different issues on business conduct.
Specifically, during 2024, courses were provided in relation to: i) privacy, ii) conflict-of-interest management, iii) transparency, complaints and usury, iv) market abuse, v) internal dealing, vi) administrative liability of entities, vii) Code of Ethics, Anti-Corruption and whistleblowing, viii) anti-money laundering and anti-terrorism and ix) data protection, x) security information and the Business Continuity Plan.

In addition, also in view of the appointment of the new Board of Directors as mentioned in the special section 'Role of the administrative, management and control bodies', specific induction sessions on anti-corruption and anti-money laundering were provided in 2024 to members of the corporate boards (Board of Directors and Board of Statutory Auditors).
Following a specific risk assessment in the area of Anti-corruption, BFF identified the perimeter of processes to be considered at potential risk taking into account the Group's operations.

The owner functions of the processes identified as most at risk are reported below:

- Legal Collection Organizational Unit;
- Corporate Affairs Secretary Organizational Unit;
- Compliance & AML Function;
- Procurement & Accounts Payable Area;
- Investor Relations, Strategy, M&A Function;
- Human Resources & Organizational Development Function;
- Consolidated Financial Statement & Taxes Area;
- Communications & Institutional Relations Function;
- Factoring & Lending Department;
- Transaction Services department.

Management of relationships with suppliers

According to the Group's Code of Ethics, relations with suppliers - managed by each Organizational Unit to the extent as lying within their competence, within the limits of the expenses allocated when defining the annual budget - occur in compliance with the principles of lawfulness, fairness and impartiality, and in compliance with internal procedures and delegated powers. The risks associated with the management of a responsible supply chain are mitigated by the Group by ensuring that the Code of Ethics and the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001 is signed by suppliers, as well as by defining specific clauses within the contract[36]. With specific reference to contracts entered into with suppliers that are not related to the Group's core business, a process is in place for the selection of suppliers enjoying a stable market position. The signing of contracts is governed by specific delegations of powers.
In managing relations with suppliers, in order to minimize any negative impact on health and safety deriving from the interaction of its own activities with those of external suppliers, the Parent Company implements various measures according to the work and/or services agreed upon. More specifically, the Bank makes available to the supplier adequate information on the risks present in the workplace where it will be operating and cooperates in the implementation of measures for the prevention of and protection against occupational risks that impact the activity performed under the contract. Furthermore, with the exception of the simple supply of materials, activities of an intellectual nature and activities with a duration of less than 5 man-days, the Bank must draw up a specific Single Document on the Assessment of Risk from Interferences, to be attached to the contract and/or works contract. The Single Document on the Assessment of Risk from Interferences is valid for the length of the contract, and of administration pursuant to Article 26, and is automatically renewed in the event of extension and/or new works pertaining to the supplier's activity and/or in any case updated in the event of changes that may have an impact on current and/or new interferences.

36) The management of payment practices with its suppliers takes place through the signing of special contractual clauses, which the Group undertakes to comply with. At the date of this report, BFF did not have an ad hoc policy related to the prevention of late payments.

Suppliers are selected exclusively on the basis of the assessment of professional skills, financial and market aspects, giving priority to counterparts that can guarantee the best value for money. In particular, situations of conflict of interest must be carefully assessed and selection based on criteria of transparency and objectivity must be guaranteed. Beginning in 2025, as explained above, the Group will supplement supplier evaluation with specific sustainability criteria.

Prevention and detection of corruption and bribery

The Parent Company adopts a program aimed at managing the risk of Corruption that also involves the companies that are part of the Group.
The program includes the following essential aspects, which collectively set the minimum standard for the program of individual Group Companies:

- Staff training for the reporting year;
- Internal regulations;
- Controls and the organizational framework;
- Information flows;
- Registration and filing.

The Group Companies, through the Local Anti-Corruption Officers, periodically inform the Group Anti-Corruption Officer about the implementation status of the Program at local level and about all events related to the activity put in place to prevent the risk of corruption. Reporting is on an annual basis.
At Group level, the report on the implementation status and effectiveness of the Anti-Bribery Program is presented by the Group Anti-Bribery Officer to the Parent Company's Board of Directors as part of the Compliance Function's annual report.
Each year, the Bank provides a specific course on the topic of Anti-Corruption, that outlines the main regulatory obligations with a particular focus on the internal regulations adopted to ensure transparency and fairness in the management of the Group's business and to promote a corporate culture based on legality, ethics and integrity.
The Anti-Corruption Course is provided to all Group Staff.

Metrics and targets

G1-4 – Incidents of corruption or bribery

Action plans and resources to manage the material impacts, risks, and opportunities related to corruption and bribery

The main actions and resources related to the material impacts, risks and opportunities connected with corruption, defined by the Group, are listed below:

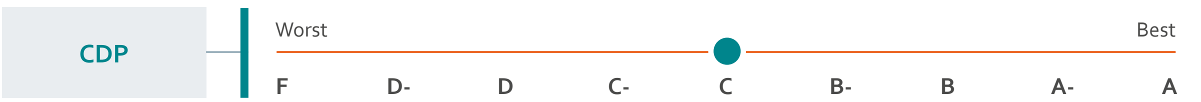
Area	Target	Action	Target year (per action)
ESRS Sustainability Matters: BUSINESS CONDUCT (G1) - WORKERS IN THE VALUE CHAIN (S2)			
BUSINESS ETHICS	Monitor, measure and mitigate negative impacts related to the Group's operations, in accordance with regulatory developments	Review of the procurement process in order to include ESG metrics in supplier evaluations	2025
ESRS Sustainability Matters: BUSINESS CONDUCT (G1)			
ACCOUNTABILITY	Maintain a low-risk ESG profile	Expansion of the rating coverage and improvement of current scores	2025
PRINCIPLES FOR RESPONSIBLE BANKING	Join international initiatives and/or alliances with the aim of improving sustainability performance and ensuring transparent reporting	Endorsement of PRBs	2026
POLICY	Formalize the good sustainable practices adopted by the Group in order to maintain high levels of transparency	Drafting of a Sustainability Policy for the entire BFF Group	2024
		Adoption of an Environmental Policy by the first quarter of 2024	2024
		Drafting of an ESG Procurement Policy	2024

As regards the sustainability topic 'Business conduct', and as already highlighted in the section '*ESRS2 SBM 1 Sustainability Strategy*', the Group has identified a number of targets with different time horizons for achieving them, to which individual actions have been associated, along with their respective target time horizons.
More specifically, with reference to the Business Ethics area, the Group has planned to revise the procurement process in order to include ESG metrics in the supplier selection and evaluation process. In this context, in fact, during 2024, the Group identified a specific infoprovider that will enable the evaluation for new suppliers to start during 2025 according to specific sustainability criteria.
This action also appears to have an impact on the sustainability matter S2 '*Workers in the Value Chain*'.
With reference to the area 'Accountability', the Group is committed to expanding the coverage of ESG ratings and improving and/or maintaining the current evaluations obtained from the various ESG ratings that BFF undergoes. In fact, BFF has continued to build a dialog with the leading ESG rating agencies, with the goal of pursuing the continuous improvement of its performance in the most accredited ESG ratings and an increase in coverage. In this context, the Group envisages constant engagement, also direct, with the Ratings Companies, by defining specific action plans, assessed on the basis of a feasibility analysis related to the significance of the individual topics analyzed, with respect to BFF and its business.

This approach led to an upgrade in the following ESG risk ratings, for BFF representing further encouragement to continue on its path of sustainable growth. The BFF Group currently has the following sustainability ratings.

CDP

On February 7, 2025, the Carbon Disclosure Project (CDP) rating agency awarded the BFF Group a rating of C (on a scale of A to F). The Group's assessment testifies to the path taken in terms of integrating climate factors into the Group's business, operations, and risk framework and lays the foundation for the continued strengthening of the commitments and safeguards adopted.



Sustainalytics

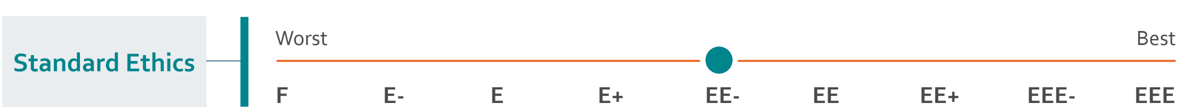
During 2024, as part of an independent assessment related to the whole Group, the Sustainalytics rating agency upgraded BFF's ESG risk rating from 17 to 15, thus confirming the Group's placement in the 'Low Risk' category.[37]

MSCI

On January 24, 2025 **MSCI** – a leading international ESG rating company that analyzes about three thousand companies globally – confirmed BFF's ESG rating of AA.

Ethics Standards

On December 17, 2024, **Standard Ethics Ltd.**, ('Standard Ethics') an independent sustainability rating agency, revised the Bank's Corporate Standard Ethics Rating (SER) upwards to 'EE' from the previous 'E+', assigning an outlook of 'Stable'.



S&P global corporate sustainability assessment (CSA)

On December 18, 2024, S&P Global, which provides an ESG rating based on an annual questionnaire called the Corporate Sustainability Assessment (CSA), gave BFF Bank a score of 35/100.

37) For more details, please refer to the press release available at the following link: Press-Releases - Investors - BFF Banking Group

Acknowledgements

The 2024 edition of the final report published by The European House Ambrosetti (the "Ambrosetti Report"), has been published, as part of the Corporate Governance observatory, now in its 20th edition, whose objective is to promote the achievement of excellence in the governance systems of Italian companies, in which BFF ranked among the top 3 leading companies in the 2024 GE Index (Governance Excellence Index), in the MidCap segment. Specifically, BFF Bank ranked in the top 3 for i) Shareholder structure and representation (first), ii) Board composition and operation (third), iii) Sustainability governance (first).

Regarding the area 'Principles for Responsible Banking', the Group plans to join the PRBs by 2026, with the aim of strengthening its positioning in the banking sector, as well as consolidating its commitment to sustainability and transparency.
Finally, in the area 'Policy', the Group has already drafted the two Policies in the sectors of sustainability and environment, and is set to draft an additional ESG policy on responsible procurement by 2025.

Number of incidents of corruption or bribery

During 2024, there were no cases of corruption, nor incidents of bribery that resulted in dismissals or sanctions of its employees.
Finally, it should be noted that no incidents were reported in 2024 relating to violations concerning corruption or extortion in contracts with business partners.

NUMBER OF CONVICTIONS AND THE AMOUNT OF FINES FOR VIOLATION OF ANTI-CORRUPTION AND ANTI-BRIBERY LAWS

Violation of laws against corruption and bribery	UoM	2023	2024
Convictions for violation of laws against corruption and extortion	no.	-	-
of which: corruption			
of which: extortion			
Fines imposed for violation of laws against corruption and extortion	€	-	-
of which: corruption			
of which: extortion			

TOTAL NUMBER OF CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

Confirmed incidents of corruption	UoM	2023	2024
The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery, or extortion-related incidents	no.	-	-
of which: corruption			
of which: extortion			
Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption, bribery or extortion	€	-	
of which: corruption			
of which: extortion			

Tax Responsibility Information

Entity Specific – Tax responsibility

Strategy

Tax management is instrumental to the Group's business and its sustainable development through a high level of commitment to tax compliance which, consequently, mitigates the risk of unethical or illegal behavior.

Regarding the monitoring of the risk of non-compliance arising from the application of tax rules, including risks arising from involvement in irregular tax transactions carried out by customers, BFF has:

- defined specific procedures aimed at preventing violations or circumvention of these regulations and, mitigating the risks associated with situations that could constitute an abuse of the law, so as to minimize both the sanctions and the reputational consequences of the incorrect application of tax regulations;
- verified the adequacy of these procedures and their suitability to effectively achieve the objective of preventing the risk of non-compliance.

BFF complies formally and substantially with all applicable national, international and multinational tax laws, regulations and procedures in the performance of its business activities and operations on behalf of its customers. It does not engage in lobbying activities and maintains a transparent and ongoing relationship with the tax authorities.

Specifically, in this regard, the Group cooperates with the competent authorities in providing the necessary information to verify the correct fulfillment of tax obligations and complies with the provisions aimed at guaranteeing a proper approach to transfer pricing for intra-group transactions, with the objective of allocating the income generated in the countries in which the Group operates, while always complying with the law and in accordance with OECD guidelines.

We wish to highlight that the regulatory and procedural system put in place complies with the tax requirements set by the Bank of Italy and follows the principles of conduct reflecting the highest standards of vigilance in this field as recommended by the OECD.
The Group therefore acts in a proper, transparent and responsible manner and carries out its activities in compliance with all applicable regulations, following the highest ethical standards, in order to prevent acts of active and passive corruption.

Governance

The Group's approach to taxation is set out in the "Tax Regulatory Model." This was adopted by the Board of Directors of BFF Bank S.p.A. with the aim of ensuring that the risk of non-compliance is constantly monitored and managed. Particular reference is made to the risk of incurring administrative or criminal penalties, significant financial losses and reputational damage as a result of violating mandatory or self-regulatory rules relating to tax regulations.

The responsibility for applying the principles defined above to tax decisions and related administrative activities lies with the Chief Executive Officer and the Group Chief Financial Officer.
At an operational level, the combination of organizational controls and procedures, with the allocation of roles and responsibilities, ensures that the information provided in tax returns, tax payments and communications to financial administrations is correct.

First-level controls are implemented by all the units involved in the process and are governed by specific internal operating rules approved by the Chief Executive Officer based on proposals from the organizational units and verified by the Risk Management Function, and the Compliance and AML Function. Second and third-level controls are implemented by the corporate control functions, i.e. the Compliance and AML Function, the Risk Management Function and the Internal Audit Function.

Quarterly meetings are held between the tax specialist presidium and the Compliance and AML Function during which the activities carried out in tax matters during the year are explained and updates on those in progress are provided.

Any tax irregularities resulting from errors or negligence are included in the annual assessment of the persons responsible. The Board of Directors is promptly informed about the most important and complex tax issues and if any disputes arise.

This is without prejudice to management's decision-making, at all times after adequate assessment of potential tax impacts, including through discussion with the relevant internal functions, in order to ensure complete and proper management of any tax issues at the Group level.
Finally, the Group makes use of external tax experts in order to have a continuous update aimed at an ever more precise monitoring of what is defined and carried out in tax matters.
Tax returns are also reviewed, audited and signed off by the independent auditors.

Impacts, risks and opportunities management

For more details about the process of identifying and assessing IROs, please refer to the section 'Managing Impacts, Risks and Opportunities (IRO-1)' in this document.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP)	**Business Perspective (VC)**	**Risks (OP)**	**Opportunities (OP)**
Topic: TAX RESPONSIBILITY			
Sustainable development of the Bank through tax compliance	/	/	/

The Group's regulatory compliance is also ensured in the area of tax responsibility, which is functional not only to its sustainable development, but also to the welfare and quality of life of all stakeholders, who can also enjoy services provided through BFF's contribution to tax revenue.

BFF's approach is based on the correct application of Italian and foreign tax laws, thus paying attention to the specific aspects of jurisdictions in which the Group operates. In fact, BFF ensures alignment with all tax laws, regulations and procedures, by not lobbying and by maintaining a transparent and ongoing relationship with the tax authorities.

BFF's approach to taxation is also based on the principles set out in the Code of Ethics and Code of Conduct, in full compliance with the principles of behavior set by the Bank of Italy and recommended by the OECD. These take the form of constantly raising awareness of proper tax compliance practices among the workforce through the provision of ad hoc training courses. In addition, the structuring of a system of organizational safeguards, controls and procedures, within which roles and responsibilities are defined, ensures the Group's compliance with regulations and the correctness and quality of data provided.

Thus, the Group can confirm its commitment to the adoption at all times of responsible and transparent behaviors in compliance with current regulations and the highest ethical standards, in line with the Bank's strategy.

Policy, Action Plans and Targets

With reference to the Policies in this area, please refer to ESRS G1 section 'Policies related to business culture and corporate conduct'

With specific reference to action plans for Tax Responsibility, the Group has no specific plans in this area, in addition to the practices and principles already described in previous paragraphs. Similarly, the Group is committed to ensuring full tax compliance, but without setting precise quantitative targets.

Metrics

During 2024, the Group paid 31.5 million euros in taxes and set aside 86.2 million euros for the year. Note that in Italy, against 24.1 million euros to be paid as tax, 22.9 million euros were offset against other tax credits the Bank had available, and 1.2 million euros were paid in cash.

YEAR 2024 *(In € millions)*

Country[38]	Name	Activity[39]	No. of Employees	Revenue from Third Parties	Revenue from the Group[40]	Profit (Loss) Before Tax	Property, equipment and investment property	Tax Paid	Tax Accrued
Italy	1. BFF Bank S.p.A.[41] 2. BFF Techlab S.p.A. 3. BFF Immobiliare S.r.l.	A-B-E	581	333.0	-32.1	156.5	100.5	-1.2	-48.5
Spain	1. BFF Bank S.p.A. - Branch spagna 2. BFF Finance Iberia S.A.U.	A-B	61	-22.7	91.2	62.1	0.7	-21.1	-16.8
Portugal	BFF Bank S.p.A. - Branch Portogallo	A-B	15	31.8	-8.0	26.1	1.1	-2.0	-8.0
Greece	BFF Bank S.p.A. Branch Grecia	A	12	24.6	-8.0	19.6	0.2	-1.2	-6.1
Poland	1. BFF Bank S.p.A. Branch Polonia 2. BFF Polska S.A.. 3. BFF Medfinance S.A.. 4. Debt-Rnt sp. Z O.O.. 5. Komunalny FunduszInwestycyjngZamknięty. 6. MEDICO Niestandaryzowany Sekurytyzacyjny FunduszInwestycyjnyZamknięty	A-B-C-D	189	79.4	-32.07	32.3	2.1	-4.8	-4.3
Czech Republic	BFF Ceska Republika s.r.o.	A-C	2	0.3	-0.17	-0.1	0.0	-	-
Slovakia	BFF Central Europe s.r.o.	A-C	13	17.7	-10.85	5.4	0.1	-1.2	-2.4

38) Consolidated values by tax jurisdiction have been provided in the table.

39) Type of activity:
A: performance of factoring activities by purchasing receivables on a non-recourse basis, as well as a credit management service. The Group is specialized in the sale of receivables due from the National Healthcare System and the Public Administrations in the countries in which it operates. **B:** performance of funding activities for the public through online deposit accounts for retail customers and businesses. In Spain, this activity is carried out through the Bank's Spanish branch which also operates in Germany, the Netherlands and Ireland, under the freedom to provide services, a product dedicated only to retail investors is provided. In Poland, this activity is carried out through the Bank's Polish branch. **C:** financing the working capital of suppliers to the government authorities of existing and future receivables, of public sector and healthcare investments. **D:** performance of leasing activity. **E:** providing securities services and payment services.

40) It should be noted that "Turnover" is the Total income stated in item 120 of the Income Statement and Consolidated Income Statement. It should also be noted that this column does not include intra-group transactions within the same jurisdiction.

41) Please note that BFF Bank S.p.A. performs factoring activities in Italy as well as under the freedom to provide services in Croatia and France, while its branch in Spain carries out funding activities with the public through the online deposit account, also in Germany, the Netherlands and Ireland.

YEAR 2023

(In € millions)

Country[42]	Name	Activity[43]	No. of Employees	Revenue from Third Parties	Revenue from the Group[44]	Profit (Loss) Before Tax	Property, equipment and investment property	Tax Paid	Tax Accrued
Italy	BFF Bank S.p.A.[45]	A-B-E	543	279.7	3.8	156.9	55.8	-28.0	-44
Spain	1. BFF Bank S.p.A. - Branch Spagna 2. BFF Finance Iberia S.A.U.	A-B	64	-8.1	52.1	33.4	1.1	-9.9	-8.7
Portugal	BFF Bank S.p.A. - Branch Portogallo	A-B	13	19.6	-8.4	8.1	1.1	-5.9	-2.2
Greece	BFF Bank S.p.A. Branch Grecia	A	10	14.3	-6.1	6.8	0.3	-1.5	-1.9
Poland	1. BFF Bank S.p.A. Branch Polonia 2. BFF Polska S.A.. 3. BFF Medfinance S.A.. 4. Debt-Rnt sp. Z O.O.. 5. Komunalny FunduszInwestycyjngZamknięty. 6. MEDICO Niestandaryzowany Sekurytyzacyjn FunduszInwestycyjnyZamknięty	A-B-C-D	185	70.7	-31.86	26.2	2.4	-3.3	-4.3
Czech republic	BFF Ceska Republika s.r.o.	A-C	2	0.2	-0.16	-0.2	0.0	-	-
Slovakia	BFF Central Europe s.r.o.	A-C	13	15.9	-9.41	3.8	0.2	-3.3	-2.1

42) Consolidated values by tax jurisdiction have been provided in the table.

43) Type of activity:
A: performance of factoring activities by purchasing receivables on a non-recourse basis, as well as a credit management service. The Group is specialized in the sale of receivables due from the National Healthcare System and the Public Administrations in the countries in which it operates. **B:** performance of funding activities for the public through online deposit accounts for retail customers and businesses. In Spain, this activity is carried out through the Bank's Spanish branch which also operates in Germany, the Netherlands and Ireland, under the freedom to provide services, a product dedicated only to retail investors is provided. In Poland, this activity is carried out through the Bank's Polish branch. **C:** financing the working capital of suppliers to the government authorities of existing and future receivables, of public sector and healthcare investments. **D:** performance of leasing activity. **E:** providing securities services and payment services.

44) It should be noted that "Turnover" is the Total income stated in item 120 of the Income Statement and Consolidated Income Statement. It should also be noted that this column does not include intra-group transactions within the same jurisdiction.

45) Please note that BFF Bank S.p.A. performed factoring activities in Italy as well as under the freedom to provide services in Croatia and France, while its branch in Spain carried out funding activities with the public through the online deposit account, also in Germany, the Netherlands and Ireland.

Annex I

Templates required by the EU Taxonomy

The structures of the templates REQUIRED by Annex VI of Delegated Regulation 2021/2178 are presented below.
Data are presented in millions of euros.
Cells with the following symbol "-" correspond to 0.
Cells showing a value of "0.00" correspond to positive values of less than 0.005 million euros.

Template 0: Summary of T KPIs

	12/31/2024		
MAIN KPI	Total eco-sustainable assets	Turnover-based KPIs	
GAR (green asset ratio) for the stock	Turnover-based: 8,766,953.14 Capex-based: 12,819,820.83	0.33%	

ADDITIONAL KPIs	Total eco-sustainable assets	Turnover-based KPIs	
GAR (flow)	Turnover-based: 8,524,814.38 Capex-based: 12,317,581.38	1.10%	
Trading portfolio			
Financial guarantees	-	-%	
Assets under Management	-	-%	
Fees and commissions income			

Template 0: Summary of T-1 KPIs

	12/31/2023		
MAIN KPI	Total eco-sustainable assets	Turnover-based KPIs	
GAR (green asset ratio) for the stock	Turnover-based: 535,036.66 Capex-based: 1,755,929.08	0.02%	

ADDITIONAL KPIs	Total eco-sustainable assets	Turnover-based KPIs	
GAR (flow)	Turnover-based: 404,395.95 Capex-based: 1,540,870.69	0.05%	
Trading portfolio			
Financial guarantees	-	-%	
Assets under Management	-	-%	
Fees and commissions income			

12/31/2024			
Capex-based KPIs	Coverage % (of total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3), and point 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1), and point 1.2.4 of Annex V)
0.48%	21.80%	17.46%	77.70%

Capex-based KPIs	Coverage % (of total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3), and point 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1), and point 1.2.4 of Annex V)
1.59%	26.42%	15.32%	73.58%
-%	-%		
-%	-%		

12/31/2023			
Capex-based KPIs	Coverage % (of total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3), and point 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1), and point 1.2.4 of Annex V)
0.08%	18.83%	16.13%	81.17%

Capex-based KPIs	Coverage % (of total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3), and point 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1), and point 1.2.4 of Annex V)
0.19%	25.18%	19.91%	74.82%
-%	-%		
-%	-%		

Template 1: Covered Assets - Turnover-based T

		a	b	c	d	e	f	g	h	i	k	l	m	n	o
		12/31/2024													
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	530.49	72.17	7.73	-	0.56	4.08	1.22	0.91	-	0.00	0.11	0.10	-	0.00
2	**Financial undertaking**	**481.12**	**64.44**	**2.81**	**-**	**0.14**	**0.30**	**1.21**	**0.90**	**-**	**0.00**	**0.00**	**-**	**-**	**-**
3	Credit institutions	280.66	64.34	2.81	-	0.14	0.30	1.18	0.90	-	-	-	-	-	-
4	Loans and advances	280.66	64.34	2.81	-	0.14	0.30	1.18	0.90	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
7	**Other Financial corporation**	**200.46**	**0.11**	**0.00**	**-**	**0.00**	**0.00**	**0.02**	**0.00**	**-**	**0.00**	**0.00**	**-**	**-**	**-**
8	**Of which investment firms**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
12	**Of which management companies**	**0.33**	**0.05**	**0.00**	**-**	**-**	**0.00**	**0.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
13	Loans and advances	0.33	0.05	0.00	-	-	0.00	0.00	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
16	**Of which insurance undertakings**	**0.00**	**0.00**	**0.00**	**-**	**-**	**0.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
17	Loans and advances	0.00	0.00	0.00	-	-	0.00	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
20	**Non-Financial undertakings**	**49.36**	**7.73**	**4.92**	**-**	**0.42**	**3.78**	**0.02**	**0.01**	**-**	**0.00**	**0.11**	**0.10**	**-**	**0.00**
21	Loans and advances	49.36	7.73	4.92	-	0.42	3.78	0.02	0.01	-	0.00	0.11	0.10	-	0.00
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**				
25	Of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-				
26	Of which building renovation loans	-	-	-	-	-	-	-	-	-	-				
27	Of which motor vehicle loans	-	-	-	-	-	-								
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**2,124.98**													
33	**Financial and Non-Financial undertaking**	**183.90**													
34	**SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations**	**183.90**													
35	**Loans and advances**	**183.80**													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	0.10													
40	**Non-EU country counterparties not subject to NFRD disclosure obligations**	**0.00**													
41	Loans and advances	0.00													
42	Debt securities	-													
43	Equity instruments	0.00													
44	**Derivatives**	**0.30**													
45	**On demand interbank loans**	**142.87**													
46	**Cash and cash-related assets**	**0.18**													
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**1,797.72**													
48	**Total GAR assets**	**2,655.46**	**72.17**	**7.73**	**-**	**0.56**	**4.08**	**1.22**	**0.91**	**-**	**0.00**	**0.11**	**0.10**	**-**	**0.00**
49	**Assets not covered for GAR calculation**	**9,464.26**													
50	**Central governments and supranational issuers**	**9,420.22**													
51	**Central banks exposure**	**42.54**													
52	**Trading book**	**1.50**													
53	**Total assets**	**12,181.18**	**72.17**	**7.73**	**-**	**0.56**	**4.08**	**1.22**	**0.91**	**-**	**0.00**	**0.11**	**0.10**	**-**	**0.00**
	Total assets (Editable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	Financial guarantees	6.48	-	-	-	-	-	-	-	-	-	-	-	-	-
55	**Assets under management**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2024																
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
0.04	0.03	-	-	0.01	0.00	-	-	0.00	-	-	-	73.56	8.77	-	0.56	4.08
0.00	0.00	-	-	0.00	-	-	-	0.00	-	-	-	65.65	3.71	-	0.14	0.30
-	-	-	-	-	-	-	-	-	-	-	-	65.52	3.71	-	0.14	0.30
-	-	-	-	-	-	-	-	-	-	-	-	65.52	3.71	-	0.14	0.30
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	0.00	-		-	-
0.00	0.00	-	-	0.00	-	-	-	0.00	-	-	-	0.13	0.00	-	0.00	0.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.06	0.00	-	-	0.00
-	-	-	-	-	-	-	-	-	-	-	-	0.06	0.00	-	-	0.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-
0.04	0.03	-	-	0.01	0.00	-	-	-	-	-	-	7.91	5.06	-	0.42	3.78
0.04	0.03	-	-	0.01	0.00	-	-	-	-	-	-	7.91	5.06	-	0.42	3.78
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.04	0.03	-	-	0.01	0.00	-	-	0.00	-	-	-	73.56	8.77	-	0.56	4.08
0.04	0.03	-	-	0.01	0.00	-	-	0.00	-	-	-	73.56	8.77	-	0.56	4.08
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1: Covered Assets - Turnover-based T-1

		a	b	c	d	e	f	g	h	i	k	l	m	n	o
		12/31/2023													
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	333.00	18.00	1.00	-	-	-	0.00	-	-	-	-	-	-	-
2	**Financial undertaking**	**266.00**	**17.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	Credit institutions	82.00	17.00	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	82.00	17.00	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
7	**Other Financial corporation**	**184.00**	**0.00**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	-	**-**
8	**Of which investment firms**	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
12	**Of which management companies**	**0.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	-	**-**
13	Loans and advances	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
16	**Of which insurance undertakings**	**0.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	-	**-**
17	Loans and advances	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
20	**Non-Financial undertakings**	**67.00**	**1.00**	**1.00**	**-**	**0.00**	**0.00**	**0.00**	**-**	-	**-**	**-**	**-**	-	**-**
21	Loans and advances	67.00	1.00	1.00	-	0.00	0.00	0.00	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**				
25	Of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-				
26	Of which building renovation loans	-	-	-	-	-	-	-	-	-	-				
27	Of which motor vehicle loans	-	-	-	-	-	-								
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**1,988.00**													
33	**Financial and Non-Financial undertaking**	**238.00**													
34	**SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations**	**238.00**													
35	**Loans and advances**	**237.00**													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	1.00													
40	**Non-EU country counterparties not subject to NFRD disclosure obligations**	**0.00**													
41	Loans and advances	-													
42	Debt securities	-													
43	Equity instruments	0.00													
44	**Derivatives**	**-**													
45	**On demand interbank loans**	**99.00**													
46	**Cash and cash-related assets**	**-**													
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**1,651.00**													
48	**Total GAR assets**	**2,321.00**	**18.00**	**1.00**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	**10,003.00**													
50	**Central governments and supranational issuers**	**9,641.00**													
51	**Central banks exposure**	**362.00**													
52	**Trading book**	**-**													
53	**Total assets**	**12,324.00**	**18.00**	**1.00**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
	Total assets (Editable)							-	-	-	-	-	-	-	-
54	Financial guarantees	15.00	-	-	-	-	-	-	-	-	-	-	-	-	-
55	**Assets under management**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	12/31/2023																
	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
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Template 1: Covered Assets - Capex-based T

		a	b	c	d	e	f	g	h	i	k	l	m	n	o
		12/31/2024													
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	530.49	54.86	12.42	-	0.67	7.03	0.44	0.06	-	0.00	0.34	0.31	-	0.00
2	**Financial undertaking**	**481.12**	**43.81**	**3.45**	**-**	**0.21**	**0.73**	**0.39**	**0.02**	**-**	**0.00**	**0.00**	**-**	**-**	**-**
3	Credit institutions	280.66	43.70	3.44	-	0.21	0.73	0.39	0.02	-	0.00	-	-	-	-
4	Loans and advances	280.66	43.70	3.44	-	0.21	0.73	0.39	0.02	-	0.00	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
7	**Other Financial corporation**	**200.46**	**0.11**	**0.01**	**-**	**0.00**	**0.00**	**0.00**	**0.00**	**-**	**0.00**	**0.00**	**-**	**-**	**-**
8	**Of which investment firms**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
12	**Of which management companies**	**0.33**	**0.05**	**0.00**	**-**	**-**	**0.00**	**0.00**	**0.00**	**-**	**0.00**	**-**	**-**	**-**	**-**
13	Loans and advances	0.33	0.05	0.00	-	-	0.00	0.00	0.00	-	0.00	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
16	**Of which insurance undertakings**	**0.00**	**0.00**	**0.00**	**-**	**0.00**	**0.00**	**0.00**	**0.00**	**-**	**-**	**-**	**-**	**-**	**-**
17	Loans and advances	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
20	**Non-Financial undertakings**	**49.36**	**11.05**	**8.97**	**-**	**0.47**	**6.30**	**0.04**	**0.03**	**-**	**0.00**	**0.34**	**0.31**	**-**	**0.00**
21	Loans and advances	49.36	11.05	8.97	-	0.47	6.30	0.04	0.03	-	0.00	0.34	0.31	-	0.00
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
24	**Households**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**				
25	Of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-				
26	Of which building renovation loans	-	-	-	-	-	-	-	-	-	-				
27	Of which motor vehicle loans	-	-	-	-	-	-								
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**2,124.98**													
33	**Financial and Non-Financial undertaking**	**183.90**													
34	**SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations**	**183.90**													
35	**Loans and advances**	**183.80**													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	0.10													
40	**Non-EU country counterparties not subject to NFRD disclosure obligations**	**0.00**													
41	Loans and advances	0.00													
42	Debt securities	-													
43	Equity instruments	0.00													
44	**Derivatives**	**0.30**													
45	**On demand interbank loans**	**142.87**													
46	**Cash and cash-related assets**	**0.18**													
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**1,797.72**													
48	**Total GAR assets**	**2,655.46**	**54.86**	**12.42**	**-**	**0.67**	**7.03**	**0.44**	**0.06**	**-**	**0.00**	**0.34**	**0.31**	**-**	**0.00**
49	**Assets not covered for GAR calculation**	**9,464.26**													
50	**Central governments and supranational issuers**	**9,420.22**													
51	**Central banks exposure**	**42.54**													
52	**Trading book**	**1.50**													
53	**Total assets**	**12,181.18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total assets (Editable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	Financial guarantees	6.48	-	-	-	-	-	-	-	-	-	-	-	-	-
55	**Assets under management**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2024																
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
0.06	0.01	-	-	0.03	0.02	-	-	0.00	-	-	-	55.73	12.82	-	0.67	7.04
0.00	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**44.20**	**3.47**	**-**	**0.21**	**0.74**
-	-	-	-	-	-	-	-	-	-	-	-	44.09	3.46	-	0.21	0.73
-	-	-	-	-	-	-	-	-	-	-	-	44.09	3.46	-	0.21	0.73
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0.00	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.11**	**0.01**	**-**	**0.00**	**0.00**
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0.06	**0.01**	**-**	**-**	**0.03**	**0.02**	**-**	**-**	**-**	**-**	**-**	**-**	**11.52**	**9.35**	**-**	**0.47**	**6.30**
0.06	0.01	-	-	0.03	0.02	-	-	-	-	-	-	11.52	9.35	-	0.47	6.30
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0.06	**0.01**	**-**	**-**	**0.03**	**0.02**	**-**	**-**	**0.00**	**-**	**-**	**-**	**55.73**	**12.82**	**-**	**0.67**	**7.04**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**55.73**	**12.82**	**-**	**0.67**	**7.04**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1: Covered Assets - Capex-based T-1

		a	b	c	d	e	f	g	h	i	k	l	m	n	o
		12/31/2023													
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	333.00	19.00	2.00	-	-	1.00	0.00	-	-	-	-	-	-	-
2	**Financial undertaking**	**266.00**	**16.00**	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	82.00	16.00	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	82.00	16.00	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
7	**Other Financial corporation**	**184.00**	**0.00**	-	-	-	-	-	-	-	-	-	-	-	-
8	**Of which investment firms**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
12	**Of which management companies**	**0.00**	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
16	**Of which insurance undertakings**	**0.00**	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
20	**Non-Financial undertakings**	**67.00**	**3.00**	**2.00**	-	**0.00**	**1.00**	**0.00**	-	-	-	-	-	-	-
21	Loans and advances	67.00	3.00	2.00	-	0.00	1.00	0.00	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
24	**Households**	-	-	-	-	-	-	-	-	-	-				
25	Of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-				
26	Of which building renovation loans	-	-	-	-	-	-	-	-	-	-				
27	Of which motor vehicle loans	-	-	-	-	-	-								
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**1,988.00**													
33	**Financial and Non-Financial undertaking**	**238.00**													
34	**SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations**	**238.00**													
35	**Loans and advances**	**237.00**													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	1.00													
40	**Non-EU country counterparties not subject to NFRD disclosure obligations**	**0.00**													
41	Loans and advances														
42	Debt securities	-													
43	Equity instruments	0.00													
44	**Derivatives**	-													
45	**On demand interbank loans**	**99.00**													
46	**Cash and cash-related assets**	-													
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**1,651.00**													
48	**Total GAR assets**	**2,321.00**	**19.00**	**2.00**	-	-	**1.00**	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	**10,003.00**													
50	**Central governments and supranational issuers**	**9,641.00**													
51	**Central banks exposure**	**362.00**													
52	**Trading book**	-													
53	**Total assets**	**12,324.00**	**19.00**	**2.00**	-	-	**1.00**	-	-	-	-	-	-	-	-
	Total assets (Editable)														
54	Financial guarantees	15.00	-	-	-	-	-	-	-	-	-	-	-	-	-
55	**Assets under management**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Di cui Strumenti rappresentativi di capitale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2023																
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-	-	-	-	-	-	-	-	-	-	-	-	19.00	2.00	-	-	1.00
-	-	-	-	-	-	-	-	-	-	-	-	**16.00**	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	16.00	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	16.00	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	0.00	-		-	-
-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-
-	-	-	-	-	-	-	-	-	-	-	-	**0.00**	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-
-	-	-	-	-	-	-	-	-	-	-	-	**0.00**	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-
-	-	-	-	-	-	-	-	-	-	-	-	**3.00**	**2.00**	-	-	**1.00**
-	-	-	-	-	-	-	-	-	-	-	-	3.00	2.00	-	-	1.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	**19.00**	**2.00**	-	-	**1.00**
-	-	-	-	-	-	-	-	-	-	-	-	**19.00**	**2.00**	-	-	**1.00**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 2: Turnover-based

		a	b	c	d	e	f	g	h	i	j	k	l
	Breakdown by sector - NACE 4 digits level (code and label)	12/31/2024											
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (WTR)		Of which environmentally sustainable (WTR)
1	B6.1 - Extraction of crude petroleum	0.00	0.00			-	-			-	-		
2	C19.2.0 - Manufacture of refined petroleum products	0.17	0.03			-	-			-	-		
3	C20.1.1 - Manufacture of industrial gases	0.01	0.00			-	-			-	-		
4	C21.2.0 - Manufacture of pharmaceutical preparations	-	-			-	-			-	-		
5	C26.2 - Manufacture of computers and peripheral equipment	0.00	-			0.00	0.00			-	-		
6	C30.1.1 - Building of ships and floating structures	4.86	2.74			-	-			-	-		
7	C33.2.0 - Installation of industrial machinery and equipment	0.00	0.00			0.00	0.00			0.00	0.00		
8	D35.1.1 - Production of electricity	1.54	1.37			-	-			-	-		
9	D35.1.4 - Trade of electricity	0.08	0.07			-	-			-	-		
10	D35.2.3 - Trade of gas through mains	0.11	0.10			-	-			0.04	0.04		
11	D35.3 - Steam and air conditioning supply	0.40	0.33			-	-			-	-		
12	E36.0.0 - Water collection, treatment and supply	0.03	0.02			-	-			0.06	0.06		
13	E38.2.1 - Treatment and disposal of non-hazardous waste	0.00	-			0.00	-			-	-		
14	F42.1.2 - Construction of railways and underground railways	0.01	0.00			0.00	0.00			-	-		
15	F43.22 - Plumbing, heat and air-conditioning installation	0.16	0.11			0.01	0.01			0.00	0.00		
16	F43.9.9 - Other specialised construction activities n.e.c.	0.07	0.03			0.00	0.00			-	-		
17	G46.4.3 - Wholesale of electrical household appliances	-	-			-	-			-	-		
18	G46.4.6 - Wholesale of pharmaceutical goods	0.04	0.04			-	-			-	-		
19	G46.7.5 - Wholesale of chemical products	0.00	0.00			-	-			-	-		
21	H49.1.0 - Passenger rail transport, interurban	0.05	0.04			-	-			-	-		
22	H49.3.1 - Urban and suburban passenger land transport	0.06	-			-	-			-	-		
23	H49.5.0 - Transport via pipeline	0.00	0.00			-	-			-	-		
24	H53.1.0 - Postal activities under universal service obligation	0.09	0.01			-	-			-	-		
25	J61.1.0 - Wired telecommunications activities	0.00	-			0.00	0.00			-	-		
26	J61.2 - Wireless telecommunications activities	0.03	0.01			-	-			-	-		
27	J62 - Computer programming, consultancy and related activities	0.00	0.00			-	-			-	-		
28	K64.2.0 - Activities of holding companies	0.00	0.00			0.00	0.00			0.00	-		
29	K64.9.1 - Financial leasing	0.00	0.00			-	-			-	-		
30	M72.1.9 - Other research and experimental development on natural sciences and engineering	0.00	0.00			-	-			-	-		
31	N77.1.1 - Renting and leasing of cars and light motor vehicles	0.01	0.00			-	-			-	-		
32	N77.3.3 - Renting and leasing of office machinery and equipment (including computers)	0.00	0.00			-	-			-	-		
34	Q86.1.0 - Hospital activities	0.00	0.00			-	-			-	-		

m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
12/31/2024															
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD	
[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Of which environmentally sustainable (CE)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC+ BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC+ BIO)
-	-			-	-			-	-			0.00	0.00		
-	-			-	-			-	-			0.17	0.03		
-	-			-	-			-	-			0.01	0.00		
-	-			0.00	-			-	-			0.00	-		
0.00	-			-	-			-	-			0.00	0.00		
-	-			-	-			-	-			4.86	2.74		
0.00	0.00			0.00	0.00			-	-			0.01	0.00		
-	-			-	-			-	-			1.54	1.37		
-	-			-	-			-	-			0.08	0.07		
0.00	0.00			0.01	0.00			-	-			0.16	0.15		
-	-			-	-			-	-			0.40	0.33		
0.00	-			0.00	-			-	-			0.10	0.08		
0.00	-			-	-			-	-			0.00	-		
-	-			-	-			-	-			0.01	0.00		
0.00	0.00			0.00	0.00			-	-			0.17	0.12		
-	-			-	-			-	-			0.08	0.04		
0.00	-			-	-			-	-			0.00	-		
-	-			-	-			-	-			0.04	0.04		
0.00	-			0.00	-			-	-			0.00	0.00		
0.00	-			-	-			-	-			0.05	0.04		
-	-			-	-			-	-			0.06	-		
-	-			-	-			-	-			0.00	0.00		
-	-			-	-			-	-			0.09	0.01		
0.00	-			-	-			-	-			0.01	0.00		
0.02	-			-	-			-	-			0.04	0.01		
-	-			-	-			-	-			0.00	0.00		
0.00	-			-	-			-	-			0.00	0.00		
-	-			-	-			-	-			0.00	0.00		
-	-			-	-			-	-			0.00	0.00		
-	-			-	-			-	-			0.01	0.00		
0.02	0.02			-	-			-	-			0.02	0.02		
-	-			-	-			-	-			0.00	0.00		

Template 2: Capex-based

		a	b	c	d	e	f	g	h	i	j	k	l
	Breakdown by sector - NACE 4 digits level (code and label)	12/31/2024											
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (WTR)		Of which environmentally sustainable (WTR)
1	B6.1 - Extraction of crude petroleum	0.00	0.00			-	-			-	-		
2	C19.2.0 - Manufacture of refined petroleum products	0.45	0.38			-	-			-	-		
3	C20.1.1 - Manufacture of industrial gases	0.00	-			-	-			-	-		
4	C21.2.0 - Manufacture of pharmaceutical preparations	0.00	-			-	-			-	-		
5	C26.2 - Manufacture of computers and peripheral equipment	0.00	-			0.00	0.00			-	-		
6	C30.1.1 - Building of ships and floating structures	4.75	3.51			-	-			-	-		
7	C33.2.0 - Installation of industrial machinery and equipment	0.01	0.00			-	-			0.00	0.00		
8	D35.1.1 - Production of electricity	3.62	3.50			-	-			-	-		
9	D35.1.4 - Trade of electricity	0.18	0.17			-	-			-	-		
10	D35.2.3 - Trade of gas through mains	0.27	0.24			-	-			0.22	0.21		
11	D35.3 - Steam and air conditioning supply	0.88	0.52			0.02	0.02			-	-		
12	E36.0.0 - Water collection, treatment and supply	0.06	0.06			-	-			0.12	0.10		
13	E38.2.1 - Treatment and disposal of non-hazardous waste	0.00	-			0.00	-			-	-		
14	F42.1.2 - Construction of railways and underground railways	0.00	0.00			0.00	0.00			-	-		
15	F43.22 - Plumbing, heat and air-conditioning installation	0.45	0.38			0.00	0.00			0.00	0.00		
16	F43.9.9 - Other specialised construction activities n.e.c.	0.05	0.05			0.01	0.01			-	-		
17	G46.4.3 - Wholesale of electrical household appliances	0.00	0.00			-	-			-	-		
18	G46.4.6 - Wholesale of pharmaceutical goods	0.08	0.03			-	-			-	-		
19	G46.7.5 - Wholesale of chemical products	0.00	0.00			-	-			-	-		
21	H49.1.0 - Passenger rail transport, interurban	0.06	0.06			0.00	0.00			-	-		
22	H49.3.1 - Urban and suburban passenger land transport	0.07	-			-	-			-	-		
23	H49.5.0 - Transport via pipeline	0.00	0.00			-	-			-	-		
24	H53.1.0 - Postal activities under universal service obligation	0.05	0.04			-	-			-	-		
25	J61.1.0 - Wired telecommunications activities	0.00	-			0.00	0.00			-	-		
26	J61.2 - Wireless telecommunications activities	0.01	0.00			-	-			-	-		
27	J62 - Computer programming, consultancy and related activities	0.00	0.00			-	-			-	-		
28	K64.2.0 - Activities of holding companies	0.01	0.01			0.00	-			0.00	-		
29	K64.9.1 - Financial leasing	0.00	0.00			-	-			-	-		
30	M72.1.9 - Other research and experimental development on natural sciences and engineering	0.00	0.00			0.00	0.00			-	-		
31	N77.1.1 - Renting and leasing of cars and light motor vehicles	0.01	0.00			-	-			-	-		
32	N77.3.3 - Renting and leasing of office machinery and equipment (including computers)	0.01	0.01			-	-			-	-		
33	N82.3.0 - Organisation of conventions and trade shows	0.00	-			-	-			-	-		
34	Q86.1.0 - Hospital activities	0.02	0.01			-	-			-	-		
35	Q86.2.2 Specialist medical practice activities	0.00	0.00			-	-			-	-		

	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	12/31/2024															
	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD		Non-Financial corporation (subject to NFRD)		SME and other NFC not subjec to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Of which environmentally sustainable (CE)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC+ BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC+ BIO)
	-	-			-	-			-	-			0.00	0.00		
	-	-			-	-			-	-			0.45	0.38		
	-	-			-	-			-	-			0.00	-		
	-	-			0.00	-			-	-			0.00	-		
	-	-			-	-			-	-			0.00	0.00		
	-	-			-	-			-	-			4.75	3.51		
	0.00	0.00			0.00	0.00			-	-			0.01	0.00		
	-	-			-	-			-	-			3.62	3.50		
	-	-			-	-			-	-			0.18	0.17		
	0.01	0.01			0.02	0.02			-	-			0.52	0.48		
	-	-			-	-			-	-			0.90	0.54		
	0.00	0.00			-	-			-	-			0.18	0.16		
	0.00	-			-	-			-	-			0.00	-		
	-	-			-	-			-	-			0.01	0.00		
	0.00	0.00			0.00	0.00			-	-			0.46	0.38		
	-	-			-	-			-	-			0.07	0.06		
	0.00	-			-	-			-	-			0.00	0.00		
	-	-			-	-			-	-			0.08	0.03		
	-	-			0.00	-			-	-			0.00	0.00		
	-	-			-	-			-	-			0.07	0.06		
	-	-			-	-			-	-			0.07	-		
	-	-			-	-			-	-			0.00	0.00		
	-	-			-	-			-	-			0.05	0.04		
	-	-			-	-			-	-			0.00	0.00		
	0.06	-			-	-			-	-			0.07	0.00		
	-	-			-	-			-	-			0.00	0.00		
	-	-			-	-			-	-			0.01	0.01		
	-	-			-	-			-	-			0.00	0.00		
	-	-			-	-			-	-			0.00	0.00		
	-	-			-	-			-	-			0.01	0.00		
	-	-			-	-			-	-			0.01	0.01		
	-	-			-	-			-	-			0.00	-		
	-	-			-	-			-	-			0.02	0.01		
	-	-			-	-			-	-			0.00	0.00		

Template 3: GAR Stock - Turnover-based T

		a	b	c	d	e	f	g	h	j	k	l	m	n
	"% (compared to total covered assets in the denominator)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.72%	0.29%	-%	0.02%	0.15%	0.05%	0.03%	-%	0.00%	0.00%	0.00%	-%	0.00%
2	**Financial undertakings**	**2.43%**	**0.11%**	**-%**	**0.01%**	**0.01%**	**0.05%**	**0.03%**	**-%**	**0.00%**	**0.00%**	**0.00%**	**-%**	**0.00%**
3	Credit institutions	2.42%	0.11%	-%	0.01%	0.01%	0.04%	0.03%	-%	0.00%	0.00%	0.00%	-%	0.00%
4	Loans and advances	2.42%	0.11%	-%	0.01%	0.01%	0.04%	0.03%	-%	0.00%	0.00%	0.00%	-%	0.00%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
7	Other Financial corporation	0.00%	0.00%	-%	0.00%	0.00%	0.00%	0.00%	-%	0.00%	0.00%	0.00%	-%	0.00%
8	Of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
12	Of which management companies	0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
16	Of which insurance undertakings	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
20	**Non-Financial undertakings**	**0.29%**	**0.19%**	**-%**	**0.02%**	**0.14%**	**0.00%**	**0.00%**	**-%**	**0.00%**	**0.00%**	**0.00%**	**-%**	**0.00%**
21	Loans and advances	0.29%	0.19%	-%	0.02%	0.14%	0.00%	0.00%	-%	0.00%	0.00%	0.00%	-%	0.00%
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**				
25	Of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%				
26	Of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%				
27	Of which motor vehicle loans	-%	-%	-%	-%	-%								
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	House financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**2.72%**	**0.29%**	**-%**	**0.02%**	**0.15%**	**0.05%**	**0.03%**	**-%**	**0.00%**	**0.00%**	**0.00%**	**-%**	**0.00%**

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2024																	
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	2.77%	0.33%	-%	0.02%	0.15%	4.35%
-%	**0.00%**	**-%**	**-%**	**0.00%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**2.47%**	**0.14%**	**-%**	**0.01%**	**0.01%**	**3.95%**
0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	2.47%	0.14%	-%	0.01%	0.01%	2.30%
0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	2.47%	0.14%	-%	0.01%	0.01%	2.30%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	0.00%	0.00%	-%	0.00%	0.00%	1.65%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	0.00%	-%	0.00%	0.00%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	0.00%	-%	0.00%	0.00%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
0.00%	**0.00%**	**-%**	**-%**	**0.00%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.30%**	**0.19%**	**-%**	**0.02%**	**0.14%**	**0.41%**
0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	0.30%	0.19%	-%	0.02%	0.14%	0.41%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
												-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
0.00%	**0.00%**	**-%**	**-%**	**0.00%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**2.77%**	**0.33%**	**-%**	**0.02%**	**0.15%**	**21.80%**

Template 3: GAR Stock - Turnover-based T-1

		a	b	c	d	e	f	g	h	j	k	l	m	n
	"% (compared to total covered assets in the denominator)	12/31/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.78%	0.02%	-%	0.00%	0.01%	0.00%	-%	-%	-%	-%	-%	-%	-%
2	**Financial undertakings**	**0.73%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
3	Credit institutions	0.73%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
4	Loans and advances	0.73%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	0.00%	-%		-%	-%	-%	-%		-%	-%	-%		-%
7	Other Financial corporation	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
8	Of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
12	Of which management companies	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
16	Of which insurance undertakings	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
20	**Non-Financial undertakings**	**0.05%**	**0.02%**	**-%**	**0.00%**	**0.01%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
21	Loans and advances	0.05%	0.02%	-%	0.00%	0.01%	0.00%	-%	-%	-%	-%	-%	-%	-%
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**				
25	Of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%				
26	Of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%				
27	Of which motor vehicle loans	-%	-%	-%	-%	-%								
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	House financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**0.78%**	**0.02%**	**-%**	**0.00%**	**0.01%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2023																	
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.78%	0.02%	-%	0.00%	0.01%	2.71%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.73%**	**-%**	**-%**	**-%**	**-%**	**2.16%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.73%	-%	-%	-%	-%	0.67%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.73%	-%	-%	-%	-%	0.67%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	0.00%	-%		-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	1.49%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.05%**	**0.02%**	**-%**	**0.00%**	**0.01%**	**0.54%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.05%	0.02%	-%	0.00%	0.01%	0.54%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
												-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.78%**	**0.02%**	**-%**	**0.00%**	**0.01%**	**18.83%**

Template 3: GAR Stock - Capex-based T

		a	b	c	d	e	f	g	h	j	k	l	m	n
	% (compared to total covered assets in the denominator)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.07%	0.47%	-%	0.03%	0.26%	0.02%	0.00%	-%	0.00%	0.01%	0.01%	-%	0.00%
2	**Financial undertakings**	**1.65%**	**0.13%**	**-%**	**0.01%**	**0.03%**	**0.01%**	**0.00%**	**-%**	**0.00%**	**-%**	**-%**	**-%**	**-%**
3	Credit institutions	1.65%	0.13%	-%	0.01%	0.03%	0.01%	0.00%	-%	0.00%	-%	-%	-%	-%
4	Loans and advances	1.65%	0.13%	-%	0.01%	0.03%	0.01%	0.00%	-%	0.00%	-%	-%	-%	-%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
7	Other Financial corporation	0.00%	0.00%	-%	0.00%	0.00%	0.00%	0.00%	-%	0.00%	-%	-%	-%	-%
8	Of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
12	Of which management companies	0.00%	0.00%	-%	-%	0.00%	0.00%	0.00%	-%	0.00%	-%	-%	-%	-%
13	Loans and advances	0.00%	0.00%	-%	-%	0.00%	0.00%	0.00%	-%	0.00%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
16	Of which insurance undertakings	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
20	**Non-Financial undertakings**	**0.42%**	**0.34%**	**-%**	**0.02%**	**0.24%**	**0.00%**	**0.00%**	**-%**	**0.00%**	**0.01%**	**0.01%**	**-%**	**0.00%**
21	Loans and advances	0.42%	0.34%	-%	0.02%	0.24%	0.00%	0.00%	-%	0.00%	0.01%	0.01%	-%	0.00%
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**				
25	Of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%				
26	Of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%				
27	Of which motor vehicle loans	-%	-%	-%	-%	-%								
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	House financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**2.07%**	**0.47%**	**-%**	**0.03%**	**0.26%**	**0.02%**	**0.00%**	**-%**	**0.00%**	**0.01%**	**0.01%**	**-%**	**0.00%**

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2024																	Proportion of total assets covered
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	2.10%	0.48%	-%	0.03%	0.26%	4.35%
0.00%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**1.66%**	**0.13%**	**-%**	**0.01%**	**0.03%**	**3.95%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	1.66%	0.13%	-%	0.01%	0.03%	2.30%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	1.66%	0.13%	-%	0.01%	0.03%	2.30%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	0.00%
0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	0.00%	-%	0.00%	0.00%	1.65%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	0.00%	-%	-%	0.00%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	0.00%	-%	-%	0.00%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
0.00%	**0.00%**	**-%**	**-%**	**0.00%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.43%**	**0.35%**	**-%**	**0.02%**	**0.24%**	**0.41%**
0.00%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	0.43%	0.35%	-%	0.02%	0.24%	0.41%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
												-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
0.00%	**0.00%**	**-%**	**-%**	**0.00%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**2.10%**	**0.48%**	**-%**	**0.03%**	**0.26%**	**21.80%**

Template 3: GAR Stock - Capex-based T-1

		a	b	c	d	e	f	g	h	j	k	l	m	n
	% (compared to total covered assets in the denominator)	12/31/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.82%	0.08%	-%	0.00%	0.02%	-%	-%	-%	-%	-%	-%	-%	-%
2	**Financial undertakings**	**0.71%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
3	Credit institutions	0.71%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
4	Loans and advances	0.70%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	0.00%	-%		-%	-%	-%	-%		-%	-%	-%		-%
7	Other Financial corporation	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
8	Of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
12	Of which management companies	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
16	Of which insurance undertakings	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
20	**Non-Financial undertakings**	**0.12%**	**0.08%**	**-%**	**0.00%**	**0.02%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
21	Loans and advances	0.12%	0.08%	-%	0.00%	0.02%	-%	-%	-%	-%	-%	-%	-%	-%
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**				
25	Of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%				
26	Of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%				
27	Of which motor vehicle loans	-%	-%	-%	-%	-%								
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	House financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**0.82%**	**0.08%**	**-%**	**0.00%**	**0.02%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2023																	Proportion of total assets covered
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.82%	0.08%	-%	0.00%	0.02%	2.71%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.71%**	**-%**	**-%**	**-%**	**-%**	**2.16%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.71%	-%	-%	-%	-%	0.67%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.70%	-%	-%	-%	-%	0.67%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	0.00%	-%		-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	1.49%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.12%**	**0.08%**	**-%**	**0.00%**	**0.02%**	**0.54%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.12%	0.08%	-%	0.00%	0.02%	0.54%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
												-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.82%**	**0.08%**	**-%**	**0.00%**	**0.02%**	**18.83%**

Template 4: GAR Flow - Turnover-based

		a	b	c	d	e	f	g	h	j	k	l	m	n
	% (compared to flow of total eligible assets)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	8.28%	0.97%	-%	0.07%	0.52%	0.12%	0.12%	-%	0.00%	0.01%	0.01%	-%	0.00%
2	**Financial undertakings**	**7.31%**	**0.34%**	**-%**	**0.02%**	**0.03%**	**0.12%**	**0.11%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
3	Credit institutions	7.30%	0.34%	-%	0.02%	0.03%	0.12%	0.11%	-%	-%	-%	-%	-%	-%
4	Loans and advances	2.13%	0.10%	-%	0.00%	0.01%	0.03%	0.03%	-%	-%	-%	-%	-%	-%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
7	Other Financial corporation	0.01%	0.00%	-%	0.00%	0.00%	0.00%	0.00%	-%	-%	-%	-%	-%	-%
8	Of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
12	Of which management companies	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
16	Of which insurance undertakings	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
20	**Non-Financial undertakings**	**0.28%**	**0.18%**	**-%**	**0.02%**	**0.14%**	**0.00%**	**0.00%**	**-%**	**0.00%**	**0.00%**	**0.00%**	**-%**	**0.00%**
21	Loans and advances	0.28%	0.18%	-%	0.02%	0.14%	0.00%	0.00%	-%	0.00%	0.00%	0.00%	-%	0.00%
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**				
25	Of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%				
26	Of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%				
27	Of which motor vehicle loans	-%	-%	-%	-%	-%								
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	House financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**8.28%**	**0.97%**	**-%**	**0.07%**	**0.52%**	**0.12%**	**0.12%**	**-%**	**0.00%**	**0.01%**	**0.01%**	**-%**	**0.00%**

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2024																	Proportion of total new assets covered
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
0.00%	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	8.42%	1.10%	-%	0.07%	0.52%	11.10%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**7.43%**	**0.45%**	**-%**	**0.02%**	**0.03%**	**8.83%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	7.42%	0.45%	-%	0.02%	0.03%	8.80%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	2.16%	0.13%	-%	0.00%	0.01%	2.12%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.01%	0.00%	-%	0.00%	0.00%	0.03%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
0.00%	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.29%**	**0.19%**	**-%**	**0.02%**	**0.14%**	**0.40%**
0.00%	0.00%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.29%	0.19%	-%	0.02%	0.14%	0.40%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**0.62%**
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
												-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
0.00%	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**8.42%**	**1.10%**	**-%**	**0.07%**	**0.52%**	**26.42%**

Template 4: GAR Flow - Capex-based

		a	b	c	d	e	f	g	h	j	k	l	m	n
	% (compared to flow of total eligible assets)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.76%	1.54%	-%	0.09%	0.87%	0.01%	0.01%	-%	0.00%	0.04%	0.04%	-%	0.00%
2	**Financial undertakings**	**4.36%**	**0.40%**	**-%**	**0.03%**	**0.07%**	**0.00%**	**0.00%**	**-%**	**0.00%**	**-%**	**-%**	**-%**	**-%**
3	Credit institutions	4.35%	0.39%	-%	0.03%	0.07%	0.00%	0.00%	-%	0.00%	-%	-%	-%	-%
4	Loans and advances	1.27%	0.12%	-%	0.01%	0.02%	0.00%	0.00%	-%	0.00%	-%	-%	-%	-%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
7	Other Financial corporation	0.01%	0.00%	-%	0.00%	0.00%	0.00%	0.00%	-%	-%	-%	-%	-%	-%
8	Of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
12	Of which management companies	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
16	Of which insurance undertakings	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
20	**Non-Financial undertakings**	**0.41%**	**0.33%**	**-%**	**0.02%**	**0.23%**	**0.00%**	**0.00%**	**-%**	**0.00%**	**0.04%**	**0.04%**	**-%**	**0.00%**
21	Loans and advances	0.41%	0.33%	-%	0.02%	0.23%	0.00%	0.00%	-%	0.00%	0.04%	0.04%	-%	0.00%
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**				
25	Of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%				
26	Of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%				
27	Of which motor vehicle loans	-%	-%	-%	-%	-%								
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	House financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**5.76%**	**1.54%**	**-%**	**0.09%**	**0.87%**	**0.01%**	**0.01%**	**-%**	**0.00%**	**0.04%**	**0.04%**	**-%**	**0.01%**

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
12/31/2024																	Proportion of total new assets covered
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
0.01%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	5.83%	1.59%	-%	0.09%	0.88%	11.10%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**4.37%**	**0.40%**	**-%**	**0.03%**	**0.07%**	**8.83%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	4.36%	0.40%	-%	0.03%	0.07%	8.80%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	1.27%	0.12%	-%	0.01%	0.02%	2.12%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.01%	0.00%	-%	0.00%	0.00%	0.03%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.00%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
0.01%	**0.00%**	**-%**	**-%**	**0.00%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.46%**	**0.38%**	**-%**	**0.02%**	**0.23%**	**0.40%**
0.01%	0.00%	-%	-%	0.00%	0.00%	-%	-%	-%	-%	-%	-%	0.46%	0.38%	-%	0.02%	0.23%	0.40%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
-%	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**0.62%**
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
												-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
0.00%	**0.00%**	**-%**	**-%**	**0.00%**	**0.00%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**5.83%**	**1.59%**	**-%**	**0.09%**	**0.88%**	**26.42%**

Template 5: KPIs for off-balance sheet exposures Stock - Turnover-based

		a	b	c	d	e	f	g	h	J	k	l	m	n
	% (compared to total eligible off-balance sheet assets)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial Guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under Management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Template 5: KPIs for off-balance sheet exposures Flow - Turnover-based

		a	b	c	d	e	f	g	h	J	k	l	m	n
	% (compared to total eligible off-balance sheet assets)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial Guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under Management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Template 5: KPIs for off-balance sheet exposures Stock - Capex-based (T)

		a	b	c	d	e	f	g	h	J	k	l	m	n
	% (compared to total eligible off-balance sheet assets)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial Guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under Management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Template 5: KPIs for off-balance sheet exposures Flow - Capex-based (T)

		a	b	c	d	e	f	g	h	J	k	l	m	n
	% (compared to total eligible off-balance sheet assets)	12/31/2024												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial Guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under Management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
	12/31/2024															
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
	12/31/2024															
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
	12/31/2024															
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
	12/31/2024															
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Annex XII template: Gas and Nuclear

Templates for the exposures of activities related to the nuclear and fossil gas sectors are presented below.

Template 1: GAR STOCK Turnover-based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 1: GAR STOCK Capex Based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 1: GAR FLOW Turnover Based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 1: GAR FLOW Capex Based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 1: FINGAR Turnover Based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	No

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Template 1: FINGAR Capex Based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	No

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Template 1: AuM Turnover Based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	No

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Template 1: AuM Capex Based

		a
	Nuclear energy related activities	**Yes/No**
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	No

		a
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Template 2: Economic activities aligned with the taxonomy (denominator) - GAR Stock Turnover-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**8.64**	**0.33%**	**7.73**	**0.29%**	**0.91**	**0.03%**
8	**Total applicable KPI**	**8.64**	**0.33%**	**7.73**	**0.29%**	**0.91**	**0.03%**

Template 2: Economic activities aligned with the taxonomy (denominator) - GAR Stock Capex-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**12.47**	**0.47%**	**12.42**	**0.47%**	**0.06**	**0.00%**
8	**Total applicable KPI**	**12.48**	**0.47%**	**12.42**	**0.47%**	**0.06**	**0.00%**

Template 2: Economic activities aligned with the taxonomy (denominator) - GAR Flow Turnover-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**8.40**	**1.08%**	**7.50**	**0.97%**	**0.90**	**0.12%**
8	**Total applicable KPI**	**8.40**	**1.08%**	**7.50**	**0.97%**	**0.90**	**0.12%**

Template 2: Economic activities aligned with the taxonomy (denominator) - GAR Flow Capex-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**11.97**	**1.55%**	**11.93**	**1.54%**	**0.04**	**0.01%**
8	**Total applicable KPI**	**11.97**	**1.55%**	**11.93**	**1.54%**	**0.04**	**0.01%**

Template 3: Economic activities aligned with the taxonomy (numerator) - GAR Stock Turnover-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**8.64**	**99.99%**	**7.73**	**89.43%**	**0.91**	**10.56%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**8.64**	**100.00%**	**7.73**	**89.44%**	**0.91**	**10.56%**

Template 3: Economic activities aligned with the taxonomy (numerator) - GAR Stock Capex-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**12.47**	**99.98%**	**12.42**	**99.53%**	**0.06**	**0.46%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**12.48**	**100.00%**	**12.42**	**99.54%**	**0.06**	**0.46%**

Template 3: Economic activities aligned with the taxonomy (numerator) - GAR Flow Turnover-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**8.40**	**99.99%**	**7.50**	**89.24%**	**0.90**	**10.76%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**8.40**	**100.00%**	**7.50**	**89.24%**	**0.90**	**10.76%**

Template 3: Economic activities aligned with the taxonomy (numerator) - GAR Flow Capex-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-%	-	-%	-	-%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**11.97**	**99.98%**	**11.93**	**99.61%**	**0.04**	**0.37%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**11.97**	**100.00%**	**11.93**	**99.63%**	**0.04**	**0.37%**

Template 4: Economic activities eligible for but not aligned with the taxonomy - GAR Stock Turnover-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	-%	0.00	0.00%	-	-%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	-%	0.00	0.00%	-	-%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.03	0.00%	0.03	0.00%	-	-%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.22	0.00%	0.22	0.00%	0.00	0.00%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.08	0.00%	0.07	0.00%	0.00	0.00%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**64.42**	**2.43%**	**64.11**	**2.41%**	**0.31**	**0.01%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**64.76**	**2.44%**	**64.45**	**2.43%**	**0.31**	**0.01%**

Template 4: Economic activities eligible for but not aligned with the taxonomy - GAR Stock Capex-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.03	0.07%	0.03	0.00%	-	-%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.52	1.22%	0.52	0.02%	0.003104457	0.00%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.04	0.10%	0.04	0.00%	0.000278016	0.00%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**42.22**	**1.59%**	**41.84**	**1.58%**	**0.379437453**	**0.01%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**42.82**	**1.61%**	**42.44**	**1.60%**	**0.382819927**	**0.01%**

Template 4: Economic activities eligible for but not aligned with the taxonomy - GAR Flow Turnover-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	-	-%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.03	0.05%	0.03	0.00%	-	-%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.22	0.39%	0.22	0.03%	0.00	0.00%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.08	0.13%	0.07	0.01%	0.00	0.00%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.01%	0.00	0.00%	-	-%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**56.35**	**7.27%**	**56.30**	**7.27%**	**0.05**	**0.01%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**56.68**	**7.32%**	**56.63**	**7.31%**	**0.05**	**0.01%**

Template 4: Economic activities eligible for but not aligned with the taxonomy - GAR Flow Capex-based

		a	b	c	d	e	f
	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.000001274	-	-%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.000000003	-	-%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.03	0.09%	0.03	0.000038676	-	-%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.52	1.59%	0.52	0.00066828	0.00	0.00%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.04	0.13%	0.00	0.000055962	0.00	0.00%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.000000945	-	-%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**32.14**	**4.15%**	**32.11**	**4.15%**	**0.02**	**0.00%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**32.73**	**4.23%**	**32.70**	**4.22%**	**0.03**	**0.00%**

Template 5: Economic activities not eligible for the taxonomy - GAR Stock Turnover-based

		a	b
	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,582.06**	**97.24%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**2,582.06**	**97.24%**

Template 5: Economic activities not eligible for the taxonomy - GAR Stock Capex-based

		a	b
	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,600.17**	**97.92%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**2,600.17**	**97.92%**

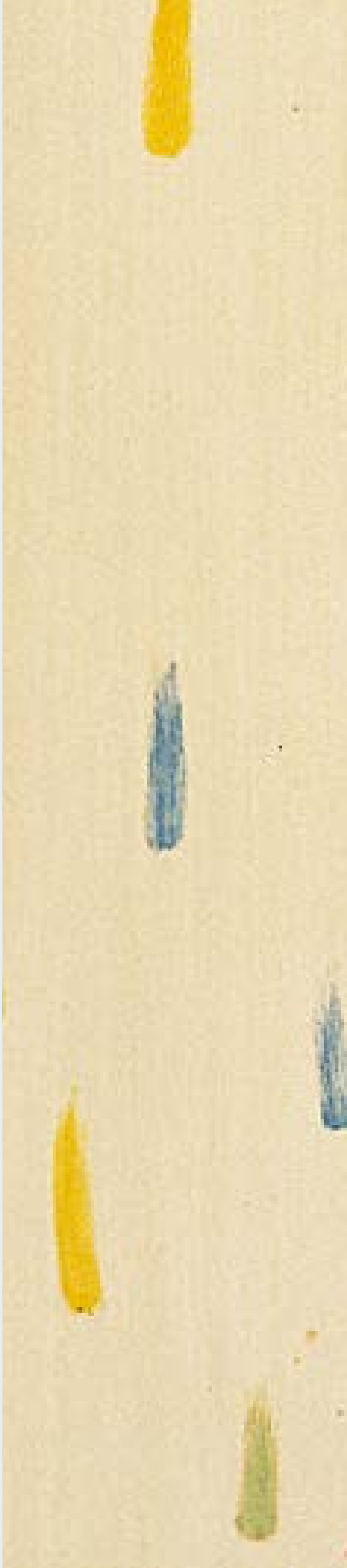
Template 5: Economic activities not eligible for the taxonomy - GAR Flow Turnover-based

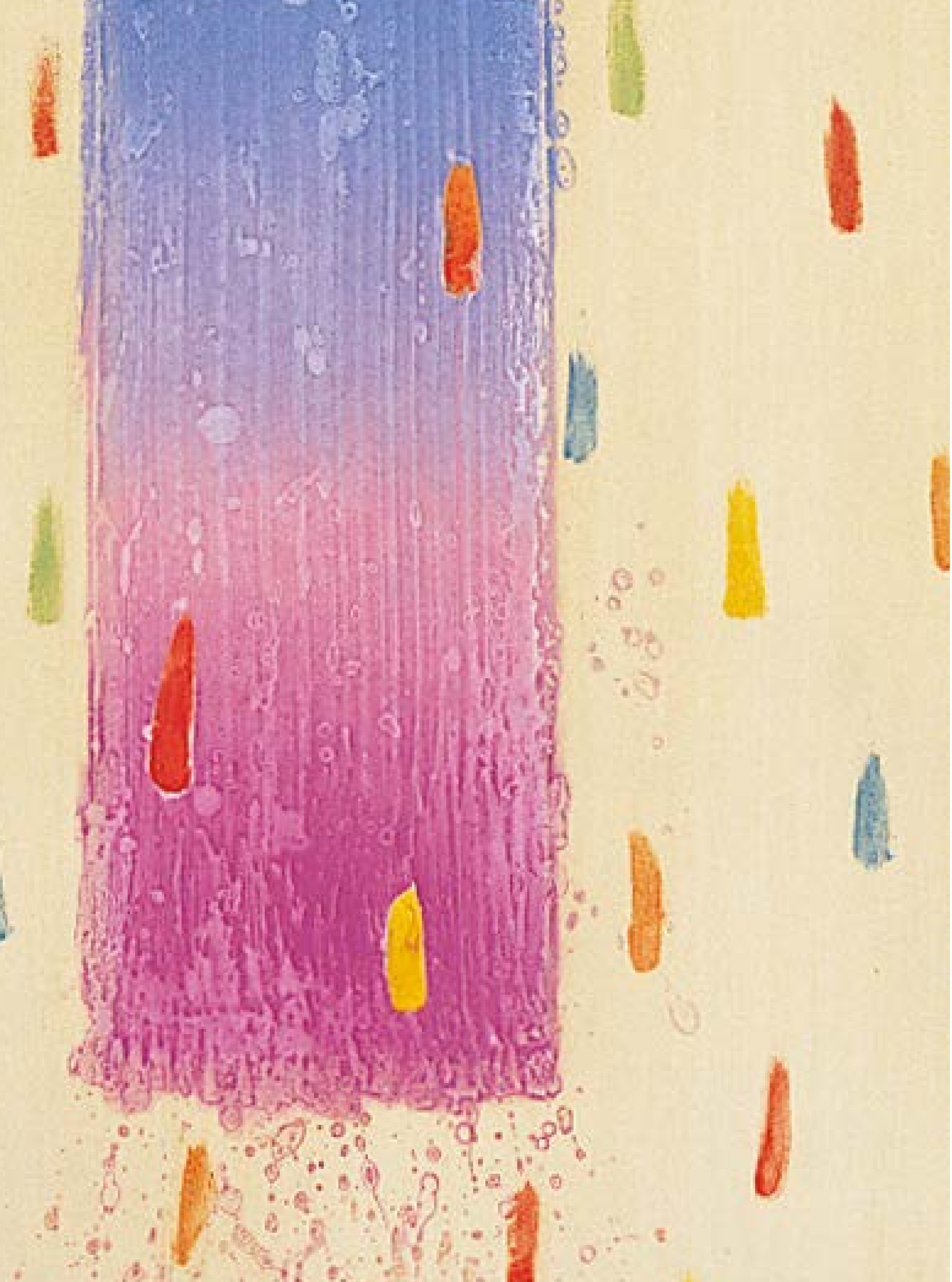
		a	b
	Economic activities	**Amount**	**Percentage**
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**709.46**	**91.60%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**709.46**	**91.60%**

Template 5: Economic activities not eligible for the taxonomy - GAR Flow Capex-based

		a	b
	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**729.83**	**94.23%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**729.83**	**94.23%**

Consolidated Financial Statements





Consolidated Statement of Financial Position

(Values in thousand euros)

Assets		12.31.2024	12.31.2023
10.	Cash and cash equivalents	153,689	257,208
20.	Financial assets measured at fair value through profit or loss	179,319	166,023
	a) financial assets held for trading	*1,504*	*1,167*
	c) other financial assets subject to mandatory fair value measurement	*177,815*	*164,856*
30.	Financial assets measured at fair value through other comprehensive income	141,442	137,520
40.	Financial assets measured at amortized cost	10,667,127	10,805,826
	a) loans and receivables from banks	*602,651*	*593,561*
	b) loans and receivables from customers	*10,064,476*	*10,212,265*
50.	Hedging derivatives	303	-
70.	Equity investments	13,690	13,160
90.	Property, equipment and investment property	104,750	60,690
100.	Intangible assets	77,519	74,742
	of which		
	- goodwill	*30,957*	*30,957*
110.	Tax assets	101,071	113,658
	a) current	*40,250*	*57,414*
	b) deferred	*60,821*	*56,244*
120.	Non-current assets held for sale and discontinued operations	-	8,046
130.	Other assets	712,511	655,393
TOTAL ASSETS		**12,151,421**	**12,292,266**

(Values in thousand euros)

Liabilities and equity		**12.31.2024**	**12.31.2023**
10.	Financial liabilities measured at amortized cost	10,661,212	10,814,197
	a) due to banks	*1,342,119*	*2,269,074*
	b) due to customers	*8,709,179*	*8,545,110*
	c) debt securities issued	*609,914*	*14*
20.	Financial liabilities held for trading	139	1,215
60.	Tax liabilities	166,690	123,790
	a) current	*2,794*	*2,472*
	b) deferred	*163,896*	*121,318*
80.	Other liabilities	388,397	555,354
90.	Post-employment benefits	3,372	3,033
100.	Provision for risks and charges:	54,804	35,864
	a) commitments and guarantees given	*258*	*530*
	b) pensions and similar obligations	*6,937*	*7,009*
	c) other provisions for risks and charges	*47,609*	*28,325*
120.	Valuation reserves	21,085	7,993
140.	Equity instruments	150,000	150,000
150.	Reserves	282,329	277,762
155.	Interim dividend	-	(54,451)
160.	Share premium reserve	66,277	66,277
170.	Share capital	145,006	143,947
180.	Treasury shares	(3,570)	(4,377)
200.	Net Profit for the year	215,680	171,662
TOTAL LIABILITIES AND EQUITY		**12,151,421**	**12,292,266**

Consolidated Income Statement

(Values in thousand euros)

Items		12.31.2024	12.31.2023
10.	Interest and similar income	742,159	629,408
	of which: interest income calculated according to the effective interest method	716,924	580,713
20.	Interest and similar expense	(384,178)	(345,256)
30.	**Net interest income**	**357,981**	**284,152**
40.	Fee and commission income	110,515	112,371
50.	Fee and commission expense	(28,417)	(37,218)
60.	**Net fee and commission income**	**82,098**	**75,152**
70.	Dividends and similar income	19,844	8,897
80.	Profits (losses) on trading	7,892	294
100.	Profits (losses) on disposal or repurchase of:	3,331	21,893
	a) financial assets measured at amortized cost	*3,331*	*22,038*
	b) financial assets measured at fair value through other comprehensive income	-	*(146)*
110.	Profits (losses) on other financial assets and liabilities at fair value through profit or loss	(7,017)	1,843
	b) other financial assets subject to mandatory fair value measurement	*(7,017)*	*1,843*
120.	**Total income**	**464,129**	**392,231**
130.	Net impairment losses/gains for credit risks associated with:	(5,571)	(4,932)
	a) financial assets measured at amortized cost	(5,571)	(4,932)
150.	**Net income from banking activities**	**458,558**	**387,299**
180.	**Net income from banking and insurance activities**	**458,558**	**387,299**
190.	Administrative expenses:	(189,694)	(180,116)
	a) personnel expenses	*(79,511)*	*(75,980)*
	b) other administrative expenses	*(110,183)*	*(104,136)*
200.	Net accruals to provisions for risks and charges	(19,884)	(3,661)
	a) commitments and guarantees given	*273*	*(278)*
	b) other net provisions	*(20,157)*	*(3,383)*
210.	Depreciation and impairment losses on property, equipment and investment property	(3,783)	(4,804)
220.	Amortization and impairment losses on intangible assets	(10,070)	(8,251)
230.	Other operating income, net	60,353	44,799
240.	**Operating costs**	**(163,078)**	**(152,033)**
250.	Profits (losses) on equity investments	2,424	(267)
280.	Gains (Losses) on disposal of investments	3,954	-
290.	**Profit before tax from continuing operations**	**301,858**	**234,998**
300.	Income taxes for the year on continuing operations	(86,178)	(63,337)
310.	**Net Profit after tax from continuing operations**	**215,680**	**171,662**
330.	**Net Profit for the year**	**215,680**	**171,662**
350.	**Net Profit for the year attributable to the owners of the Parent Company**	**215,680**	**171,662**
	Basic earnings per share	**1.15**	**0.92**
	Diluted earnings per share	**1.13**	**0.91**

Consolidated Statement of Comprehensive Income

(Values in thousand euros)

	Items	12.31.2024	12.31.2023
10.	**Net Profit for the year**	**215,680**	**171,662**
	Other components net of taxes that may not be reclassified to profit or loss	**9,506**	**(26)**
20.	Equity instruments designated at fair value through other comprehensive income		
30.	Financial liabilities designated at fair value through profit or loss (changes in creditworthiness)		
40.	Hedges of equity instruments designated at fair value through other comprehensive income		
50.	Property, equipment and investment property	9,539	-
60.	Intangible assets		
70.	Defined-benefit plans	(33)	(26)
80.	Non-current assets held for sale and discontinued operations		
90.	Share of valuation reserves connected with equity-accounted investments		
100.	Revenue or costs of a financial nature related to insurance contracts issued		
	Other income components, net of taxes, reclassified to profit or loss	**4,047**	**3,273**
110.	Hedges of foreign investments	(880)	(4,252)
120.	Foreign exchange differences	1,762	6,036
130.	Cash flow hedges		
140.	Hedging instruments (undesignated elements)		
150.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	3,165	1,488
160.	Non-current assets held for sale and discontinued operations		
170.	Share of valuation reserves of equity-accounted investments		
180.	Revenues or costs of a financial nature related to insurance contracts issued		
190.	Revenue or costs of a financial nature relating to outward reinsurance		
200.	**Total other comprehensive income net of tax**	**13,553**	**3,246**
210.	**Comprehensive income (Items 10+200)**	**229,233**	**174,908**
220.	Comprehensive comprehensive income attributable to non-controlling interests		
230.	**Comprehensive comprehensive income attributable to the owners of the Parent Company**	**229,233**	**174,908**

Statement of Changes in Consolidated Equity

At 12.31.2024	Balances as at 12.31.2023	Change to opening balances	Balances as at 01.01.2024	Allocation of result for the previous year	
				Reserves	Dividends and other allocations
Share capital:					
a) ordinary shares	143,947		143,947		
b) other shares					
Share premium reserve	66,277		66,277		
Reserves:					
a) retained earnings	268,055		268,055	15,997	
b) other	9,706		9,706		
Valuation reserves	7,993		7,993		
Equity instruments	150,000		150,000		
Interim dividend	(54,451)		(54,451)	54,451	
Treasury shares	(4,377)		(4,377)		
Profit (Loss) for the financial year	171,662		171,662	(70,448)	(101,214)
Equity attributable to the owners of the Parent Company	**758,812**	**-**	**758,812**	**-**	**(101,214)**

At 12.31.2023	Balances as at 12.31.2022	Change to opening balances	Balances as at 01.01.2023	Allocation of result for the previous year	
				Reserves	Dividends and other allocations
Share capital:					
a) ordinary shares	142,870		142,870		
b) other shares					
Share premium reserve	66,277		66,277		
Reserves:					
a) retained earnings	222,734		222,734	86,018	
b) other	10,419		10,419		
Valuation reserves	6,853		6,853		
Equity instruments	150,000		150,000		
Interim dividend	(68,550)		(68,550)	68,550	
Treasury shares	(3,884)		(3,884)		
Profit (Loss) for the financial year	232,048		232,048	(154,568)	(77,480)
Equity attributable to the owners of the Parent Company	**758,768**	**-**	**758,768**	**-**	**(77,480)**

(Values in thousand euros)

	Changes in the financial year – Change in reserves	Changes in the financial year – Equity transactions – Issue of new shares	Equity transactions – Repurchase of treasury shares	Equity transactions – Interim dividend	Equity transactions – Extraordinary distribution of dividends	Equity transactions – Changes in equity instruments	Equity transactions – Derivatives on treasury shares	Equity transactions – Stock options	Equity transactions – Changes in equity interests	Consolidated comprehensive income 2024	Shareholders' equity attributable to the group as at 12.31.2024
		1,059									**145,006**
											-
											66,277
	(10,504)										**273,548**
	(1,111)							185			**8,781**
	(461)									13,553	**21,085**
											150,000
											-
	807										**(3,570)**
										215,680	**215,680**
	(11,268)	**1,059**	**-**	**-**	**-**	**-**	**-**	**185**	**-**	**229,233**	**876,807**

(Values in thousand euros)

	Changes in the financial year – Change in reserves	Changes in the financial year – Equity transactions – Issue of new shares	Equity transactions – Repurchase of treasury shares	Equity transactions – Interim dividend	Equity transactions – Extraordinary distribution of dividends	Equity transactions – Changes in equity instruments	Equity transactions – Derivatives on treasury shares	Equity transactions – Stock options	Equity transactions – Changes in equity interests	Consolidated comprehensive income 2023	Shareholders' equity attributable to the group as at 12.31.2023
		1,077									**143,947**
											-
											66,277
	(13,210)				(27,487)						**268,055**
	514							(1,226)			**9,706**
	(2,106)									3,246	**7,993**
											150,000
				(54,451)							**(54,451)**
	2,301		(2,794)								**(4,377)**
										171,662	**171,662**
	(12,501)	**1,077**	**(2,794)**	**(54,451)**	**(27,487)**	**-**	**-**	**(1,226)**	**-**	**174,908**	**758,812**

Consolidated Statement of Cash Flows

Indirect method

(Values in thousand euros)

	Amount 2024	Amount 2023
A. OPERATING ACTIVITIES		
1. Operations	**339,076**	**226,257**
- net profit/loss for the financial year (+/-)	215,680	171,662
- gains/losses on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)	(1,467)	-
- gains/losses on hedging operations (-/+)	-	(14,314)
- net impairment losses/gains for credit risk (+/-)	5,571	39
- depreciation, amortization and net impairment losses on property, equipment and investment property and intangible assets (+/-)	13,853	13,055
- net allocations to provisions for risks and charges and other costs/income (+/-)	19,884	(3,661)
- net revenues and costs of insurance contracts issued and outward reinsurance (-/+)		
- taxes, duties and unpaid tax credits (+/-)	86,178	63,337
- net impairment losses/reversals of impairment losses on discontinued operations, net of the tax effect (+/-)		
- other adjustments (+/-)	(623)	(3,861)
2. Cash flow generated/absorbed by financial assets	**38,306**	**703,554**
- financial assets held for trading	-	1
- financial assets designated at fair value	(12,959)	(74,527)
- other financial assets subject to mandatory fair value measurement		
- financial assets measured at fair value through other comprehensive income	(105)	(7,347)
- financial assets measured at amortized cost	150,486	1,174,080
- other assets	(99,117)	(388,652)
3. Cash flow generated/absorbed by financial liabilities	**(335,877)**	**(1,114,686)**
- financial liabilities measured at amortized cost	(159,999)	(1,257,191)
- financial liabilities held for trading	-	530
- financial liabilities designated at fair value		
- other liabilities	(175,878)	141,974
4. Cash generated/absorbed by insurance contracts issued and outward reinsurance	**-**	**-**
- insurance contracts issued that constitute liabilities/assets (+/-)		
- outward reinsurance constituting assets/liabilities (+/-)		
Net cash generated/absorbed by operating activities	**41,505**	**(184,875)**

(cont'd)

(Values in thousand euros)

	Amount	
	2024	2023
B. INVESTING ACTIVITIES		
1. Liquidity generated by		
- sales of equity investments		
- dividends collected on equity investments		
- sales of property, plant and equipment		
- sales of intangible assets		
- sales of subsidiaries and business units		
2. Liquidity absorbed by	**(44,172)**	**(31,666)**
- purchases of equity investments		
- purchases of property, plant and equipment	(31,364)	(19,051)
- purchases of intangible assets	(12,809)	(12,615)
- purchases of subsidiaries and business units		
Net cash generated/absorbed by investing activities	**(44,172)**	**(31,666)**
C. FINANCING ACTIVITIES		
- issue / purchase of treasury shares	-	(2,794)
- issue/purchase of equity instruments		
- distribution of dividends and other purposes	(101,214)	(159,418)
- sale/purchase of ownership interests in subsidiaries		
Net cash absorbed by financing activities	**(101,214)**	**(162,213)**
NET CASH ABSORBED DURING THE YEAR	**(103,882)**	**(378,753)**

Reconciliation

(Values in thousand euros)

Financial statements item	Amount	
	2024	2023
Cash and cash equivalents at the beginning of the year	257,208	634,879
Total net cash generated/absorbed during the year	(103,882)	(378,753)
Cash and cash equivalents: effect of changes in exchange rates	363	1,082
Cash and cash equivalents at end of financial year	**153,689**	**257,208**

Notes to the Financial Statements

Notes to the Consolidated Financial Statements

Shareholders,
The Notes are broken down into the following parts:

Part A - Accounting policies
Part B - Information on the Consolidated Statement of Financial Position
Part C - Information on the Consolidated Income Statement
Part D - Consolidated Comprehensive Income
Part E - Information on risks and related hedging policies
Part F - Consolidated Equity
Part G - Business Combinations of companies or business units
Part H - Transactions with related parties
Part I - Payment agreements based on equity instruments
Part L - Segment Reporting
Part M - Lease Reporting

Part A - Accounting policies

A.1 GENERAL

Section 1 - Statement of compliance with International Financial Reporting Standards

The consolidated financial statements at December 31, 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the IASB, endorsed by the European Commission, as provided for by Regulation (EC) No 1606 of July 19, 2002 governing the application of IFRSs and related interpretations (IFRIC interpretations), endorsed by the European Commission and in force at the end of the reporting period.

The application of IFRSs is done by observing the "systematic framework" for the preparation and presentation of consolidated financial statements (the Framework), with particular reference to the fundamental principle of substance over legal form and the concept of materiality or significance of the information.

Section 2 - Basis of presentation

The consolidated financial statements were prepared in accordance with the instructions provided by the Bank of Italy with Circular no. 262 of December 22, 2005 "Banks' financial statements: layout and preparation", as subsequently amended.

The consolidated financial statements consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, the Notes to the Consolidated Financial Statements and the Directors' Report on Operations.

In accordance with the provisions of Article 5, paragraph 2, of Italian Legislative Decree No. 38 of February 28, 2005, the consolidated financial statements are denominated in thousand euros, when not specified otherwise, and also show the corresponding comparisons with the previous year.

The consolidated financial statements were prepared based on the general principle of prudence and on an accrual and going concern basis, since, with reference to the operations and the financial position of the Group, and after examining the risks to which it is exposed, the Directors have not identified any issue that could raise doubts on the Group's ability to meet its obligations in the foreseeable future.

Standards, amendments and interpretations effective from 2024 or amended and not yet endorsed

As of the date of these consolidated financial statements, the following standards or revisions thereof have been endorsed and are applicable as of January 1, 2024:

- Amendments to IFRS 16 Leases, clarifying how to account for lease liabilities in a sale and lease-back transaction (Reg. EU 2023/2579);
- Amendments to IAS 1 - Presentation of the financial statements, clarifying the classification of liabilities as current or non-current and Non-current liabilities with covenants (Reg. EU 2023/2822);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial instruments: disclosures, governing supplier finance arrangements (Reg. EU 2024/1317).

Finally, the IASB issued the following standards and interpretations or amendments, the application of which is however still subject to the completion of the endorsement process by the competent bodies of the European Union, which has not yet been concluded and applicable as of financial statements beginning January 1, 2025:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates", governing cases in which there is a lack of exchangeability. The IASB published the document on August 15, 2023, which is expected to enter into force on January 1, 2025;
- Amendments to IFRS 9 Financial Instruments" and IFRS 7 Financial instruments: disclosure, relating to the classification of financial instruments. The IASB published the document on May 30, 2024, which is expected to enter into force on January 1, 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. The IASB published the documents on April 9, 2024 and May 9, 2024, which are expected to enter into force on January 1, 2027;

The possible effects of the future adoption of these standards, interpretations and amendments, to the extent applicable and relevant to the Parent Company, are reasonably estimated to be immaterial. Regarding IFRS 18, the Bank is evaluating the effects that the application of the standard will have on the presentation of financial statement items.

Change in accounting principle for properties used for business purposes

First of all, it is worth mentioning that starting from 2022, the Bank began a process of streamlining the group real estate portfolio through:

- The purchase, through the dedicated vehicle BFF Immobiliare SRL (hereinafter the "Company"), of a building area and the construction of the new headquarters in Milan ("Casa BFF");
- The rationalization of the Milan offices through (i) the sale of the building on Via Domenichino and (ii) the termination of the leasing contracts for the properties on Via Monte Rosa and Via Anna Maria Mozzoni, moving all employees to a single location in the city of Milan;
- The sale of the offices located in Rome on Via Chianesi following also the transfer of staff to a single location in the city center on Via Bissolati;

This being stated, as at December 31, 2024, it should be noted that, compared with previous financial statements, BFF Banking Group has changed the measurement criterion adopted for the property, equipment and investment property classes "property used for business purposes and land" (governed by IAS 16 "Property, Plant and Equipment").

Specifically, the change involved a transition from the cost measurement model to the revaluation model (hereinafter also referred to as the "revaluation model" or "fair value") for valuation after initial recognition of properties used for business purposes and land. As at December 31, 2024, the Group owns office buildings in Milan (Casa BFF) and in Rome on Via Chianesi.

The change in the measurement criterion for properties is a voluntary change in Accounting Policies, the treatment of which is governed by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which states that a voluntary change should be made only if, by doing so, it results in the financial statements providing reliable and more relevant information about the effects of transactions on the financial position, financial performance and cash flows. The transition from the cost method of valuation to the fair value method pursues this objective, since it allows:

- better information, ensuring a unified and up-to-date view in the valuation of the Bank's real estate assets, regardless of the historical moment: in fact, fair value permits, as compared to cost, the provision of current information that is more in line with the characteristics of the properties being valued;
- greater consistency for comparison, both of the statement of financial position and of the economic situation between successive financial years: in fact, the expression at current values improves the relevance and quality of the information, especially because of its periodic restatement;
- a constant alignment of the carrying amount of assets with values found on the market.

IAS 8 provides, as a general rule, that voluntary changes in accounting policy should be applied retrospectively from the earliest date when it is feasible to do so. This means that, according to the general principle, at the time the change takes place, the opening balances of the earliest prior comparative period and the data of the other comparative periods must also be restated. However, the general rule allows for exceptions. Specifically, IAS 8, in § 17, stipulates that, for the purpose of valuing property, plant and equipment, regulated by IAS 16, the transition from the cost criterion to the fair value criterion must be represented as if it were a new restatement of values with respect to the previous carrying amounts. This means that the initial application of the fair value criterion should be done prospectively and not retrospectively as required by the general principle stated in IAS 8.

Therefore, the change in accounting policy in the context of IAS 16, that is, for properties for business purposes and land, does not result in any adjustments to the opening balances and comparative data, or to the financial statements of interim periods preceding the date of the change. As a result, with the transition to fair value, reductions in value are recorded in the income statement while increases in value are recorded in a specific equity valuation reserve (OCI - Other Comprehensive Income), net of any decreases in the value of previously impaired properties, which are instead recorded in the income statement as reversals of impairment losses. It should also be noted that from a taxation point of view, the change in the value of properties and land as a result of the revaluation is immaterial, so deferred tax liabilities will have to be recognized on the value of the revaluation. Deferred taxes will be transferred to profit or loss (PL) in line with depreciation of properties.

In light of that which has been described, the revaluation at current values, when changing the accounting principle, generated effects in both the statement of financial position (revaluation gain) relating to the positive revaluation portion to be recognized in a specific reserve for equity and effects in the income statement, attributable to the negative revaluation component (revaluation loss).

As of January 1, 2025, properties held for business purposes, which are valued on a revaluation basis in accordance with IAS 16, will continue to be depreciated over their useful life. The use of the new accounting model results in a different accounting representation. Specifically:

- write-downs exceeding any positive revaluation reserve are charged to the income statement. This mechanism ensures that no negative revaluation reserve is recognized.

- revaluations are charged to the revaluation reserve to the extent that they exceed any previous write-downs.
- in the event the property is sold, any existing revaluation reserve is transferred to earnings - related reserves in equity, thus never flowing to the income statement

As analyzed in Section 9 - Property, equipment and investment property of Part B, this change resulted in the recognition of a revaluation of €16.2 million gross of the tax effect for Casa BFF. This value, net of the deferred taxation recorded, equal to €4.5 million, was allocated to a specific valuation reserve within equity. The change also resulted in an impairment loss of €3 million gross of the tax effect for the property in Via Chianesi in Rome. The impairment loss was recognized in the income statement for the year.

Methodological process adopted in estimating the fair value of real estate assets

The fair value of the properties is determined through the preparation of special appraisals by qualified and independent companies. From a methodological point of view, the so-called "Market Value" is estimated for all owned properties used for business purposes. According to the standards generally taken as a reference by real estate appraisers, Market Value is defined as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS Valuation Standard (Red Book) 2022).This value configuration (Market Value) is essentially equivalent to the fair value configuration defined in the IFRS. From an application standpoint, appraisals are conducted using the "Discounted Cash Flow" methodology for all properties in the portfolio. As part of the above methodology, the valuation parameters used (primarily, lease payments and discount rates) are estimated consistently with industry best practices and are based on market surveys of real estate contexts comparable to those subject to valuation.

Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")

The Group recognizes late payment interest on an accrual basis rather than on a cash basis taking into account that:

- the business model and organizational structure envisage that the systematic recovery of late payment interest on receivables purchased on a non-recourse basis is a structural element of the ordinary business activities for the management of such receivables;
- late payment interest, due to its impact on the composition of results, does not constitute an ancillary element of non-recourse purchase transactions, and has been considered for a complete analysis of the prospective profitability profiles.

As from 2022, the Group also recognizes on an accrual basis the lump-sum indemnity of €40 as debt collection expenses ("40 euros receivable" or "lump-sum indemnity"). The Group has been claiming lump-sum indemnity since 2018, and, following the approach taken for late payment interest, has been tracking its collections since 2019 in order to establish a time-series of historical data on collections. It should also be noted that on October 20, 2022, the Bank obtained confirmation from the Court of Justice of the European Union of the right to recover at least 40 euros for each overdue invoice to the public administration, regardless of the amount and whether a certain amount of invoices are part of a single promise to pay.

Thus, for late payment interest and the 40-euros receivable, the Group has time series data - regarding collection rates and collection times - processed using appropriate analytical tools, which are updated at least annually, when the annual financial statements are prepared, to determine the estimated recovery rates and collection times to be considered for the preparation of the financial statements. Trends in collections are analyzed on a quarterly basis to confirm recognition rates as part of the preparation of periodic reporting. If the updates bring to light significant variances, the Parent Company updates the estimate used for accounting purposes. The recognition rate of late payment interest and of the 40-euros receivable up until December 31, 2023 was 50%, although the average recovery rate recorded based on the time series data was higher.

It should be noted that, as is the case with Late Payment Interest, the right to receive the "40 euros" has also been considered since 2018 in the settlement agreements with debtors for the purposes of their recovery; therefore, when negotiating with debtors, the Group treats the entire amount due as a single item on which to base the transaction and on which to apply the same discount percentages (only since 2021 in a structural manner do transactions consider discounts proportionally). So, it is considered appropriate to expect a convergence in the near future of the percentages of lump sum indemnity to those recorded on late payment interest considering it, therefore, methodologically more appropriate to use a single percentage.

During 2024, the Group, in proceeding with the updating of the time series, implemented some refinements to the model in use, and in particular:

- critically reviewed the database, making appropriate adjustments where necessary, assessing any areas of risk, and identifying further operational improvements to continuously refine the quality of estimates;
- the reporting period of the analyses was critically analyzed, in order to make it more consistent with the mix of counterparties currently in the portfolio, with current operating methods and to ensure increased correspondence between the late payment interest and 40-euros databases. In this respect, for late payment interest the 2015-2024 time series was used, deeming the observations relating to the 2010-2014 period to be not very representative as they relate to collections that referred almost exclusively to the Italian NHS, which today represents just 31% of the overall provision.

The results of the update of the analyses confirmed that the collection percentage is at levels well above the 50% used for preparing the consolidated financial statements up until December 31, 2023. In particular, it highlighted that in the 2015-2024 period, the overall weighted average percentage, considering late payment interest and the 40-euros receivable, was 77.7%. Although, theoretically, under statistically "robust" conditions and with the use of long-term data, such as to consider the estimates sufficiently reliable, full alignment with the results of the model is possible without the introduction of prudential buffers, starting from the accounting reports as at June 30, 2024, it was considered reasonable to increase the percentage of recognition of late payment interest and the 40-euros receivable from 50% to 65%, thus, below the evidence resulting from the historical time series.

The change in estimate mentioned above is consistent with the provisions of paragraph 34 of IAS 8, which provides for the modification of an accounting estimate if there are changes in the circumstances on which the estimate was based or as a result of new information, new developments, or greater experience. By its very nature, a modification of an estimate is not related to previous years and is not the correction of an error". Specifically, and as highlighted above, the database revision activity and critical analysis of the reporting periods, has enabled the Group to acquire new information that allows the estimation process to be refined and improved and made it more compliant with the objective of true and fair representation.

Pursuant to IAS 8.36, the change in estimate was recognized on a forward-looking basis during the year of the change and, therefore, reflected in the 2024.

Pursuant to the provisions of IAS 8.39, the impacts of the change of estimate on 2024 follow below. The change in the IDM debt collection rate generated non-recurring income of €112.1 million (€79.8 million after tax) reported under item 10 "Interest and similar income" in the Consolidated Income Statement for 2024. The change in the 40-euros debt collection rate generated non-recurring income of €25.7 million (€18.2 million after tax), reported in item 200 "Other operating income, et" in the Consolidated Income Statement for 2024.

In light of the analyses and investigations carried out during 2024, the Bank does not believe it is likely that there will be a significant change in the carrying amounts of the assets and liabilities being estimated in the foreseeable future.

It should be noted that the late payment interest receivable and the 40-euros receivable as at December 31, 2024 are €564 million and €169 million, respectively.

Please note that the risk of uncertainty in estimation is for the most part related to the degree of recoverability and the estimated collection times for late payment interest accrued on receivables purchased without recourse and the 40-euros receivable, which are based on the analysis of multi-year business time series data that are reviewed regularly.

Finally, it should be noted that in the period between 2015 and 2024, the percentage of recovery of late payment interest and the 40 euros receivable was never lower than 70%, settling at a weighted average percentage of 77.7% - significantly above the 65% currently used. Therefore, for information purposes only, the Group has considered that a change in the recognition percentage of the aforementioned items of +/-10% may be relevant pursuant to IAS 1.129 b): in fact, +10% would provide an indication of the effects resulting from a substantial alignment of the recognition percentage to the levels emerging from the evidence of the historical time series and, conversely, -10% would provide an indication of the effects resulting from a significant erosion of the collection percentages (%). These changes would result in a non-recurring impact of approximately +/-€109 million or +/- 36% of the Group's pre-tax profit for 2024.

Section 3 - Scope and basis of consolidation

The criteria adopted by BFF Banking Group to define the scope and the relevant consolidation principles are described below.

Subsidiaries

Subsidiaries are companies over which BFF Banking Group exercises control. BFF Banking Group controls a company when it is exposed to the variable returns generated by it and has the ability to affect such returns through its power over the company. Generally, control is deemed to exist when more than half of the voting rights are directly or indirectly held, taking also into account potentially exercisable or convertible voting rights.

All subsidiaries are consolidated on a line-by-line basis from the date that control was transferred to BFF Banking Group. Conversely, they are excluded from the scope of consolidation when such control ceases.

The financial statements of the companies that are consolidated on a line-by-line basis are prepared in accordance with the IASs/IFRSs used for the preparation of the consolidated financial statements.

The criteria adopted for line-by-line consolidation are as follows

- assets and liabilities, revenue and costs of the entities that are fully consolidated are recognized on a line-by-line basis, attributing to non-controlling interests, if applicable, their share of equity and profit (loss) for the financial year, which are disclosed separately in consolidated equity and in the consolidated income statement;
- gains and losses, including the related tax effects, arising from transactions between companies consolidated on a line-by-line basis and not yet realized with reference to third parties, are eliminated, except for losses, which are not eliminated when the transaction provides evidence that the transferred asset is impaired. Reciprocal amounts receivable and payable, revenue and expense, as well as financial income and costs, are also eliminated;
- financial statements of subsidiaries with a functional currency other than the euro are translated into euros as follows: assets and liabilities, at the exchange rate recorded at the end of the financial year; income statement items, at the average exchange rates for the year;
- foreign exchange differences arising on translation of the financial statements of these subsidiaries, resulting from the application of the financial year-end rate for assets and liabilities and the average rate for the financial year for income statement items, are recognized in the revaluation reserves in equity, as are foreign exchange differences on the subsidiaries' equity. All foreign exchange differences are recognized in the income statement in the financial year in which the investment is disposed of.

Acquisitions of companies are accounted for according to the "acquisition method" provided for in IFRS 3, as amended by Regulation No 495/2009, on the basis of which the identifiable assets acquired and the identifiable liabilities assumed (including contingent liabilities) are to be recognized at their respective acquisition date fair values.

The amount, if any, by which the consideration exchanged (represented by the fair value of the assets transferred, liabilities assumed and equity instruments issued) exceeds the fair value of the assets acquired and liabilities assumed is recognized as goodwill; where the price is lower, the difference is charged to the income statement.

The "acquisition method" is applied with effect from the acquisition date, i.e., the moment in which control of the acquiree is effectively obtained. Accordingly, the income and expenses of a subsidiary acquired during the financial year are included in the consolidated financial statements with effect from its acquisition date. Likewise, the income and expense of a subsidiary that has been sold are included in the consolidated financial statements until the date on which control ceases to be held.

At December 31, 2024, BFF Banking Group included the Parent Company BFF Bank S.p.A. and the following companies:

Company name	Registered and operating office	Type of relationship (1)	Ownership relationship		Voting rights % (2)
			Held by	Holding %	
1. BFF Immobiliare S.r.l.	Milan - Viale Scarampo, 15	1	BFF Bank S.p.A.	100%	100%
2. BFF Techlab S.r.l.	Brescia, Via C. Zima, 4	1	BFF Bank S.p.A.	100%	100%
3. SPV Project 2214	Milan - Corso Vittorio Emanuele II, 24/28	4	BFF Bank S.p.A.	0%	0%
4. BFF Finance Iberia. S.A.U.	Madrid - Paseo de la Castellana, 81	1	BFF Bank S.p.A.	100%	100%
5. BFF Polska S.A.	Łodz - Jana Kilińskiego, 66	1	BFF Bank S.p.A.	100%	100%
6. BFF Medfinance S.A.	Łodz - Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
7. BFF Česká republika s.r.o.	Prague - Roztylská 1860/1	1	BFF Polska S.A.	100%	100%
8. BFF Central Europe s.r.o.	Bratislava - Mostova, 2	1	BFF Polska S.A.	100%	100%
9. Debt-Rnt sp. Z O.O.	Łodz – Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
10.Komunalny Fundusz Inwestycyjng Zamknięty	Warsaw - Plac Dąbrowskiego, 1	4	BFF Polska S.A.	100%	100%
11.MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	Warsaw - Plac Dąbrowskiego, 1	4	BFF Polska S.A.	100%	100%
12.Kancelaria Prawnicza Karnowski i Wspólnik sp.k.	Łodz - Jana Kilińskiego, 66	4	BFF Polska S.A.	99%	99%
13. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspolnik sp.k.	Łodz – Jana Kilińskiego, 66	4	Debt-Rnt sp. Z O.O.	99%	99%

Key:

(1) Type of relationship:
1 = having the majority of voting rights at ordinary shareholders' meetings
2 = dominant influence at the ordinary shareholders' meeting
3 = arrangements with other shareholders
4 = other forms of control

(2) Voting rights at ordinary shareholders' meetings, distinguishing between actual and potential voting rights or percentage of shares.

As far as points 10 and 11 are concerned, voting rights refer to the investors' right to vote at the Meeting.

BFF Bank also holds a 24% stake in Unione Fiduciaria S.p.A., which is consolidated with the equity method (and not in its entirety), as it is a company subject to significant influence.

The measurement criteria are adopted with a view to a going concern and comply with the principles of accruals, relevance and materiality of accounting information and the precedence of economic substance over legal form.

In November 2024, the Bank subscribed for 33% of the share capital, amounting to €6,600, of the new law firm "*PB & Partners Società tra Avvocati a responsabilità limitata*". As at December 31, 2024, the law firm is not yet operational, as the process of authorization by the Bar Council has not yet been completed.

Section 4 - Events after the reporting date

On January 21, 2025, the European Court of Human Rights published a ruling confirming that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in financial distress, in the presence of judicial decisions that remain enforceable. The Group has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

No significant events have occurred after the reporting date at December 31, 2024. In particular, in relation to what is required under IAS 10, in the period between the end of 2024 and the date of the approval of these Consolidated separate financial statements, no events have taken place that would require an adjustment to the Consolidated separate financial statements.

Section 5 - Other issues

It should be noted first of all that the action plan on internal governance, transmitted to the Bank of Italy and attached to the response to the Letter on the Company Situation (the "**Action Plan**"), provides that the Board of Directors, upon proposal of the Chairperson, will assign the role of "**AML Representative**" - currently held by the Bank's Chief Executive Officer - to a director other than the latter.

That being said, it should be noted that - consistent with the process set forth in the Action Plan - the Chairperson of the Board of Directors has:

- identified the directors who meet the necessary requirements - pursuant to current regulations - to serve as AML Representative, assessing their availability and collecting that of a Director;
- informed the Chairperson of the Remuneration Committee in order to allow the Committee to carry out its preparatory work to arrive at the definition of a remuneration proposal to be attributed to the new AML Representative, subject to a resolution to that effect by the Board of Directors; and
- notified the Chairperson of the Nominations Committee:
  - to consider the possible proposal for the appointment of Mr. Domenico Gammaldi as a new AML Representative (who held the positions of Chairperson of the CCR and member of ComRem); and, taking into account that following the aforementioned appointment, it became necessary to revise the composition of the Board Committees as:
    1. (a) the position of AML Representative is by its nature an "executive" position; and
    2. (b) Board committees must be composed of directors who are "all non-executive and a majority of whom are independent", in accordance with applicable laws and regulations,
  - to conduct their own evaluations about how to recompose the board committees themselves.

Therefore, the Board of Directors, having verified the adequacy of the proposal made by the Nominations Committee regarding the candidacy of Mr. Domenico Gammaldi as AML Representative, on the basis of the requirements set forth by the rules and regulations in force, resolved to recompose, as from January 1, 2025, the board committees as follows:

CONTROL AND RISKS COMMITTEE

NAME	QUALIFICATIONS
Alexia Ackermann	Independent director
Mimi Kung	Independent director
Piotr Stepniak	Non-executive director

NOMINATIONS COMMITTEE

NAME	QUALIFICATIONS
Mimi Kung	Independent director
Susana Mac Eachen	Independent director
Piotr Stepniak	Non-executive director

REMUNERATION COMMITTEE

NAME	QUALIFICATIONS
Guido Cutillo	Independent director
Mimi Kung	Independent director
Susana Mac Eachen	Independent director

RPT COMMITTEE

NAME	QUALIFICATIONS
Anna Kunkl	Independent director
Guido Cutillo	Independent director
Alexia Ackermann	Independent director

Board renewal process

On April 18, 2024, the Shareholders' Meeting elected the new Board of Directors as well as the new Board of Statutory Auditors, the latter entirely appointed at the proposal of investors. Both bodies will remain in office until the approval of the financial statements for the year ending December 31, 2026.

Inspection of the Bank of Italy

Between September 11, 2023 and January 12, 2024, the Bank of Italy carried out an inspection at BFF.

The Supervisory Authority submitted the results of the above-mentioned assessments to the Bank's Board of Directors on April 29, 2024, simultaneously communicating that the sanctioning procedure had been initiated.

In the Supervisory Letter, the Bank of Italy identified certain critical issues and submitted compliance findings on i) Chief Executive Officer remuneration mechanisms, ii) corporate governance mechanisms and iii) the classification of public receivables based on the indications set forth in EBA guidelines. In particular, this last finding regards the application of the suspension of the calculation of late payment days for the purpose of the prudential classification of the credit exposure in default.

The Bank responded to the Supervisory Authority on July 11, 2024 in order to promptly resolve the findings received. Specifically, the Bank reclassified the loan portfolio for prudential purposes, increasing the past due exposure at June 30, 2024 by around €1,429 million, which generated additional RWAs of around €1,801 million and IFRS 9 provisions of €0.7 million. The application of the "prudential backstop" will begin at the end of the second year as of the date of classification of the positions as Past Due, i.e. after June 2026.

The Bank does not expect any significant increase in the credit risk on those exposures and continues to focus on optimizing RWAs, by strengthening the collection process and evaluating the application of other mitigation factors, after consulting with the Supervisory Authority.

Please recall that impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Group exposures) are treated differently. The actual credit risk profile assumed by the BFF Group is limited, as it has been assumed primarily with respect to public bodies not subject to procedures resulting in the risk of a loss of principal and the classification described above could result in significant distortions in the representation of the group's accounting, prudential and capital strength information. This is also supported by very limited credit losses. In addition, given the complexity and sensitivity of the issues raised by the Bank of Italy, on July 15, 2024, the Bank sent to the Bank of Italy (i) the responses containing the corrective actions undertaken and to be undertaken to resolve the compliance findings specified in the Inspection Report, (ii) a letter containing its counter-arguments in relation to the individual claims raised by the Bank of Italy in the sanction proceedings.

Authorization to repurchase treasury shares

The treasury share purchase aims to equip the Parent Company with sufficient financial instruments in order to meet the requirements of the remuneration and incentive systems as per the current "Remuneration and incentive policy of the Banking Group".

The Bank's Ordinary Shareholders' Meeting of April 18, 2024 approved revoking the previous authorization granted by the Shareholders' Meeting of April 13, 2023, for the part not yet executed, and authorizing the Board of Directors to proceed with the purchase of BFF ordinary shares, on one or more occasions and for a period of 18 months from the date of the Shareholders' Meeting, in pursuit of the purposes set out in the illustrative report on the authorization to purchase and dispose of treasury shares; the maximum number of shares to be purchased is 8,868,516, representative of 5% of the 187,218,044 shares without a nominal amount representing the entire subscribed and paid-up share capital of the Parent Company, amounting to €144,157,893.80 (taking into account the treasury shares already in stock on the date of publication of that Illustrative Report).

Please note that, as set forth in the press release of May 9, 2024, the Bank withdrew its request to purchase treasury shares disclosed to the market on October 6, 2023 and submitted to the Bank of Italy on October 12, 2023.

Shareholder Resolutions

On April 18, 2024, the Ordinary Shareholders' Meeting of the Bank resolved:

- to set aside €52,303,766 for the distribution to Shareholders of the distributable part of the net profit for the year;
- to approve the distribution in cash in favor of the shareholders of a dividend of €101,213,994, of which €52,303,766 from a portion of the Parent Company's stated net profit and €48,910,228 from a portion of the retained earnings. The dividend balance, before legal withholding tax, is therefore €0.541 for each of the 187,218,044 ordinary shares outstanding at the coupon date (no. 9) of April 22, 2024 (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 date of April 23, 2024 (record date);
- to approve the new "2024 Remuneration and Incentive Policy for the members of the Strategic Supervision, Management and Control Bodies and the Personnel of the BFF Banking Group" included in Section I of the Board of Directors' Report;
- to approve the policies for determining compensation in the event of early termination of office or termination of employment, including limits on such compensation;
- to approve the second section of the Annual Report on the Remuneration Policy and Compensation Paid pursuant to Article 123-ter, paragraph 6 of Italian Legislative Decree no. 58/1998;
- to appoint nine directors in compliance with the gender balance guidance of current laws and regulations, who will remain in office for the period 2024-2026. The Ordinary Shareholders' Meeting appointed Ranieri de Marchis as Chairman of the Board of Directors and confirmed Massimiliano Belingheri as Chief Executive Officer;
- with regard to the composition of the Board of Statutory Auditors, to appoint the new members of the Board of Statutory Auditors and their Chair, who will remain in office for the period 2024-2026;
- to revoke the previous authorization to repurchase and dispose of treasury shares of the Bank granted by the Shareholders' Meeting of April 13, 2023 for the part not executed by the date of this resolution and therefore without prejudice to the transactions carried out in the meantime, and to authorize the Board of Directors – pursuant to and for the purposes of Art. 2357 of the Italian Civil Code – to repurchase up to 8,868,516 ordinary shares of the Bank, taking into account the shares already in stock.

On April 18, 2024, the Extraordinary Shareholders' Meeting of the Bank resolved to:

- approve the proposal by the Board of Directors to modify articles 15 (fifteen), 18 (eighteen), 20 (twenty), and 25 (twenty-five) of the By-laws, approving those changes in the text provided in the illustrative report, for the reasons set forth therein.

Risks, uncertainties and impacts of the Russia/Ukraine conflict and the Israel/ Palestine war

During the year ended December 31, 2024, the continuation of tensions in the global geopolitical environment arising from the conflict between Russia and Ukraine, which erupted in early 2022, should still be noted, although the related repercussions on the European and global macroeconomic situation appear to be contained to date also in relation to a lower tension on the price of gas and consequently on inflation, which seems to be back under control, an aspect reinforced by the policy of cutting interest rates undertaken by the ECB.

However, it should be noted that, also looking ahead, the conflict could represent a factor of instability that, in general, can significantly affect the macroeconomic landscapes of the countries that BFF operates in and their growth prospects.

- With regard to the credit risk arising from impacts on financed enterprises that have significant commercial operations with Russia, Belarus, or Ukraine, no customers with significant commercial operations with Russia, Belarus, or Ukraine have been identified.
- With regard to securities trading, the Parent Company does not hold securities issued by issuers particularly exposed to risks arising from the current geo-political environment and conflict.
- With regard to profitability, note that custodian bank fees are calculated on the basis of the funds' AuM, and therefore the depreciation of these securities in the funds' portfolio had an insignificant impact compared to, for example, normal market volatilities.
- With regard to operational risks related to cyberattacks, note that the Bank has not recorded any directly associated attacks of this nature, and moreover there are no operations in the countries affected by the conflict.

Moreover, the Compliance & AML Function, with the involvement and support of the competent functions, continuously (i) monitors regulatory developments with regard to the restrictive and sanctioning regime applied at the EU level to subjects, entities and banks in Russia and Belarus involved in the conflict; (ii) disseminates information alerts to the various BUs whenever there are updates and (iii) supports the various BUs in analyzing the compliance of specific operational requirements.

In light of the Parent Company's business model and the nature of its risk counterparties, the Russia/Ukraine conflict did not entail changes to the model for determining expected losses. However, with the annual update of the macroeconomic scenarios, the Group Risk Management Function monitors the trend of risk parameters against the evolution of the conflict in order to understand any impact on the determination of expected losses (for more details see the section "IFRS 9 - Update to reflect the financial crisis due to the Russia/Ukraine conflict and the impact of the Israel/Palestine conflict").

Following is information on topics and measures already undertaken in prior years with a view to continuity also during 2024:

- Commercial aspects: with regard to the Factoring and Lending BU, it is worth noting that the overall trend in factoring and customer financing volumes is in line with last year, despite a lower performance in Italy and Portugal.
- The Securities Services BU continued to record good performance due to good market trends and specialized services offered to institutional customers.
- The Payments BU also performed positively in general, with greater emphasis on electronic/digital payments. The Cheques and Bills segment, on the other hand, follows the downward trend recorded system-wide, due to the gradual abandonment of the related payment instruments by citizens and businesses (a trend that can be found in the periodic statistics on the Payment System published by Bank of Italy).
- Liquidity: the current macroeconomic scenario is characterized by a high degree of uncertainty, influenced by the continuation of the Russia/Ukraine conflict, the Israel/Palestine conflict and tensions at international level, with repercussions on the credit system as well. In this context, the Bank focused its attention on the oversight mechanisms required to monitor the liquidity position, and in particular:
  i) when deemed necessary, reserves the right to perform stress analyses that are more frequent and more detailed as well as with increasing and variable impacts,
  ii) maintains a significant share of assets available to meet unforeseen liquidity needs;
  iii) monitors the markets, including through continuous comparison with market operators and related banks; and
  iv) continues to closely monitor the collection trends of Public Administration debtors.

Furthermore, the consequences of the Israel/Palestine war have not affected lease contracts (IFRS 16), actuarial gains/losses related to post-employment benefits (IAS 19) and the vesting conditions of share-based payments (IFRS 2).

Climate-Related Issues

In preparing the Consolidated Financial Statements, the BFF Group considered the recommendations of ESMA, contained in the document "European common enforcement priorities for 2024 annual financial reports" published in October 2024. In particular, with regard to climate-related issues, ESMA has stressed the importance of reflecting these issues in financial statements to the extent that they have a material impact, also recalling indications provided by the IASB, which has highlighted examples of potential financial implications arising from climate-related risks.

ESMA's priorities include the need to facilitate investors in identifying information on climate-related aspects, promote consistency between financial and non-financial disclosures (prepared in accordance with Legislative Decree No. 125/24 and the new ESRS standards), and finally, where deemed appropriate, report relevant financial information on climate-related aspects in financial statements as well as how climate-related risks have been integrated into the accounting estimates carried out.

Given the growing relevance of ESG risks, and in particular climate-related risks, the BFF Group pays constant attention to these issues, both in the context of its overall risk management framework and in the analysis of potentially affected items in the consolidated financial statements.

In particular, the EBA's *Guidelines on the management of environmental, social and governance (ESG) risks* have introduced specific requirements regarding the integration of ESG risks into the internal processes and risk management to be adopted in compliance with the Capital Requirements Directive (CRD VI). In fact, they specify the content of the plans that banking institutions must prepare in order to monitor and address financial risks arising from ESG factors, including those arising from the process of adaptation toward the goal of achieving climate neutrality in the EU by 2050.

In particular, regarding Large institutions, which include BFF, the requirement to conduct a Materiality Assessment on an annual basis remains. In addition, new risk drivers were introduced, with a focus on non-climate-related environmental risks, such as biodiversity. Another important focus concerns data management and IT processes, with the aim of ensuring consistency of ESG data, even when it comes from external providers, ensuring that the data used is clear and understandable, including the underlying methodology and the construction of any scores. A list of specific data points has also been defined, in line with those established in the context of the CSRD (e.g. the definition and calculation of GHG emissions).

The approach to identifying risks follows a holistic model already adopted by BFF, which is based on four main drivers of analysis: exposure, portfolio, sector, and scenario.

In this context, also in line with the Bankit plan, the Risk Management Function has planned a specific project (for its areas of responsibility) for 2025 that includes alignment with relevant regulations (e.g. Bank of Italy plan, EBA Guidelines, CRR).

Part E of the report examines in detail how the Group's risk management framework includes a materiality assessment, implementation of specific controls in the Risk Appetite Framework (RAF), performance of scenario analyses, and monitoring of ESG risks broken down into different risk categories (e.g. credit, market, and liquidity).

Furthermore, the Group recognizes the need to develop increasingly accurate tools to identify how and to what extent environmental risks, particularly climate-related risks, may translate into financial risks; to this end, they are being progressively integrated into valuation models.

This approach reflects the BFF Group's commitment to adapting to a changing regulatory and market context, responding with appropriate tools to the challenges posed by ESG and climate-related risks.

The main risk to which the Group is subject is credit risk, therefore, it was decided to carry out specific stress tests using internal valuation models by including the presence of elements related to the "ESG" and climate-related areas that, at the moment, do not appear to have an appreciable effect on the assessments made by them.

Statutory audit

The Shareholders' Meeting of BFF Bank S.p.A. held on April 2, 2020 appointed the independent auditors KPMG S.p.A. to audit the financial statements from 2021 to 2029, pursuant to the provisions of Article 2409-bis of the Italian Civil Code and Italian Legislative Decree No. 39/2010.

A.2 MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following describes the accounting policies adopted to prepare the consolidated financial statements at December 31, 2024, in accordance with IAS 1 and the instructions contained in Bank of Italy Circular no. 262 of December 22, 2005, as amended.

These accounting policies include the main criteria for recognizing, classifying, measuring and derecognizing the main assets and liabilities as well as for recognizing revenue and costs, along with other information.

Financial assets

IFRS 9 divides financial assets into three categories:

- Financial assets measured at fair value through profit or loss;
- Financial assets measured at fair value through other comprehensive income;
- Financial assets measured at amortized cost.

1 - Financial assets measured at fair value through profit or loss

Classification criteria

This category includes financial assets other than those classified as financial assets measured at fair value through other comprehensive income or as financial assets measured at amortized cost. Specifically, this item includes:

- financial assets held for trading;
- financial assets with obligatory fair value measurement, represented by the financial assets that do not meet the requirements for measurement at amortized cost or fair value through other comprehensive income. These are financial assets whose contractual terms do not exclusively provide for solely payments of principal and interest on the principal amount outstanding, or which are not held in connection with a "Hold-to-Collect" business model, or whose objective is a "Hold-to-Collect-and-Sell" business model;
- financial assets designated at fair value, namely financial assets defined in this way at the time of initial recognition and where the requirements are met. In such cases, on recognition an entity can irrevocably designate a financial asset as being measured at fair value through profit or loss if and only if by so doing it would eliminate or significantly reduce a recognition inconsistency.

This item therefore includes:

- debt instruments and loans that are included in another/trading model (therefore not related to the "hold-to-collect" or "hold-to-collect-and-sell" business models) or that fail the contractual characteristics test (SPPI test);
- equity instruments – which cannot be qualified as controlling or connected – for which the designation at fair value through other comprehensive income has not been made upon initial recognition;
- UCI units.

The item also includes derivatives, recognized among financial assets held for trading, which are presented as assets if the fair value is positive.

In accordance with the general rules in IFRS 9 regarding the reclassification of financial assets (except for equity securities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be very infrequent, the financial assets may be reclassified from the category of assets measured at fair value through profit or loss to one of the other two categories permitted by IFRS 9 (Financial assets measured at amortized cost or Financial assets measured at fair value through other comprehensive income). The transfer value is the fair value measured at the reclassification date, and the effects of reclassification apply prospectively from said date. In this case, the effective interest rate of the reclassified financial asset is determined on the basis of its fair value on the reclassification date. That date is taken to be the date of initial recognition, for credit risk stage assignment for impairment purposes.

Recognition criteria

The initial recognition of financial assets takes place on the date of settlement for debt instruments and equity instruments, on the date of disbursement for loans, and on the date of subscription for derivatives.

Financial assets measured at fair value through profit or loss are initially recorded at fair value, normally presented by the price of the transaction, without considering the costs or income of the transaction directly attributable to the instrument itself.

Measurement criteria

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The effects of applying this measurement criterion are charged to the income statement.

To determine the fair value of financial instruments listed on an active market, market prices are used. In the absence of an active market, commonly adopted estimation and valuation models are used. These take into account all the risk factors related to the instruments and are based on observable market data such as: the valuation of listed instruments with similar characteristics, discounted cash flow calculations, option pricing models, the recorded values of recent comparable transactions, etc.

For equity instruments and derivatives not quoted on an active market, the cost criterion is used to estimate the fair value only on a residual basis and in a limited number of circumstances, namely if none of the above valuation methods can be applied or if there is a wide range of possible fair value valuations, within which the cost is the most significant estimate.

Derecognition criteria

Financial assets or parts of financial assets are derecognized if and only if disposal entails the substantial transfer of all the related risks and benefits.

Specifically, financial assets sold are derecognized when the entity retains the contractual rights to receive the cash flows of the asset but enters into a simultaneous obligation to pay those cash flows and only those cash flows to third parties, without significant delays.

2 - Financial assets measured at fair value through other comprehensive income

Classification criteria

According to IFRS 9, a financial asset is included in this category if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (HTC&S business model); and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (meeting the SPPI test).

In particular, this item includes:

- debt instruments that are included in a Hold to Collect and Sell Business Model and that pass the contractual characteristics test (SPPI test);
- equity instruments, which cannot be qualified as controlling, associated or jointly controlled and which are not held for trading, for which the option for designation at fair value through other comprehensive income has been exercised.

In addition, equity instruments for which the Bank has decided to use the FVOCI (Fair Value through Other Comprehensive Income) option are also measured at fair value through OCI. The FVOCI option provides for the recognition in OCI of all income components relating to these instruments, without any impact (even in the event of disposals) on profit or loss.

The Group has decided to use the FVOCI option for the equity instruments held, whose amount is not significant.

HTC&S business model

Financial assets classified in the HTC&S business model are held to collect contractual cash flows and to sell the financial assets. Sales are therefore more frequent and significant compared to a hold to collect business model. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

These assets can be held for an indefinite period of time and can fulfill the need to access liquidity or respond to fluctuations in interest rates, exchange rates or prices.

Therefore, unlike in the case of financial assets measured at amortized cost (HTC), IFRS 9 does not require defining thresholds in terms of frequency and significance of sales for the HTC&S business model.

That said, taking a prudent approach, the Group defined a maximum annual turnover ratio for the securities portfolio allowing to distinguish this business model from the Other model (i.e., assets held for trading), calculated as the ratio of the total value of sales to the average stock for the year ((opening stock + closing stock)/2).

As far as the reclassification of financial assets is concerned (excluding equity securities, which are not eligible for reclassification), IFRS 9 allows an entity to reclassify its financial assets to other categories of financial assets if and only if the business model for managing those assets changes.

In such cases, which are expected to be very infrequent according to the standard, financial assets can be reclassified from FVOCI to one of the other two categories provided for by IFRS 9 (financial assets measured at amortized cost or financial assets measured at fair value through profit or loss).

The transfer value is the fair value measured at the reclassification date, and the effects of reclassification apply prospectively from said date. More specifically, if a financial asset is reclassified to amortized cost, its fair value at the reclassification date is adjusted to reflect the accumulated gains (losses) recognized in the valuation reserve. On the contrary, if a financial asset is reclassified to FVPL, the accumulated gains (losses) previously recognized in the valuation reserve are reclassified from equity to profit (loss) for the period.

Reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which should be highly infrequent, financial assets can be reclassified from FVOCI to one of the other two categories provided for by IFRS 9 (financial assets measured at amortized cost or financial assets measured at fair value through profit or loss [FVPL]). The transfer value is the fair value measured at the reclassification date, and the effects apply prospectively from said date with the following impacts:

- if a financial asset is reclassified to amortized cost, its fair value at the reclassification date is adjusted to reflect the accumulated gains (losses) recognized in the revaluation reserve;
- on the contrary, if a financial asset is reclassified to FVPL, the accumulated gains (losses) previously recognized in the valuation reserve are reclassified from equity to profit (loss) for the period.

Recognition criteria

The initial recognition of financial assets takes place on the date of settlement for debt and equity instruments.

On initial recognition, the assets are measured at fair value, including transaction costs or income directly attributable to the instrument.

Measurement criteria

With regard to debt securities, these assets are subsequently measured at fair value, with the interest recognized at amortized cost in the income statement under item 10 “Interest and similar income”. Gains and losses arising from changes in fair value are recognized in equity under item 120 “valuation reserves” except for impairment, which is recognized under item 130 “Net impairment losses/gains for credit risk associated with: b) financial assets measured at fair value through OCI”.

Gains and losses are recognized in valuation reserves until the financial asset is disposed of, when the accumulated gains or losses are recognized in the income statement under item 100 “Profits (losses) on disposal or repurchase of: b) financial assets measured at fair value through OCI”.

Fair value changes recognized under item 120 “valuation reserves” are also reported in the statement of comprehensive income.

Equity instruments (shares) not traded in an active market, whose fair value cannot be determined reliably due to the lack or unreliability of the information needed for fair value measurement, are measured at their last reliably measured fair value.

Equity instruments that were classified in this category are valued at fair value and the amounts recognized as a balancing entry under equity (Other Comprehensive Income) must not then be transferred to the income statement, not even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the purposes of IFRS 9, the impairment of financial assets included in these categories is recognized in three different stages based on the relevant credit risk level.

More specifically, for Stage 1 instruments (financial assets that are not credit-impaired on initial recognition and instruments without significant increase in credit risk since initial recognition), 12-month expected credit losses are recognized at the initial recognition date and at each subsequent reporting date.

For Stage 2 instruments (assets with significant increase in credit risk since initial recognition but not credit-impaired) and Stage 3 instruments (impaired exposures), lifetime expected credit losses are recognized instead.

For debt instruments, any circumstances indicating that the borrower or issuer is experiencing financial difficulties such as to prejudice the collection of principal or interest constitute evidence of impairment.

If there is objective evidence of impairment, the cumulative loss that was initially recognized in equity under item 120 “Valuation reserves” is transferred to the income statement under item 130 “Net impairment losses/gains for credit risk associated with: b) financial assets measured at fair value through OCI”. The amount transferred to the income statement is equal to the difference between the asset’s carrying amount (value at initial measurement net of any previous impairment losses already recognized in the income statement) and its current fair value.

If the fair value of a debt instrument increases and such increase can be objectively attributable to an event relating to the improvement in the debtor’s creditworthiness, occurring in a period subsequent to the recognition of impairment in the income statement, the impairment gain is recognized and the amount of the gain is recognized in the same income statement item. This does not apply to equity securities, which are not tested for impairment.

After the reinstatement, the carrying amount cannot in any case exceed measurement at amortized cost had the impairment loss not been recognized.

Impairment losses/gains are recognized according to the staging allocation criteria and the following risk parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD) – defined in accordance with the subsequent paragraph “Measurement of impairment losses on financial assets”.

Equity instruments are not subjected to the impairment process.

Derecognition criteria

Financial assets measured at fair value through other comprehensive income are derecognized when the contractual rights expire and when, following disposal, substantially all of the risks and rewards relating to the financial asset sold are transferred. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognized in the financial statements, even if legally their ownership has been effectively transferred.

3 - Financial assets measured at amortized cost

Classification criteria

According to IFRS 9, a financial asset is included in this category if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (HTC business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (meeting the SPPI test).

On the basis of the accounting statements provided for by the Bank of Italy's Circular no. 262 of December 22, 2005, as amended, this financial statement item includes:

- loans and receivables from banks in the various technical forms;
- loans and receivables with customers, in the various technical forms, which also include debt securities classified in the HTC business model and that passed the SPPI test.

Loans and receivables from banks relate essentially to ordinary current accounts of the Group companies and loans with banking counterparties in the various technical forms.

Loans and receivables with customers are primarily comprised of debt securities, receivables due from debtors relating to factoring activities and late payment interest, computed based on receivables purchased on a non-recourse basis in accordance with laws in force (Italian Legislative Decree 231/2002 "Implementation of Directive 2000/35/EC on combating late payments in commercial transactions"), as well as loans to customers in the various technical forms.

BFF's receivables from factoring transactions almost exclusively refer to non-recourse purchase transactions involving the full transfer of all the risks and rewards relating to receivables.

HTC business model

Financial assets measured at amortized cost are held within a business model whose objective is to obtain contractual cash flows by collecting payments over the lifetime of the instrument.

Not all assets shall necessarily be held to maturity. IFRS 9 provides the following examples of cases in which the sale of financial assets may be consistent with the HTC business model:

- Sales are attributable to the increased credit risk of a financial asset;
- sales are infrequent (even if significant in terms of amount) or insignificant at an individual level and in aggregate form (even if frequent);
- Sales take place close to the maturity of the financial asset and revenue from the sales are close to the amount of the remaining contractual cash flows.

The Group identified thresholds of significance for frequency and volumes of sales, required to analyze whether the HTC business model has been maintained.

Therefore, in the event of sales (consistently with the business model concerned), by virtue of common market practice, a percentage of significance for annual sales volumes has been defined, determined as the sum of the value of sales made during the year/the carrying amount of the HTC portfolio at the beginning of the year.

With respect to the frequency of sales, the BFF Banking Group has defined a monthly threshold, as set out in the (RAF) Risk Appetite Framework, which, in line with the maximum acceptable risk, defines the business model and the strategic plan - risk appetite, tolerance thresholds, risk limits, risk governance policies and the processes of reference for designing and implementing them, including at the Group level.

As far as the reclassification of financial assets is concerned, IFRS 9 allows an entity to reclassify its financial assets to other categories of financial assets if and only if the business model for managing those assets changes.

In such cases, which are expected to be very infrequent according to the standard, financial assets can be reclassified from amortized cost to one of the other two categories provided for by IFRS 9 (FVOCI or FVPL).

The transfer value is the fair value measured at the reclassification date, and the effects of reclassification apply prospectively from said date. Gains or losses arising from the difference between the amortized cost of a financial asset and its fair value are recognized in the income statement in the case of a reclassification to financial assets measured at fair value through profit or loss (FVPL), or in equity, as part of the specific valuation reserve, in the case of a reclassification to financial assets measured at fair value through other comprehensive income (FVOCI).

Recognition criteria

With respect to receivables from factoring transactions, such assets are initially recognized at fair value, which usually corresponds to the consideration paid, including transaction costs and income which are directly attributable to the acquisition and provision of the financial asset, although not yet settled.

In particular, non-recourse receivables:

- purchased on a non-recourse basis, with substantial transfer of all risks and rewards as well as cash flows, are initially recognized at fair value, represented by the nominal amount of the receivable net of fees and commissions charged to the assignor;
- if purchased for amounts below the face value, are recognized for the amount actually paid at the time of purchase.

As for financial assets related to loans originated by the Group, they are initially recognized at the loan date. These assets are initially recognized at fair value inclusive of the sums disbursed, including of transaction costs or income directly attributable to the instrument. With reference to loans in particular, the date of disbursement is usually the date on which the contract is signed. If this is not the case, when the contract is signed a commitment will be included to disburse funds, and this commitment ends on the date the loan is drawn down.

HTC debt securities have fixed or determinable payments and a fixed maturity and may be used for repurchase agreements, loans or other temporary refinancing operations.

These assets are initially recognized at fair value on the settlement date. This amount usually corresponds to the consideration paid, including transaction costs and income.

Measurement criteria

After initial recognition, financial assets are measured at amortized cost, equal to the original amount, less repayment of principal and impairment losses, and increased by any reversal of impairment losses and amortization, calculated using the effective interest rate method, taking into account the difference between the amount disbursed and the amount repayable when due, relating to ancillary costs/income directly attributable to the individual receivable.

Specifically, non-recourse receivables purchased as part of the factoring activities carried out by Group companies are measured at amortized cost, determined based on the present value of estimated future cash flows, with reference to both the principal and the late payment interest accruing as from the due date of the receivable and deemed recoverable.

By virtue of their nature, the new due date of such receivables is their expected collection date, determined at the time of pricing and formalized with the assignor in the assignment contract.

Interest income (including late payment interest) is recognized in the income statement only if it is probable that positive cash flows will be generated for the entity and their amount can be estimated reliably. In the case in question, consistently with the "Bank of Italy/Consob/Ivass Document no. 7 of November 9, 2016" on the "Treatment in the financial statements of late payment interest under Italian Legislative Decree No. 231/2002 on non-recourse purchases of non-impaired receivables", BFF and BFF Finance Iberia also included the estimate of recoverable late payment interest in the calculation of amortized cost, taking into account that:

- the business model and organizational structure envisage that the systematic recovery of late payment interest on non-impaired receivables purchased on a non-recourse basis is a structural element of the ordinary business activities for the management of such receivables;
- such late payment interest, due to its impact on the composition of results, does not constitute an ancillary element of non-recourse purchase transactions, and has been considered for a complete analysis of the prospective profitability profiles.

Furthermore, BFF Bank and BFF Finance Iberia have time series of data concerning collection percentages and times – acquired through suitable analysis tools – enabling them to judge that the estimate of late payment interest included in the calculation of amortized cost is sufficiently reliable and complies with the recognition requirements established by IFRS 15.

Such time series are updated at least on an annual basis when the consolidated financial statements are prepared, in order to determine the estimated collection percentages and times to be used to calculate late payment interest. The change in collections is then analyzed on a quarterly basis to confirm such percentages in periodic reporting. If the updates bring to light significant variances, the Parent Company updates the estimate used for accounting purposes.

Please note that to take into consideration the collection timing of the entire provision for late payment interest, the estimate of days to collection remained at 2,100 days.

As for BFF Polska Group, late payment interest accrued on past due trade receivables is mainly recognized when there is a reasonable certainty that the interest will be collected, on the basis of agreements reached with the debtor counterparties or court decisions.

As is the case with late payment interest, the right to receive the 40-euros receivable has also been considered since 2018 in the settlement agreements with debtors for the purpose of their recovery and, therefore, when negotiating with debtors, the entire amount due is considered as a single item on which to base the transaction and on which to apply the same discount percentages (only since 2021 in a structural manner do transactions consider discounts proportionally). Thus, it is considered appropriate to expect a convergence in the near future of the percentages of lump-sum indemnity to those recorded for late payment interest, and it is therefore considered methodologically more appropriate to consider a single percentage for both.

As stated in the section "Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")" within these "Accounting Policies," the percentage of recognition of late payment interest and the 40-euros receivable has been increased from 50% to 65% in the course of 2024.

After initial recognition at fair value, HTC securities are measured at amortized cost using the effective interest rate method. The amount arising from the application of this method is recognized in the income statement under item 10 "Interest and similar income".

The Group carries out the analysis of the receivable and HTC security portfolio to identify any impairment of its financial assets. IFRS 9 introduced the expected credit loss concept for the financial assets included in this financial statement item. Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial instrument. According to this concept, a loss does not necessarily have to occur before it is recognized in the consolidated financial statements; therefore, generally all financial assets will entail the recognition of a provision.

The approach adopted is represented by the general deterioration model, which envisages a three-stage classification. These stages reflect the deterioration of the credit quality of the financial instruments included within the scope of application of IFRS 9.

At each annual or interim reporting date, the entity assesses whether there has been a significant change in credit risk compared to initial recognition. If so, this will result in a change of stage: the model is symmetrical, and assets can move between different stages.

For assets classified in Stage 1, the loss allowance relating to each individual financial asset is determined on the basis of 12-month expected credit losses (contractual cash flow shortfalls estimated by taking into account potential default in the following 12 months), while for assets classified in Stages 2 and 3 calculations are based on lifetime expected credit losses (contractual cash flow shortfalls estimated by taking into account the potential default over the residual life of the financial instrument).

For non-performing exposures (stage 3) classified as UTP or Non-performing loans (with the exception of financial distress), at each preparation of the consolidated financial statements or interim financial situations, the Group determines the possible specific value adjustments to be made to individual credit exposures through internal assessments and, where necessary, also with the support of external legal opinions.

Regarding non-performing exposures (stage 3) classified as Past Due or Non-performing due to financial distress, at each preparation of the consolidated financial statements or interim financial situations, a specific impairment loss is made calculated on a collective basis, using a probability of default that can vary between that for performing exposures in stage 2 and 100%. This probability of default is identified on the basis of a specific/individual assessment (so-called case-by-case assessment) carried out by the credit evaluation function and, if the calculated adjustment is not adequate, either by defect or by excess, it can be specifically assigned by the same. If the case-by-case assessment is not adopted, which in any case cannot lead to a lower coverage rate than that envisaged for stage 2 exposures, the final level of adjustment attributed will be equal to the value of the impairment returned by the collective calculation model.

The amount of the loss is therefore determined on the basis of an individual assessment and then individually attributed to each position, accounting for forward-looking information and potential alternative recovery scenarios. Impaired assets include financial instruments that have been given non-performing status, unlikely to pay or overrun/past-due for more than 90 days according to the Bank of Italy regulations, in line with the IAS/IFRS and European regulations. The expected cash flows take into account the expected recovery times and the presumed realization value of any guarantees.

When recognizing impairment, the carrying amount of the asset is reduced accordingly and the loss is recognized in the income statement under item 130 "Net impairment losses/gains for credit risk associated with: a) financial assets measured at amortized cost".

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be objectively attributable to an event relating to the improvement in the debtor's creditworthiness occurring after recognition of impairment, the previously recognized impairment loss is reversed. After the reversal reinstatement, the carrying amount cannot in any case exceed measurement at amortized cost had the impairment loss not been recognized. The reversal of the impairment loss is recognized in the income statement item.

Impairment losses/gains are recognized according to the staging allocation criteria and the following risk parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD) – defined in accordance with the subsequent paragraph "Measurement of impairment losses on financial assets".

Derecognition criteria

Derecognition of a financial asset occurs when the contractual rights to cash flows deriving from the financial asset expire or if the entity transfers the financial asset and such transfer meets the eligibility criteria for derecognition.

Receivables sold are derecognized only if all the risks and rewards relating to such receivables were transferred.

On the other hand, if the risks and rewards are retained, the receivables sold will continue to be recognized in the financial statements, even though legal title to these assets is effectively transferred.

4 - Hedging operations

Recognition criteria

The Group has exercised the option under IFRS 9 to continue to apply the IAS 39 rules to hedging operations even after the introduction of IFRS 9.

"Hedging operations" involve designating a financial instrument capable of offsetting part or all of the gain or loss resulting from a change in the fair value or cash flows of the hedged instrument. The intent to hedge must be formally stated, must not be retroactive and must be consistent with the risk hedging strategy espoused by the BFF Banking Group's management. Pursuant to IAS 39, derivatives may only be accounted for as hedging instruments under certain conditions, i.e. when the hedging relationship is:

- clearly defined and documented;
- measurable;
- currently effective.

Derivative financial instruments designated as hedges are initially recognized at their fair value.

Hedging operations are intended to offset the potential losses associated with certain types of risks.

The possible types of hedges are:

- Fair value hedges: these are designed to cover the exposure to the change in the fair value of a statement of financial position item;
- Cash flow hedges: these are designed to cover the exposure to changes in the future cash flows associated with certain statement of financial position items;
- Hedges of a net investment in a foreign operation.

Hedges may be undertaken using derivative contracts (including the purchase of options) and non-derivative financial instruments (to hedge currency risk only). In the statement of financial position, hedging derivative instruments are classified to item 50 "Hedging derivatives" on the assets side and 40 "Hedging derivatives" on the liabilities side according to whether they have a positive or negative fair value on the annual or interim reporting date.

Measurement criteria

Hedging derivative financial instruments are measured at their fair value.

When a financial instrument is classified as a hedge, the Group, as set out above, formally documents the relationship between the hedging instrument and the hedged item, verifying both at the inception of the relationship and throughout its duration, that the hedging by the derivative is effective in offsetting changes in the fair value or cash flows of the hedged item. A hedge is considered effective if, both at inception and over its life, changes in the fair value or cash flows of the hedged item are offset by changes in the fair value of the hedging derivative.

Accordingly, effectiveness is assessed by comparing the aforementioned changes, taking account of the intent pursued by the entity when entering into the hedge. A hedge is effective (within the limits established by the interval of 80-125%) when the expected, effective changes in the fair value or cash flows of the hedging financial instrument offset changes in the hedged item almost entirely.

Effectiveness is assessed at each annual or interim reporting date using:

- prospective tests that justify the application of hedge accounting by proving the expectation of hedge effectiveness;
- retrospective tests that determine the degree of effectiveness of the hedge achieved during the period to which they refer, thus measuring the extent to which the actual results diverged from the perfect hedge.

The accounting treatment for gains and losses on fair value changes varies according to the type of hedge:

- Fair value hedges: the change in the fair value of the hedged item attributable solely to the hedged risk is taken to the income statement, as is the change in the fair value of the hedging derivative instrument; the difference, if any, which represents the partial ineffectiveness of the hedge, thus determines the net effect on the income statement;
- Cash flow hedges: changes in the fair value of the derivative are taken to equity, for the effective portion of the hedge, and are only taken to the income statement when, in reference to the hedged item, the change in the cash flows to be offset is evident, or for the portion of the hedge found to be ineffective;
- Hedges of a net investment in a foreign operation: such hedges are accounted for according to the same

method used for cash flow hedges.

The income components are allocated to the relevant items of the income statement as follows:

- Differentials accrued on derivative instruments hedging interest-rate risk (in addition to the interest on the hedged positions) are allocated to item 10, "Interest and similar income" or item 20, "Interest and similar expense", depending on the sign of the differential, i.e. whether it is positive or negative;
- Negative or positive changes in fair value resulting from the measurement of the fair value hedging derivative instruments or hedged positions are allocated to item 90, "Net hedging profit (loss)";
- Positive or negative changes in fair value arising from the measurement of cash flow hedging derivative instruments are allocated, with regard to the effective portion, to a specific valuation reserve in equity, the ""Hedging reserve", net of the deferred tax effect. With regard to the ineffective portion, such changes are taken to item 90 of the income statement, "Net hedging profit (loss)".

Derecognition criteria

The accounting treatment of hedging operations is discontinued in the following cases: a) a hedge undertaken through a derivative ceases or is no longer highly effective; b) the hedged item has been sold or redeemed; c) the hedging operation is revoked in advance; or d) the derivative expires, is sold, terminated or exercised.

If hedge effectiveness is not confirmed, the portion of the derivative contract no longer designated a hedge ("over-hedging") is reclassified as held for trading. If discontinuation of the hedging relationship is due to the sale or termination of the hedging instrument, the hedged item ceases to be such and is once again measured according to the criteria that apply to the relevant portfolio.

The hedging financial assets and liabilities are derecognized when there are no longer any contractual rights (e.g., expiration of the contract, early closing exercised according to the contractual clauses – so-called "unwinding") to receive cash flows from the financial instruments, the hedged assets/liabilities, and/or the derivative designated as a hedge or when the financial assets/liabilities are sold thus substantially transferring all the risks and rewards connected thereto.

5 - Equity investments

Recognition criteria

Investments in joint ventures and associates are recorded in the consolidated financial statements at cost, equal to the fair value of the consideration paid, adjusted for impairment.

This item includes interests in joint ventures and associates. Companies are considered joint ventures if control is shared between the Group and one or more other parties on a contractual basis or when the unanimous consent of all the parties who share control is necessary for decisions concerning significant activities. Companies in which the Parent Company holds 20% or more of the voting rights and companies for which the administrative, financial and management choices are considered to be subject to significant influence are considered to be associates due to the legal and factual links.

In establishing the existence of control over joint ventures and significant influence over associates, there are no situations to report where it was necessary to carry out particular assessments or make significant assumptions.

Measurement criteria

The Group uses the equity method to measure these investments, adjusting the initial value to reflect changes in the Group's significant net assets since the purchase date. At each reporting date, for equity investments the existence of objective evidence that the carrying amount of the assets may not be fully recoverable is verified. The impairment testing process requires checking for impairment indicators and determining the impairment loss, where applicable.

Impairment indicators may essentially be divided into two categories:

- qualitative indicators such as losses or a significant deviation from the budgeted targets or those of long-term plans announced to the market, the announcement/start of insolvency proceedings or restructuring plans, or a rating downgrade of more than two notches by a specialized company;
- quantitative indicators, represented by a reduction in fair value below carrying amount, by a carrying amount of the equity investment in the separate financial statements that exceeds the carrying amount in the consolidated financial statements of the net assets and goodwill of the subsidiary or by the distribution by a subsidiary of a dividend in excess of its total income.

The presence of impairment indicators implies the recognition of an impairment loss to the extent that the recoverable amount is less than the carrying amount. The recoverable amount is the higher of the fair value net of costs to sell and the value in use.

The value in use is the present value of the expected cash flows from the asset. It reflects the estimate of the expected cash flows from the asset, the estimate of possible changes in the amount and/or timing of the cash flows, the time value of money, the price to remunerate the risk of the asset and other factors that may influence market participants' valuation of the asset's expected cash flows.

Derecognition criteria

Equity investments are derecognized when the contractual rights to the cash flows deriving from the assets expire, or when the investment is sold with a substantial transfer of all the related risks and benefits.

6. Property, equipment and investment property

Classification criteria

Property, equipment and investment property include land, instrumental properties, technical plants, furniture, furnishings and equipment of any type.

They also include right-of-use assets related to an item of property and equipment(for lessees), assets under an operating lease (for lessors), as well as improvements and incremental expense incurred on owned assets and right-of-use assets.

Improvements and incremental expenses incurred on third-party assets deriving from lease agreements pursuant to IFRS 16 from which future benefits are expected, the following are recognized:

- if independently identifiable and separable, in item "90. Property, equipment and investment property", in the most appropriate category;
- if not independently identifiable and separable, in item "90. Property, equipment and investment property", as an increase in usage rights, recognized in accordance with the provisions of IFRS 16, to which they relate.

Improvements and incremental expense incurred on third-party assets other than those mentioned above are recognized:

- if independently identifiable and separable, in item "90. Property, equipment and investment property", in the most appropriate category;
- if not independently identifiable and separable, in item "130. Other assets".

Instrumental properties are those owned properties (or properties held under a finance lease) used in production and the provision of services or for administrative purposes, with a useful life exceeding one year.

Recognition criteria

Property, equipment and investment property are initially recognized at cost, which includes all costs necessary to bring the asset to working condition for its intended use (transaction costs, professional fees, direct delivery costs incurred to bring the asset to the assigned location, installation costs, dismantling costs).

Costs incurred subsequently are added to the asset's carrying amount or recognized as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be measured reliably (e.g., extraordinary maintenance costs). Other expense incurred subsequently (e.g., ordinary maintenance costs) are recognized, in the period incurred, in the income statement under item 190 b) "other administrative expense," if they refer to assets used in the Group's business activities.

This item also includes assets used by the Group as the lessee in lease agreements - "Right-of-Use Assets" (RoU) (IFRS 16).

At the commencement date, the Group, as lessee, shall recognize the "right-of-use (RoU) asset" at cost, which shall comprise: a) the amount of the initial measurement of the lease liability; b) any lease payments made at or before the commencement date, less any lease incentives received; c) any initial direct costs incurred by the lessee, i.e. incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained, except for costs incurred by a manufacturer or dealer lessor in connection with a lease; and d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories".

The RoU asset referring to leases outstanding at the date of initial application of IFRS 16 was recognized under the "Modified Retrospective Approach".

The Group does not consider VAT as a component of lease payments for the purposes of calculating IFRS 16 measures (RoU Asset and Lease Liability, for which reference should be made to the line item Financial liabilities measured at amortized cost).

Measurement criteria

Subsequent to initial recognition, property, equipment and investment property, excluding land and buildings, are carried at cost, net of accumulated depreciation and impairment losses, if any. As from December 31, 2024, land and buildings, subsequent to their initial recognition, are valued using the revaluation method. In this regard, please refer to "Section 2 Basis of presentation", in Part "A1 General Part" of this document.

Depreciation begins as of the date on which the property, equipment and investment property are ready for the use intended by the management.

With regard to the Banking Group, such assets are depreciated on a straight-line basis over their estimated useful lives, understood as the period during which an asset or property is expected to contribute to company operations, adopting the straight-line method as the depreciation criterion. The estimate of the useful life is shown below:

- buildings: up to 33 years;
- furniture: 9 years;
- plants: 5 years;
- machines: up to 3 years;
- other: 4 years.

Land and buildings are treated separately for accounting purposes, even if purchased together.

Property, equipment and investment property are systematically depreciated, adopting the straight-line method of depreciation, over their useful lives. The depreciable value is represented by the cost of the assets or the revalued amount if measured using the revaluation method. Buildings are depreciated by an amount deemed appropriate to represent the depreciation of the assets over time as a result of their use, taking into account maintenance expenses of an extraordinary nature, which are added to increase the value of the assets.

The estimated useful life of property, equipment and investment property is reviewed at the end of each annual or interim reporting period, taking into account the conditions of use of the assets, maintenance conditions, expected obsolescence etc., and, if expectations differ from previous estimates, the depreciation expense for the current and subsequent periods is adjusted.

Artistic assets are not depreciated as their useful life cannot be estimated and their value typically does not decrease over time.

For land and buildings used for business purposes subject to valuation according to the revaluation method:

- if the carrying amount has increased as a result of a restatement of value, the increase should be recognized in other comprehensive income and accumulated in equity under the item of revaluation reserve; on the other hand, if it reverses a previously recognized impairment loss reported in the income statement, the reversal should also be recognized in the income statement;
- if the carrying amount has decreased as a result of the restatement, the decrease should be recognized in the statement of other comprehensive income to the extent that there are any credit balances in the revaluation reserve, otherwise said decrease should be recognized in the income statement.

The value of the assets should be remeasured on a regular basis to ensure that the carrying amount does not differ significantly from that which would have been determined using fair value at the reporting date. The remeasurement is carried out by scenario analysis (market trend analysis) every year and by a new appraisal every three years. If particularly large changes (+/- 10%) are found from the scenario analysis, timely and updated appraisals need to be conducted to adjust the fair value of the asset to real estate market valuations.

Similarly to financial instruments, those non-financial assets and liabilities measured at fair value level 3 are subject to sensitivity analysis for which, based on the valuation model in use to determine fair value, it can be performed and whose results are significant. The sensitivity analysis, for the properties used for business purposes owned by the Group, was conducted by identifying the most relevant variables under the valuation model used as at December 31, 2024, represented by the discounted cash flow method. In particular, the parameters characterized by greater volatility/variability were taken into account, such as, for properties used for business purposes, the net capitalization rate (yield) and the average medium/long-term inflation rate. For the purposes of the analysis, variation ranges consistent with potential market dynamics at the reporting date were used. Specifically, a variation of +/- 25 basis points was assumed for the net capitalization rate and of -/+15 basis points for the inflation rate. In light of these variations, a deviation in fair value of -4.8 million, or -5.5%, and of 5.5 million, or 6.2%, was recorded.

If there is objective evidence that an asset has been impaired, the asset's carrying amount is compared with its recoverable amount, equal to the higher of its fair value less costs of disposal and its value in use, i.e., the present value of the future cash flows expected to be derived from the asset. Any adjustments to the carrying amount of the asset are recognized in the income statement under item 210 "Depreciation and impairment losses on property, equipment and investment property".

If an impairment loss is reversed, the new carrying amount cannot exceed the net carrying amount that would have been attributed to the asset if no impairment loss had been recognized in prior years.

At each annual or interim reporting date, the Group evaluates whether there is any indication of impairment of its property, equipment and investment property. If a loss is identified, the carrying amount is compared with the recoverable amount understood as the higher between fair value and value in use.

Property, equipment and investment property represented by right-of-use assets under lease contracts

Under IFRS 16, a lease is a contract or part of a contract that transfers the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A financial lease essentially transfers all the risks and rewards arising from ownership of the asset to the lessee (user). Otherwise, the contract is classified as an operating lease. The inception of a lease is the date from which the lessee is authorized to exercise its right to use the leased asset. It coincides with the date of initial recognition of the lease and even includes rent-free periods, i.e. contractual periods when the lessee uses the asset free of charge. At the inception of a contract, the lessee recognizes:

- an asset consisting of the right to use of the asset underlying the lease contract. The asset is recognized at cost, calculated as the sum of:
  - i) the lease liability;
  - ii) lease payments made on or before the effective date of inception of the lease (net of lease incentives already received);
  - iii) initial direct costs, and
  - iv) any (estimated) costs to dispose of or restore the asset underlying the lease;
- a financial liability arising from the lease contract (lease liability) corresponding to the present value of payments due for the lease. The discount rate used is the implicit interest rate, if determinable; otherwise, the marginal financing interest rate of the lessee is used.

Where a lease contract contains "non-lease components" (e.g., the provision of services, such as routine maintenance, to be accounted for in accordance with IFRS 15), the lessee must separately account for "lease components" and "non-lease components" and distribute the contract price between the various components on the basis of their respective prices.

The lessee may choose to recognize lease payments:

- directly by expensing them to the income statement, on a straight-line basis throughout the term of the lease contract;
- according to another systematic method representative of the way in which the economic benefits are received, in the case of short-term leases (equal to or less than 12 months) that do not include an option for the lessee to purchase the leased asset;
- for leasing contracts where the underlying asset is of low value.

The lease term is determined taking into account:

- periods covered by an extension option, where the exercise of the extension option is reasonably certain;
- periods covered by an option to terminate the lease, if the exercise of the termination option is reasonably certain.

During the term of the lease contract, the lessee must:

- measure the right-of-use asset at cost, net of accumulated depreciation and accumulated impairment losses determined and accounted for in accordance with the provisions of IAS 36 - Impairment of Assets, adjusted to take account of any restatement of lease liabilities;
- increase the liability arising from the lease transaction following the accruals of interest expense calculated at the implicit interest rate of the lease, or alternatively at the marginal financing rate and reduce it for payments of principal and interest.

In the event of changes in lease payments, the liability must be restated; the impact of the restatement of the liability is accounted for as a balancing entry to the right-of-use asset.

Derecognition criteria

Property, equipment and investment property are derecognized when disposed of or when future economic benefits are no longer expected from their use or disposal.

The right-of-use asset deriving from lease contracts is derecognized at the end of the lease.

7 - Intangible assets

Classification criteria

Intangible assets are identifiable non-monetary assets without physical substance that are expected to be used for more than one year, controlled by the Group, and from which future economic benefits are likely to flow.

In the absence of one of the aforementioned characteristics, the cost to acquire or generate the asset internally is recorded as a cost in the period in which it was incurred.

Intangible assets mainly consist of software for multi-year use and goodwill, resulting from contracts or new acquisitions.

Recognition criteria

Intangible assets are recognized in the annual or interim consolidated financial statements at acquisition cost, including direct costs incurred to bring the asset into use and increased with any costs incurred subsequently to increase initial economic functions, net of accumulated amortization and impairment losses, if any.

Intangible assets also include goodwill, being the positive difference between the purchase cost and the fair value of the assets and liabilities of the acquired company, representative of the investment's capability to produce future profit. Should this difference be negative (badwill) or should the investment not be capable to produce future profit, the difference is immediately recognized in the income statement.

The goodwill recognized derives from the acquisition of BFF Polska in 2016, IOS Finance in 2019 (merged into BFF Iberia on December 31, 2019) and MC3 Informatica S.r.l. in 2022 (which changed its company name to BFF Techlab S.r.l.).

Measurement criteria

Intangible assets with a finite useful life are systematically amortized on a straight-line basis according to their estimated useful lives. Useful lives are normally estimated as follows for the entire Banking Group:

- software: maximum 5 years;
- other intangible assets: up to 10 years.

If there is objective evidence that an asset has been impaired, the asset's carrying amount is compared with its recoverable amount, equal to the higher of its fair value less costs of disposal and its value in use, i.e., the present value of the future cash flows expected to be derived from the asset. Any impairment of the asset is recognized in the income statement under item 220 "Amortization and impairment losses on intangible assets."

If an impairment gain is recognized, the new carrying amount cannot exceed the carrying amount that would have been attributed to the asset if no impairment loss had been recognized in prior years.

Intangible assets include goodwill. Goodwill can be recognized, in a business combination, when the positive difference between the consideration transferred and any recognition at fair value of non-controlling interests and the fair value of the net assets acquired is representative of the investment's capability to produce future profit.

Assets with an indefinite useful life, such as goodwill, are not systematically amortized but undergo a periodic impairment test when the annual or interim consolidated financial statements are drafted.

The Group has a policy ("Goodwill Impairment Test") that defines the content of the test, in relation to what is prescribed by the accounting standard, also explaining so-called "trigger events", i.e. those indicators with an external/internal source of information that are monitored at least every six months and that trigger impairment tests on equity investments and goodwill. The impairment test may also be performed at the specific request of the Authorities in case of particularly exceptional events (e.g. the case of the COVID-19 pandemic).

Therefore, an impairment test is performed annually on goodwill (or whenever there is evidence of impairment). For this purpose, the cash generating unit to which goodwill is to be attributed is identified.

The amount of any impairment is determined on the basis of the difference between the carrying amount and the recoverable amount, if lower, and is taken to the income statement under item 270 "Impairment of goodwill". Recoverable amount is defined as the higher of fair value of the cash-generating unit less costs of disposal and its value in use, which is the present value of the cash flows expected to be derived from a cash-generating unit for the years in which it is in operation and arising from its disposal at the end of its useful life, or considering the current market multiple method. The recognition of any impairment gains is not allowed.

On the basis of the outcomes of the annual impairment test performed to prepare the consolidated financial statements at December 31, 2024, the Group did not recognize any impairment loss on the amount of goodwill recorded in the consolidated financial statements relating to the allocation of the acquisition cost of the BFF Polska Group, BFF Finance Iberia and BFF Techlab S.r.l.

For more information refer to Part B of the Notes to the consolidated financial statements in item "Intangible Assets".

Derecognition criteria

An intangible asset is derecognized upon its disposal or when no further future economic benefits are expected from its use or sale, and any difference between the sale proceeds or recoverable amount and the carrying amount is recognized in the income statement under item 280 "Gains (losses) on disposal of investments".

8 - Non-current assets held for sale or discontinued operations

The asset item "Non-current assets held for sale or discontinued operations" and liability item "Liabilities linked to assets held for sale" include non-current assets or groups of assets/liabilities for which a disposal process has been initiated and the sale of which is deemed highly likely. These assets/liabilities are measured at the lower between their carrying amount and fair value less costs to sell, with the exception of certain types of assets (e.g. financial assets falling within the scope of application of IFRS 9) for which IFRS 5 specifically requires the application of the valuation criteria of the applicable accounting standard.

9 - Current and deferred taxes

Income taxes are computed in accordance with the tax legislation in force in the different countries where the Group operates.

The tax charge consists of the total amount of current and deferred income taxes, included in the calculation of the profit or loss for the year.

Current tax assets and liabilities include the net balance of the Group's tax positions in respect of the tax authorities. In particular, these items include the net balance of current tax liabilities for the year, calculated according to a prudential estimate of the tax charge due for the year, determined on the basis of the current tax code, and current tax assets represented by prepayments made in the course of the year. Current taxes correspond to the amount of income taxes due for the year.

Deferred tax liabilities correspond to the amount of income taxes due in future periods and refer to taxable temporary differences, which arose in the period or in previous periods. Deferred tax assets correspond to the amount of income taxes recoverable in future periods and refer to deductible temporary differences which arose in the period or in previous periods.

The tax amount of an asset or a liability is the value attributed to that asset or liability according to the tax legislation in force. A deferred tax liability is recognized on all taxable temporary differences in accordance with IAS 12. A deferred tax asset is recognized on all deductible temporary differences in accordance with IAS 12 only to the extent that it is probable that there will be future taxable profits against which the deductible temporary difference can be offset.

Deferred tax assets are recorded under item 110 b) of assets. Deferred tax liabilities are recorded under item 60 b) of liabilities. Deferred tax assets and liabilities are constantly monitored and are recorded by applying the tax rates that it is expected will be applicable in the period in which the tax asset will be realized or the tax liability will be extinguished, on the basis of the tax rates and the tax law established by provisions in force.

The accounting contra entry for both current and deferred tax assets and liabilities consists normally of the income statement item 300 "Income taxes on profit (loss) from continuing operations".

In cases where deferred tax assets and liabilities concern transactions that directly concerned equity without impacting profit or loss (such as the adjustments resulting from the first-time adoption of the IFRS, and the measurements of financial instruments at fair value through OCI or cash flow hedging derivatives), these are recognized through equity, impacting any relevant reserves (e.g. valuation reserves).

The size of the provision for taxes is adjusted to meet charges that might arise from any assessments already communicated or in any case from outstanding disputes with tax authorities.

10 - Provisions for risks and charges

Registration/classification criteria

Provisions for risks and charges cover costs and expense of a determinate nature, the existence of which is certain or probable, which, at the end of the year, are uncertain as to amount or timing.

Accruals to the provisions for risks and charges are recognized only when:

- a present obligation has arisen as a result of a past event;
- upon its manifestation, the obligation is onerous;
- a reliable estimate can be made of the amount of the obligation.

Provisions for risks and charges for commitments and guarantees provided

This item includes provisions for credit risk set aside for loan commitments and guarantees provided that fall within the scope of the impairment rules in IFRS 9. In this case the Group adopts the same methods for allocating items to the credit risk stages and calculating expected credit losses as the ones described for financial assets measured at amortized cost or at fair value through OCI.

Post-employment benefits and similar obligations

Post-employment benefits are formed in implementation of company agreements and are qualified as defined benefit plans. The liabilities relating to such plans and the relative current service cost are determined on the basis of actuarial assumptions by applying the Projected Unit Credit Method actuarial method, which involves projecting future outlays on the basis of statistical historical analyses and the demographic curve, as well as the financial discounting of such flows on the basis of a market interest rate. Contributions made in each year are considered to be separate units, recognized and valued individually in order to determine the final obligation. The discount rate is determined on the basis of market returns relating to the valuation dates of leading corporate bonds, taking into account the residual average duration of the liability. The present value of the obligation at the reporting date is also adjusted by the fair value of any assets serving the plan.

Actuarial gains and losses (or changes in the present value of the obligation deriving from changes in actuarial assumptions and adjustments based on past experience) are presented in the statement of comprehensive income.

As required by IAS 19, the provisions for risks and charges include the measurement of post-employment benefit obligations.

The measurement of such obligations in the consolidated financial statements is made, when necessary, based on actuarial calculations, by determining the charge at the measurement date based on demographic and financial assumptions.

Other provisions

Provisions for risks and charges are liabilities with an uncertain amount or maturity recognized in the consolidated financial statements as:

- there is a present obligation (legal or implicit) due to a past event;
- an outlay of financial resources is likely in order to meet the obligation;
- it is possible to reliably estimate the likely future outlay.

Such provisions include amounts set aside against presumed losses in legal proceedings against the Bank.

When the time element is relevant, the provisions are discounted using current market rates. The provision and increases due to the time factor are recognized in the income statement. In particular, when the present value of the provision has been recognized, the increase in the carrying amount of the provision recorded in the consolidated financial statements in each year to reflect the passing of time is recognized under interest expense.

The provisions recognized, as well as contingent liabilities, are reviewed at each annual or interim reporting date and adjusted to reflect the best current estimate. If the need to use resources to meet the obligation is no longer likely, the provision is reversed with a balancing entry in the income statement.

The provisions for risks and charges include also the provisions for credit risk set aside for loan commitments and guarantees provided that fall within the scope of the impairment rules in IFRS 9. Under IFRS 9, expected credit losses on commitments and guarantees provided shall be determined based on the initial credit risk of the commitment, starting from the date on which such commitment was made. As a general rule, in this case the Group adopts the same methods for allocating items to the three credit risk stages and calculating expected credit losses as the ones described for financial assets measured at amortized cost or at fair value through OCI.

The relevant loss allowance shall be recognized as a liability in the statement of financial position under item "100: Provisions for risks and charges: a) commitments and guarantees provided".

Derecognition criteria

Derecognition occurs when the obligation or contingent liability that generated the recognition of a provision is extinguished.

11 - Financial liabilities measured at amortized cost

Classification criteria

An issued financial instrument is classified as a liability when, on the basis of the substance of the contractual agreement, there is a contractual obligation to provide money or another financial asset to another party.

This item includes "Due to banks", "Due to customers" and "Debt securities issued". Financial instruments (other than trading liabilities and those measured at fair value) representing the different forms of third-party funding are allocated to these items.

In addition, the payables incurred by the Group as lessee under leases are also included.

Interest expense is recorded in the income statement under item 20 "Interest and similar expense".

Recognition criteria

Such liabilities are initially recognized at fair value on the settlement date. This amount usually corresponds to the consideration received less transaction costs directly attributable to the financial liability. Structured securities are broken down into their basic elements, which are recorded separately, when the derivative components implicit in them are of an economic nature and present risks different from those of the underlying securities and can be configured as autonomous derivatives.

This line item includes also the payables relating to the assets used by the Group as lessee under leases—the so-called "Lease Liability" (IFRS 16), which comprises the following payments for the right to use the underlying asset: a) fixed payments, less any lease incentives receivable; b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; c) amounts expected to be payable by the Group under residual value guarantees; d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Interest is recorded in income statement item 20 "Interest and similar expense".

Measurement criteria

Amounts due to banks and customers and debt securities issued are measured at amortized cost using the effective interest method.

Debt securities issued are measured at amortized cost using the effective interest method.

During the period of use of the asset, the carrying amount of the Lease Liability is increased by the interest expense accrued and decreased by the payments made to the lessor.

Derecognition criteria

Financial liabilities are derecognized when the obligation specified in the contract is extinguished or following a substantial change in the contractual terms of the liability.

The derecognition of debt securities issued also occurs in the event of repurchase of securities previously issued, even if they are intended for subsequent resale. The gains or losses on the recognition of the repurchase as an extinguishment are recognized in the income statement when the repurchase price of the bonds is higher or lower than their carrying amount. Subsequent disposals of own bonds on the market are treated as the placement of new debt.

12 - Financial liabilities held for trading

Recognition criteria

Recognition and measurement criteria are similar to those described for "Financial assets classified as held for trading".

Classification criteria

Financial liabilities held for trading include derivative contracts held for trading with negative values and liabilities related to technical overdrafts on securities.

All trading liabilities are measured at fair value with the allocation of the result of the measurement to the income statement.

Derecognition criteria

Financial liabilities are derecognized when the obligation specified in the contract is extinguished or following a substantial change in the contractual terms of the liability.

14 - Foreign currency transactions

Recognition criteria

Transactions in foreign currency are translated upon initial recognition into the functional currency by applying the exchange rate in force on the date of the transaction to the amount in foreign currency.

Measurement criteria

At each reporting date, Statement of Financial Position items in foreign currency are measured as follows:

- monetary items are translated at the current exchange rate at the closing date;
- non-monetary items measured at historical cost are translated at the exchange rate on the transaction date;
- non-monetary items measured at fair value are translated using the exchange rate in effect on the date the fair value was determined.

The exchange differences deriving from the settlement of monetary elements or from the translation of monetary elements at rates other than those of initial translation, or of translation the previous financial statements, are recognized in the Income Statement of the period in which they arise, while those relating to non-monetary elements are recorded in Equity or in the Income Statement in line with the method of recording the profits or losses that include this component.

Costs and revenue in foreign currencies are recognized at the exchange rate when they are accounted for, or, where in the process of accruing, at the exchange rate in effect at the reporting date.

15 - Other information

Treasury shares

The treasury shares held are deducted from equity at the value at which they were repurchased on the market. Similarly, their original cost and the gains or losses from their subsequent sale shall be recognized as changes in equity.

At the time of assignment to employees or directors, the Treasury share reserve is reduced by an amount calculated at the average price for the acquisition of the various tranches, with a balancing entry in financial instrument reserves recognized in the financial statements based on variable remuneration agreements and the "share premium" reserve.

Post-employment benefits

As a result of the legislative framework introduced by Italian Law no. 296 of 2006, the post-employment benefits accrued up to December 31, 2024 (which remain with the Bank) under item 90 of liabilities, are computed by estimating the remaining length of the employment relationship, for individual persons or homogeneous groups, based on demographic assumptions:

- by projecting the accrued post-employment benefits, using demographic assumptions, to estimate the time of termination of employment;
- by discounting to present value, at the measurement date, the amount of the accrued benefits at December 31, 2024, based on financial assumptions.

IAS 19 (revised) requires actuarial gains and losses to be recognized in other comprehensive income in the year/period they are accrued. Because post-employment benefits vesting starting on January 1, 2007 must be transferred to the Italian social security institute (INPS) or to supplemental pension funds, they qualify as a "defined contribution plan", since the employer's obligation ceases once payment is made and the contribution is recorded in the income statement on an accrual basis.

The costs for servicing the plan are recorded under personnel expense, item 190 "Administrative expense: a) personnel expense" as the net total of contributions paid, contributions accrued in previous periods and not yet recorded and expected revenue from assets servicing the plan. Actuarial gains and losses, as envisaged by IAS 19, are recorded in a valuation reserve in equity.

Revenue recognition criterion

The general criterion for the recognition of revenue components is the accruals basis, also taking into account the correlation between costs and revenue.

Revenue

Revenue is gross flows of economic benefits deriving from the performance of ordinary business activities, when such flows cause increases in equity other than increases deriving from shareholder contributions.

Revenue deriving from contractual obligations with customers is recognized in the financial statements only if all of the following criteria are met:

- the parties to the contract have approved the contract and have undertaken to meet their respective obligations;
- the entity can identify the rights of each of the parties as regards the goods or services to be transferred;
- the entity can identify the conditions of payment of the goods or services to be transferred;
- the contract has commercial substance (or the risk, timing or amount of the future cash flows of the entity are destined to change following the contract);
- it is likely that the entity will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating the likelihood of receiving the amount of the consideration, the entity must take into account only the capacity and intention of the customer to pay the amount of the consideration when it will be due.

Interest income and expense

Interest income and expense and similar income and expense relate to interest deriving from factoring activity, cash and cash equivalents and non-derivative financial assets and liabilities held for trading, measured at fair value through other comprehensive income and measured at amortized cost.

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost, using the effective interest rate method.

With respect to BFF Bank and BFF Finance Iberia, more specifically:

- Fees and commissions charged to the assignor for the purchase of non-recourse receivables are recognized as transaction revenue and are therefore part of the effective return on the receivable recognized at amortized cost.
- According to IFRS 15, revenue shall be recognized only when its amount can be reliably estimated when total “control” on the exchanged goods or services is transferred. In the case in question, consistently with the “Bank of Italy/Consob/Ivass Document no. 7 of November 9, 2016” on the “Treatment in the financial statements of late payment interest under Italian Legislative Decree 231/2002 on non-recourse purchases of performing receivables”, BFF and BFF Finance Iberia also included the estimate of recoverable late payment interest, including that claimed from tax authorities, in the calculation of amortized cost. As a matter of fact, BFF and BFF Finance Iberia have time series data concerning collection percentages and times – acquired through suitable analysis tools – enabling them to judge that the estimate of late payment interest included in the calculation of amortized cost is sufficiently reliable and complies with the recognition requirements established by IFRS 15. Such time series data are updated at least on an annual basis when the consolidated

financial statements are prepared, in order to determine the estimated collection percentages and times to be used for the purposes of accounting for the relevant items. The change in collections is then analyzed on a quarterly basis in order to monitor the relative trends and check the stability of the model.

In relation to the estimated total late payment interest that is expected to be collected by BFF Bank and BFF Finance Iberia, the new update of the time series determined an estimated recovery percentage much higher than 78.4%. The percentage used to prepare the 2024 financial statements is 65%, with estimated collection days of 2100.

With regard to late payment interest on tax assets, given the particular nature of such interest and the counterparty, as well as the precise evidence obtained, it is believed that the conditions exist to recognize such interest in full.

As regards BFF Polska Group, with the exception only of BFF Central Europe s.r.o., despite the negligible importance of the component of late payment interest on total loans and receivables, late payment interest accrued on past-due trade receivables is primarily recognized when it is reasonably certain that it will be collected, on the basis of the agreements reached with the debtor counterparties or that which has been agreed to in legal proceedings. As instead regards BFF Central Europe, please note that the amortized cost method is used, and the majority of the revenue recognized relate to commissions received. All additional revenue linked to late payment interest is recognized only in specific cases, for which there is reasonable certainty of recovery and for which an estimated percentage of recovery has been defined based on experience.

Compound interest, where applicable, is always accounted for on-statement of financial position.

Interest income on debt securities in portfolio and interest expense on securities issued by BFF Banking Group are recognized at amortized cost, i.e., by applying to the face value of the securities the effective interest rate of return (IRR), determined as the difference between the coupon rate of interest and the purchase price of the same security and taking into account any issue discount.

The interest thus computed is recognized in the income statement pro-rated over the duration of the financial asset or liability.

Fees and commissions

Fees and commissions, which primarily derive from the activities carried out by the Securities Services and Payments Business Units and debt collection management activities on behalf of third parties, are recognized when the service is provided. These are primarily revenue linked to periodic fees that could include the provision of multiple services, transaction fees and one-off revenue.

Fees and commissions considered in amortized cost in order to determine the effective interest rate are excluded, as they are recognized as interest.

Starting from the end of 2020, when legal costs incurred for the collection of the receivables acquired without recourse are recognized, the Group recognizes revenue equal to their estimated percentage of recovery based on time series data developed internally. Indeed, the above-mentioned legal costs are in part recovered from customers either when bankruptcy proceedings are completed or when settlement agreements are finalized, and therefore they do not fully impact the consolidated financial statements. Therefore, this accounting treatment results in a greater alignment between costs and revenue, on an accruals basis.

Fees and commissions for receivables managed on behalf of assignors are recognized in two successive steps in relation to the timing and nature of the service rendered:

- when the receivables are entrusted for management (fees and commissions on acceptance, and handling expense);
- when the receivables are collected (collection fees and commissions).

Dividends

Dividends are recognized in the income statement when their distribution is approved.

Costs and other comprehensive income

Costs are recognized when they are incurred in compliance with the criterion of correlation between costs and revenue deriving directly and jointly from the same transactions or events. Costs that cannot be associated with revenue are recognized immediately in the Income statement.

Costs directly linked to financial instruments measured at amortized cost and which may be determined from their origin, irrespective of when they are paid, are recognized in the Income statement with the application of the effective interest rate.

Impairment losses are recognized in the Income statement in the year in which they are identified.

Share-based payment arrangements

The share-based personnel remuneration plans (stock option plans) are accounted for according to the provisions of IFRS 2. A cost equal to the fair value of the options granted is recorded, over the vesting period, in the oncome statements,. The fair value of any options is calculated using a model which considers – besides information such as the exercise price and duration of the option, the current price of the shares and their expected volatility, the expected dividends, and the risk-free interest rate – the specific characteristics of the current plan. In the valuation model, the option and the probability of realization of the conditions under which the options were assigned are assessed separately. The combination of the two values provides the fair value of the assigned instrument.

Any reduction in the number of financial instruments allocated shall be accounted for as cancellation of part of them. This derecognition will have no impact on the income statement, but will take place with a balancing entry in the retained earnings.

In compliance with the provisions as set out in the First Part, Title IV, Chapter 2, Section III, paragraph 2.1. 3 of Bank of Italy's Circular no. 285, Art. 8.4 of the "Remuneration and incentive policy for members of the bodies with strategic supervision, management and control, and personnel of BFF Banking Group" establishes that at least 50% of variable remuneration of so-called "Key Personnel" (Risk Takers) must be paid in financial instruments, specifically:

i) BFF's shares and related instruments, including the stock option plan; and

ii) where possible, the other instruments identified in Delegated Regulation (EU) No. 527 of March 12, 2014.

The definition of "variable remuneration" includes payments which, for various reasons, are connected to and dependent on the activities/performance of the recipients or on other parameters (e.g., length of service) and which may be due in the future from BFF to the Risk Takers:

i) both pursuant to the incentive system based on company and individual objectives (so- called "MBO");

ii) and in order to meet any payment obligations pursuant to non-competition agreements ("NCAs"), should Risk Takers who have signed such agreements leave the Group in the future.

As of December 31, 2024, the option rights relating to the stock option plans in place amounted to 10,169,450 options assigned and not yet exercised, of which 6,011,950 could be exercised.

2016 Stock-Option Plan of the Banca Farmafactoring Banking Group

On December 5, 2016, the Bank's Ordinary Shareholders' Meeting approved the adoption of a stock option plan for employees and members of the corporate boards. The plan has the following features:

- Purpose: the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe newly issued ordinary shares of the Bank or shares that have already been issued and are included in the Bank's portfolio when the option is exercised;
- Beneficiaries: the identification of beneficiaries and the granting of options are decided by:
  - The Board of Directors, after consulting with the Remuneration Committee, with reference to directors, senior executives and executives directly reporting to the Chief Executive Officer;
  - The Chief Executive Officer, within the limits of his/her powers, with reference to other beneficiaries whose remuneration falls within his/her duties;
- Type of exercise: ordinary or cashless exercise. On March 28, 2019 the Ordinary Shareholders' Meeting approved the introduction of an alternative method for exercising options under the plan, in addition to the ordinary option (so-called cashless). According to the new exercise option, authorized beneficiaries who requested it can be allocated a number of shares determined based on the market value of the shares at the exercise date, with no obligation for them to pay the exercise price.

As at December 31, 2024, a quantity of 2,000 had been assigned and were still exercisable as they had completed the vesting period, which represent all shares of the plan still in existence. The number of options outstanding and exercisable as at December 31, 2023 was 96,000.

2020 Stock-Option Plan of the Banca Farmafactoring Banking Group

On April 2, 2020, the Ordinary Shareholders' Meeting approved a new Stock Option Plan ("2020 Plan") for employees and directors holding executive positions in the Parent Company and/or its subsidiaries, having the following characteristics:

- Purpose: the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe newly issued ordinary shares of the Bank or shares that have already been issued and are included in the Bank's portfolio when the option is exercised;
- Recipients: the beneficiaries are identified by the Board of Directors and/or the CEO at their sole discretion – within the limits envisaged by the applicable legislation and the plan – among the employees and/or Directors with executive positions in the Bank and/or its subsidiaries;
- Type of exercise: ordinary or cashless exercise.

As at December 31, 2024, the number of stock options granted and not exercised was 2,763,450, of which 2,485,450 have vested and are exercisable. The number of options outstanding as at December 31, 2023, was 5,461,400 options, of these 2,227,700 had vested and were exercisable.

BFF Banking Group 2022 Long-Term Incentive Plan

On March 31, 2022, the Ordinary Shareholders' Meeting approved a new "2022 Long-Term Incentive Plan" for employees and directors holding executive positions in the Parent Company and/or its subsidiaries, having the following characteristics.

- Subject: the plan provides for the allocation of a maximum of 9,700,000 options divided into three tranches assignable by December 31, 2024. The options can be of two types: (i) Class A options, which grant the right to receive newly issued ordinary shares of the Bank, "equity settled", and (ii) Class B options, which grant the right to receive phantom shares, to be converted into cash in accordance with the provisions of the plan, "cash settled".
- Vesting conditions (exercise): options granted under each tranche vest upon completion of the three-year period from the relevant grant date. Vesting is also subject to the fulfillment of the following conditions: (i) continuation of employment with the Bank and/or office in the Board of Directors and absence of notice of resignation or dismissal; and (ii) achievement of KPIs (i.e. company performance indicators), without prejudice to the deferral and lock-up provisions applicable to the most significant personnel (i.e. Risk Takers) of the Parent Company and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

As at December 31, 2024, 7,404,000 options had been granted (of which 3,246,500 are equity settled and cash-less and 4,157,500 are cash settled/phantom shares), none of which yet exercisable. In 2023, 7,664,500 options had been granted (of which 3,439,500 equity settled and cash-less and 4,225,000 cash settled/phantom shares), none of which yet exercisable. The third tranche, having not been assigned by December 31, 2024, is to be considered no longer assignable.

Use of estimates and assumptions in the preparation of financial reporting

As part of the preparation of the consolidated financial statements, the Parent Company had to make valuations and estimates that influence the application of accounting policies and the amounts of assets, liabilities, costs and revenue recognized in the financial statements.

The significant assessments of the Parent Company in the application of the accounting policies and the main sources of estimation uncertainty are unchanged from those already illustrated in the Parent Company's and Group's last annual financial statements.

In accordance with IFRS, the elaboration of estimates by management is a prerequisite for the preparation of the consolidated financial statements at December 31, 2024. This process involves the use of available information and subjective assessments, also based on historical experience, in order to formulate reasonable assumptions for the analysis of operations. These estimates and assumptions may vary from one period to the next, and therefore it cannot be ruled out that in subsequent periods, including in light of the current emergency situation deriving from the Russia/Ukraine conflict, the current values recognized in the consolidated financial statements at December 31, 2024 may differ – even significantly – owing to a change in the subjective assessments.

Estimates and assumptions are reviewed on a regular basis. Any changes resulting from such reviews are recognized in the period in which the review is made, provided that the review involves only that period. Should the review involve both current and future periods, the change is recognized in the period in which the review is made, and in the related future periods.

The risk of uncertainty in the estimate is essentially related to:

- The degree of recoverability and estimated collection times for late payment interest accrued on non-recourse trade receivables due to BFF, based on an analysis of historical multi-year company data;
- Impairment losses on loans and receivables and other financial assets in general;
- The fair value of financial instruments used for financial disclosure purposes;
- The fair value of financial instruments not traded in active markets, determined with measurement models;
- Expenses recorded on the basis of provisional values that are not definitive at the date on which these consolidated financial statements were prepared;
- Employee benefits based on actuarial assumptions, and provisions for risks and charges;
- The recoverability of deferred tax assets;
- Any impairment of equity investments, goodwill and intangible assets: in light of the results as of December 31, 2024, there are no trigger events that could impact the valuation of equity investments, goodwill and intangible assets with a finite useful life recorded as of December 31, 2024.

Measurement of impairment losses on financial assets

At each annual or interim reporting date, in accordance with IFRS 9, financial assets other than those measured at fair value through profit or loss are tested to assess whether there is evidence that the carrying amount of the assets may not be fully recoverable. A similar analysis is conducted also for loan commitments and guarantees provided that fall within the scope subject to impairment in accordance with IFRS 9. If such evidence exists (so-called "evidence of impairment"), the financial assets concerned—consistently with any remaining assets of the same counterparty – are considered to be impaired and classified in Stage 3. The Group shall recognize adjustments equal to lifetime expected credit losses for these exposures, consisting in financial assets classified as bad loans, unlikely to pay, and exposures past due and/or in arrears as per the Bank of Italy's Circular no. 262/2005.

The impairment model is characterized by:

- The allocation of the transactions in the portfolio to different stages, based on an assessment of the increase in the level of exposure/counterparty risk, considering the "staging allocation criteria";
- The use of multi-period risk parameters (e.g., lifetime PD, LGD and EAD) to quantify expected credit losses (ECL) for financial instruments subject to a significant increase in credit risk since initial recognition.

In the fourth quarter of 2023, the Parent Company – at consolidated level – revised the methodological set-up of the staging allocation, establishing criteria more representative of the deterioration of credit risk with respect to the Group's business and the methodology of forward-looking and point in time components relating to Probability of Default, which is more aligned with market best practices and the specific nature of the business.

Staging Allocation Criteria

In the case of financial assets for which there is no evidence of impairment (performing financial instruments), the Bank shall assess whether there is an indication that the credit risk of the individual transaction has increased significantly since initial recognition.

Such assessment has the following consequences in terms of classification (or, more appropriately, staging) and measurement:

- If such an indication does not exist, the financial asset is classified in Stage 1. In this case, in accordance with the IFRS and even in the absence of apparent impairment losses, the Group shall recognize 12-month expected credit losses on the specific financial instrument. These adjustments shall be reviewed at each subsequent reporting date to regularly assess whether they are consistent with the constantly updated loss estimates as well as account for the change in the forecast horizon for expected credit losses in the event there is an indication that credit risk has "increased significantly";
- If such an indication exists, the financial asset is classified in Stage 2. In this case, in accordance with the IFRS and even in the absence of apparent impairment losses, the Group shall recognize adjustments equal to lifetime expected credit losses. These adjustments shall be reviewed at each subsequent reporting date to regularly assess whether they are consistent with the constantly updated loss estimates as well as account for the change in the forecast horizon for expected credit losses in the event there is no longer an indication that credit risk has "increased significantly".

Therefore, the allocation of an asset to Stage 1 rather than Stage 2 is not linked to absolute risk (in terms of probability of default), but rather to the (positive or negative) change in credit risk since initial recognition.

To allocate exposures subject to impairment in stages, the Group has adopted the following method, which can be summarized in three fundamental criteria:

- quantitative criterion: definition of a "delta rating" threshold for transfer to stage 2;
- qualitative criterion: use of transfer logic triggers, i.e., identification of events triggering transfers between stages;
- practical expedients: use of the Low Credit Risk Exemption (LCRE) and 30 days of non-payment.

The qualitative criterion takes precedence over the quantitative criterion and establishes that the following positions are allocated to stage 2:

- positions with forbearance measures;
- in Watchlist: or positions under monitoring for which an assessment of a significant increase in credit risk has been made.

As far as the quantitative criterion is concerned:

- for Italian Municipality and Province counterparties, the internal PRA (Pricing Risk Adjusted) rating is considered an indicator of a possible deterioration of credit quality. In particular, a relative threshold is defined which has the aim of measuring the downgrade in the PRA rating between the origination date and the reporting date and classifying in stage 2 if the notching down of the defined risk categories is equal to or greater than 1;
- a relative threshold is defined, which has the purpose of measuring the ECAI rating downgrade (at the reporting date with respect to the date of origin) for each transaction. If the number of downgrades is higher than what has been established by the threshold (differentiated according to the master rating scale used),

the position is allocated to Stage 2. The relative threshold depends on the number of rating classes considered for each segment and is equal to 1 for those segments to which the Sovereign and Financial Institutions external matrices apply (which have 7 rating classes), while it is equal to 2 for the counterparties pertaining to the segments for which the Corporate matrix is used (which has 21 rating classes).

Lastly, as concerns the practical expedients:

- the "Low Credit Risk Exemption" exempts transactions referring to counterparties with investment grade ratings at the date of analysis from the verification of significant deterioration using a relative threshold. Positions defined as low credit risk are not subject to the control of a rating downgrade between the date of analysis and the date of origin of the transaction. In the absence of qualitative triggers, these positions are allocated directly to Stage 1. This exception applies for counterparties referring to the Public Administration and Municipalities, to the technical forms of Repurchase Agreements by virtue of their guaranteed nature and very short term reciprocal accounts. It is excluded for private counterparties;
- for exposures originating from Factoring activities, if days continuously past due, calculated according to the criteria adopted by the Group on the definition of default, exceed 30, then the counterparty is classified in Stage 2; for exposures originating from Lending activities (operations of the Polska Group), days past due are calculated at individual transaction level, comparing the reporting date with the maturity date: in this case, if the difference is greater than 30, then the transaction is allocated to Stage 2. For other technical forms, including those deriving from Custodian Bank activities, days past due are calculated considering the overdraft in relation to the credit line attributed to the counterparty: in this case, if days past due exceed 30, then the transaction is allocated to Stage 2;
- for unrated counterparties in the portfolio, the staging allocation is carried out by applying only qualitative criteria, and the watchlist flag was introduced precisely in order to overcome the lack of rating and therefore the application of quantitative criteria.

Impairment Criteria

The key concepts introduced by IFRS 9 and required for the purpose of calculating impairment are as follows:

- a forward-looking model, allowing the immediate recognition of all expected losses over the life of the instrument. Under IFRS 9, losses shall be recognized based on supportable information that is available without undue cost or effort and includes historical, current and forward-looking data;
- ECL recalculated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument;
- ECL measured by incorporating point-in-time and forward-looking information as well as macroeconomic factors;
- Introduction of an additional status with respect to the binary classification of performing and non-performing counterparties, to take account of the increase in credit risk.

The ECL calculation model requires a quantitative assessment of future cash flows and assumes that they can be reliably estimated. This requires the identification of certain elements, namely:

- Probability of default (PD) models and assumptions about the forward distribution of default events, for the calculation of multi-period PDs used to determine the lifetime expected credit loss;
- a multi-period LGD model;
- a deterministic and stochastic EAD model allowing to define a multi-period distribution as well as a 12-month horizon.

In addition, at the reporting date, ECLs shall be discounted using the effective interest rate ("EIR") of the transaction as at the date of initial recognition.

Probability of Default (PD)

The multi-period PD parameter is interpreted by the Group by estimating a term structure of the probability of default starting from a recalibration of internal PD matrices provided by the rating agencies on long-term internal default rates (Long Run Average Default Rate or Central Tendency), the latter appropriately differentiated according to the relevant risk drivers. PD estimates include the effects deriving from the introduction of the New Definition of Default pursuant to Article 178 of Regulation (EU) No. 575/2013 in force as of January 1, 2021. As of December 31, 2024 these also include the effects deriving from the reclassification of the Loan Portfolio which occurred in June 2024. The multi-period PD also incorporates Point-In-Time conversion adjustments and forward-looking information.

The forward-looking requirement means that each of the transactions in the portfolio involving the same counterparty is assigned a probability of default beginning on the reporting date. To this end, the Group defines PD as the likelihood, over a particular time horizon, that a counterparty will be classified as in default.

In order to develop PDs according to IFRS 9, the Group uses the matrices of rating agencies (ECAI) relating to the Sovereign, Corporate and Financial Institutions segments. With reference to the Group portfolio:

- the Sovereign matrix was associated with public counterparties;
- the Corporate and Financial Institutions matrices were associated with non-public counterparties (the Corporate and Financial Institutions segments, respectively).

After identifying the matrices listed above, the following approach was followed to estimate the PD:

- estimation of the 12-month TTC PD by recalibrating the ECAI external migration matrices for the loan portfolio of BFF Bank S.p.A. and BFF Finance Iberia S.A. This approach makes it possible to refine the PD estimates by making them more compliant with the company's business characteristics. For the securities portfolio and for exposures referring to BFF Polska S.A. and its subsidiaries, the ECAI external migration matrices are adopted as the best methodological approach as, in the first case as they are bond-like financial instruments, the use of the ECAI matrices is already in and of itself representative of the relative risk level and, in the second case, the private segment ratings ("Corporate", "Public companies" and "Retail") are taken at individual counterparty level and, therefore, they provide a more accurate estimate. The recalibration was carried out by determining a differentiated Central Tendency for each cluster, identified, for the estimation, through the time series of internal rates of default, adjusted to take into account the new definition of default;
- estimate of the lifetime TTC PD through the Markov approach based on assumptions of uniformity and the absence of memory which makes it possible to estimate the transition matrix until year "n" by raising the matrix at 1 year to the n-th power;
- estimation of PIT and Forward Looking PD through ex-post adjustments of TTC multi-period PDs on the initial years, considering the point-in-time and forward-looking information given by forecasts on default rates.

With a view to applying this adjustment, the specific methodological approach is broken down into the following steps:

- macroeconomic model: definition of the macroeconomic scenarios to be applied (i.e., baseline, adverse and positive); in particular, the model defined by the Group calls for the conditioning of the TTC matrix by means of the application of 3 macroeconomic scenarios (i.e., projections of macroeconomic variables selected as regressors of the satellite model);
- satellite model: use of regression models for the estimate of forecast default rates; the satellite models used are differentiated by legal entity, one for BFF (including branches and FOSs) and Spain and one for Poland and by counterparty segment (Public Sector, Non-Public and Financial Intermediaries);
- conditioning model: in order to estimate a PD measurement inclusive of point-in-time and forward-looking components (i.e., PIT FLI PD), the TTC matrix is conditioned using the Merton - Vasicek methodology, a widespread market practice amongst banking institutions of similar size;
- multi-scenario model: from the PIT FLI marginal migration matrices over the projection horizon, cumulative curves are estimated up to 3 years, applying an appropriate non-homogeneous Markovian stochastic process, or with time-dependent migration matrices that vary over time. This makes it possible to obtain the PIT FLI cumulative migration matrix at projection years for each scenario and weighted with the relative likelihood of occurrence.

Loss Given Default (LGD)

In quantifying expected loss, the LGD parameter measures the expected loss in the event of counterparty default. Therefore, LGD is a significant component for calculating the expected loss according to IFRS 9, both for positions classified in Stage 1 (1-year time horizon), and for those that have undergone a significant increase in credit risk and were therefore classified in Stage 2 and assessed on a lifetime basis.

The calculation of impairment losses for non-performing positions (stage 3) relating to public counterparties whose supervisory classification may not be unambiguously indicative of a substantial increased credit risk (e.g. Italian regional or local authorities in a state of financial distress, past due), is done in a completely analogous manner to stage 2 exposures, considering a PD equal to 100% and the same (prudential) LGDs as for performing, given the predominantly public nature of the debtors and considering that in the case of past due, in factoring, late payment does not in itself imply a deterioration in the creditworthiness of the counterparty as for other financing products and nature of counterparties, and/or a diminished ability of the Group itself to recover the credit exposure claimed against counterparties classified in the above status.

However, this approach does not provide an exemption to the competent structures of the Parent Company from performing a precise / individual assessment ("case-by-case assessment") of positions classified as past due if the adjustment calculated is not adequate. If the case-by-case assessment is not adopted (which in any case may not result in coverage below stage 2 coverage), the final level of provision attributed is equal to the value of the impairment provided by the model.

In order to estimate the LGD parameter, as no internal models are available, the Group has decided to use the LGD grids obtained from a specific calculation tool provided by the external infoprovider.

The Group assigns an LGD value to each transaction on the basis of appropriate portfolio segmentation, taking into account the following risk factors: the probability of default associated with the counterparty, the reference economic sector, and factors specific to the transaction (e.g., type of financing and positioning of the financing within the capital structure). In addition, only for the non-recourse factoring portfolio of BFF Bank S.p.A. and BFF Finance Iberia S.A., given the specific features of the recovery process for that technical form compared to those of other product types, the Group has refined the LGD parameter estimation analysis by calibrating the external grids on long-term internal rates of recovery. This choice was justified by (i) the presence of a sufficiently robust time series depth for the estimation of an LGD model; (ii) the desire to correct ECAI source LGD estimates based on recoveries, in the majority of the cases complete, historically experienced by the Group. The calibration methodology is based on the calculation of a differentiated Central Tendency by customer macro-segment and the subsequent recalibration of the external grids using the constrained optimization Ordinary Least Squares (OLS) model.

Exposure at Default (EAD)

When defining and modeling the parameters to be used over multiple periods to measure credit risk, the Group considers also the Exposure at Default (EAD).

Similarly to what has already been defined in Basel models, to calculate ECL with credit risk parameters, EAD under IFRS 9 allows the definition of the exposure that a creditor will have at the time of default at a specific time over the life of the financial instrument.

Therefore, the EAD parameter must be aligned with the lifetime forecast horizon envisaged by the impairment model, to allow for the calculation of the allowance also for transactions for which the standard requires lifetime recognition.

The Group has identified the following factors for the computation of lifetime EAD:

- type of exposure;
- due date.

From these distinguishing factors for Exposure at Default modeling, the following cases have been defined:

- exposures with a deterministic repayment plan (cash flows);
- exposures without a repayment plan (no cash flows).

With reference to the exposures with deterministic repayment plans, the lifetime EAD is defined using the repayment plan and its effective cash flows. Stochastic modeling is therefore not necessary for these transactions.

On the other hand, as concerns exposures with unknown cash flows and/or due date (or exposures with no repayment plan), they are broken down by means of two estimation methodologies to determine the due date:

- a qualitative methodology, based on which the due date is determined on the basis of the conditions of the contract or the review by the Credit Evaluation O.U.;
- a quantitative methodology based on a behavioral model.

The calculation of value adjustments for non-performing positions relating to public counterparties whose supervisory classification may not be unambiguously indicative of a substantial increased credit risk (e.g. Italian regional or local authorities in a state of financial distress, past due), is done in a completely analogous manner to stage 2 exposures, considering a PD equal to 100% and the same (prudential) LGDs as for performing, given the predominantly public nature of the debtors and considering that in the case of past due, in factoring, late payment does not in itself imply a deterioration in the creditworthiness of the counterparty as for other financing products and nature of counterparties, and/or a diminished ability of the Group itself to recover the credit exposure claimed against counterparties classified in the above status. However, this approach does not exempt the relevant structures of the bank from carrying out a timely/case-by-case assessment of positions classified as non-performing if the calculated value adjustment is not found to be adequate. If the case-by-case assessment is not adopted (which in any case may not result in coverage below stage 2 coverage), the final level of provision attributed is equal to the value of the impairment provided by the model.

IFRS 9 - Update to reflect the financial crisis due to the Russia/Ukraine conflict and the impacts of the Israel/Palestine conflict

As mentioned above, the Risk Management Function updated the macroeconomic scenarios for prospective conditioning of the PD.

The forecast scenario assumes that, albeit in a context of high uncertainty, particularly over the trade policies of the new US administration and the ongoing geopolitical tensions in Europe (Russian-Ukrainian war), the growth of foreign demand will consolidate, but at values significantly lower than the average values of the two decades preceding the pandemic. Based on futures contracts, oil prices would decline over the three-year period and natural gas prices would remain stable overall.

Employment would continue to grow, albeit at a slower rate than output. The unemployment rate is expected to remain stable overall over the three-year period 2025-27.

However, macroeconomic uncertainty remains high and stems mainly from the international scenario with lingering tensions related to ongoing conflicts that could negatively impact foreign sales and, through a worsening of household and business confidence, domestic demand. Higher price dynamics could result from further increases in the prices of raw materials and other imported goods.

As regards the Israel/Palestine conflict that began in late 2023, considering the results of the analyses performed by the Bank, at the moment no critical elements have been identified that would require the implementation of additional activities to monitor the risks of the above-mentioned conflict.

A.4 INFORMATION ON FAIR VALUE

Qualitative information

The IFRS require that financial instruments classified as "Financial assets measured at fair value through profit or loss", "Financial assets measured at fair value through other comprehensive income" and "Financial liabilities held for trading" be measured at fair value.

The fair value is the price that would be received for a sale of an asset or which would be paid for the transfer of a liability in a normal transaction between market operators (in other words, not a forced liquidation or sale below cost) on the measurement date. The fair value is a market measurement criterion not specific to the entity. An entity needs to assess the fair value of an asset or liability by adopting the assumptions that the market operators would use when determining the price of the asset or liability, assuming that the market operators act to satisfy their own economic interests in the best possible way.

In determining the fair value of a financial instrument, IFRS 13 establishes a hierarchy of criteria in terms of the reliability of the fair value according to the degree of discretion applied by entities, giving priority to the use of observable market parameters that reflect the assumptions that market participants would use in valuing (pricing) an asset/liability. Three different input levels are identified:

- Level 1: inputs represented by (unmodified) quoted prices in active markets for identical assets or liabilities, which can be accessed on the measurement date;
- Level 2: inputs other than quoted prices included in Level 1 that are directly (as in the case of prices) or indirectly (i.e. as derived from prices) observable for the assets or liabilities to be measured;
- Level 3: unobservable inputs for the asset or liability.

The choice between the aforementioned methods is not optional since they must be applied in hierarchical order. Absolute priority is given to the official prices available in active markets for the assets and liabilities to be measured (Level 1) or for assets and liabilities measured using valuation techniques based on observable market parameters other than the prices of the financial instrument (Level 2), and lower priority is given to assets and liabilities whose fair value is calculated using valuation techniques based on parameters that are not observable in the market and are therefore more discretionary (Level 3).

In compliance with the rules described above, the market price recorded at the end of the reporting period is used for instruments quoted in active markets (Level 1). The fair value of financial instruments not listed on active markets has been determined by using valuation techniques based mainly on the discounting of cash flows. The valuation techniques used incorporate all the factors considered by the market when setting the price and are based mainly on observable market inputs (Level 2).

Specifically:

- bonds are measured by discounting the future cash flows envisaged in the contractual plan of the security, using the market rates adjusted for counterparty risk;
- derivative contracts, consisting of overnight interest rate swaps (OISs), are measured based on market valuation models using market rates as the prevailing parameters, adjusted for counterparty risk. Where relevant, this risk includes both changes in the counterparty's creditworthiness and changes in the issuer's creditworthiness (own credit risk);

- for equities, there is a hierarchy and an order of application of measurement methods that considers, first of all, any transactions in the security recorded over a sufficiently short period of time compared to the valuation period, comparable transactions of companies operating in the same sector and the application of analytical financial, income-based and equity-based valuation methods. The measurement method for a financial instrument is adopted on a continuing basis, and is only changed if there are significant variations in the market or subjective conditions of the issuer of the financial instrument. The Bank does not hold any Level 3 financial instruments, except for those of an immaterial value.

A.4.1 Fair value levels 2 and 3: valuation techniques and input used

The valuation techniques used are adapted to the specific characteristics of the assets and liabilities being valued. The choice of inputs is aimed at maximizing the use of those that can be observed directly on the market, minimizing the use of internal estimates.

With regard to Level 2 financial instruments, mainly represented by SWAPS and and receivables from customers and banks measured at amortized cost, the valuations as at December 31, 2024 were based on interest rates and volatility factors derived from the market. In view of the Group's limited dealings in the over-the-counter derivatives segment and its dealings mainly with the most relevant counterparties based on risk-mitigating collateralization agreements, the adjustments made to the measurement of Level 2 instruments to incorporate counterparty risk were not significant.

With regard to Level 2 UCI units, the value is determined using the official NAV.

With regard to real estate assets, which as at December 31, 2024, are measured at fair value, valuations are carried out by independent experts and are based on the "Discounted Cash Flow" methodology. As part of the above methodology, the valuation parameters used (primarily, lease payments and discount rates) are estimated consistently with industry best practices and are based on market surveys of real estate contexts comparable to those subject to valuation.

A.4.2 Processes and sensitivity of valuations

At December 31, 2024 the Group does not own financial instruments classified in fair value level 3.

A.4.3 Fair value hierarchy

At December 31, 2024, as in 2023, there were no transfers between Level 1, Level 2 and Level 3.

A.4.5 Fair value hierarchy

Quantitative information

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by levels of fair value

(Values in thousand euros)

Financial assets / liabilities measured at fair value	12.31.2024			12.31.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	13,213	179,317		6	166,017	-
a) financial assets held for trading	2	1,502		6	1,161	-
b) financial assets designated at fair value	-	-		-		-
c) other assets subject to mandatory fair-value valuation		177,815			164,856	
2. Financial assets measured at fair value through other comprehensive income	13,211	128,231		9,366	128,153	-
3. Hedging derivatives	-	303				
4. Property, equipment and investment property	-	-				
5. Intangible assets	-	-				
Total	**13,213**	**307,851**	**-**	**9,372**	**294,170**	**-**
1. Financial liabilities held for trading	-	139	-		1,215	-
2. Financial liabilities measured at fair value	-	-				
3. Hedging derivatives	-	-				
Total	**-**	**139**	**-**	**-**	**1,215**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by levels of fair value

(Values in thousand euros)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	12.31.2024				12.31.2023			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortized cost	10,667,127	4,585,397		6,072,284	10,805,826	4,891,959		5,848,643
2. Investment property								
3. Non-current assets held for sale and discontinued operations					8,046			12,000
Total	**10,667,127**	**4,585,397**	**-**	**6,072,284**	**10,813,872**	**5,946,465**	**-**	**5,860,643**
1. Financial liabilities measured at amortized cost	10,661,212	613,716		10,051,298	10,814,197			10,814,197
2. Liabilities linked to assets held for sale								
Total	**10,661,212**	**613,716**	**-**	**10,051,298**	**10,814,197**	**-**	**-**	**10,814,197**

Key:
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.5 INFORMATION ON THE "DAY ONE PROFIT/LOSS"

The Group does not hold, nor has it held, any financial assets to which this disclosure is applicable, pursuant to IFRS 7, paragraph 28.

Part B - Information on the Consolidated Statement of Financial Position

ASSETS

Section 1 - Cash and cash equivalents - Item 10

€153,689 thousand

1.1 Cash and cash equivalents: breakdown

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
a) Cash	183	205
b) Current accounts and sight deposits at Central Banks	10,486	157,536
c) Current accounts and sight deposits at banks	143,020	99,467
Total	**153,689**	**257,208**

As of December 31, 2024, this item mainly includes unrestricted deposits with the Bank of Italy, amounting to €10.5 million (compared to €157.5 million as of December 31, 2023), as well as current accounts held by the Parent Company and its subsidiaries at third-party banks as of December 31, 2024, amounting to €143.0 million. Specifically, "Current accounts and sight deposits at banks" mainly relate to €126.7 million to BFF Bank, €15.6 million to BFF Polska Group, €373 thousand to BFF Finance Iberia, €310 thousand to the SPV Project and €50 thousand to BFF Techlab.

Section 2 - Financial assets measured at fair value through profit or loss - Item 20

€179,319 thousand

This item is broken down as follows:

- Financial assets held for trading of €1.5 million, which primarily includes the positive fair value of derivative instruments classified as trading assets but used for the operational hedges of exchange rate risk that the Group is exposed to;
- Other financial assets subject to mandatory fair value measurement of €177.8 million, which mainly include the "UCI units" managed in part by the "Italian SGR Investment Fund" and, to a lesser extent, by the "Atlante Fund" and, as of 2022, by the Ingenii Fund, with units subscribed by the Parent Company for a value of €149 million at December 31, 2024. The value of UCI units recognized in the consolidated financial statements has been updated to the latest available NAV made available by these funds. The item also includes the value of the notes of the securitization vehicle Dioniso, which the Parent Company subscribed in 2024, amounting to €5.4 million.

2.1 Financial assets held for trading: breakdown by type

(Values in thousand euros)

Items/values	Total 12.31.2024			Total 12.31.2023		
	L1	L2	L3	L1	L2	L3
A. On-statement of financial position assets						
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities				5	-	-
2. Equity securities	1	-	-	1	-	-
3. UCI units						
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total (A)	**1**	**-**	**-**	**6**	**-**	**-**
B. Derivatives						
1. Financial derivatives						
1.1 held for trading	-	1,503	-	-	1,140	-
1.2 connected to the fair value option						
1.3 others						
2. Credit derivatives						
2.1 held for trading				-	21	-
2.2 connected to the fair value option						
2.3 others						
Total (B)	**-**	**1,503**	**-**	**-**	**1,161**	**-**
Total (A+B)	**1**	**1,503**	**-**	**6**	**1,161**	**-**

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

2.2 Financial assets held for trading: breakdown by borrower/issuer/counterparty

(Values in thousand euros)

Items/values	Total 12.31.2024	Total 12.31.2023
A. On-statement of financial position assets		
1. Debt securities	-	5
a) Central Banks		
b) Public administrations	-	2
c) Banks	-	3
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
2. Equity securities	1	1
a) Banks		
b) Other financial companies:		
of which: insurance companies		
c) Non-financial companies	1	1
d) Other issuers		
3. UCI units	-	-
4. Loans		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
f) Households		
Total A	**1**	**6**
B. Derivatives		
a) Central counterparties		
b) Others	1,503	1,161
Total B	**1,503**	**1,161**
Total (A+B)	**1,504**	**1,167**

2.5 Other financial assets subject to mandatory fair value measurement: breakdown by type

(Values in thousand euros)

Items/Values	Total 12.31.2024			Total 12.31.2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities		5,372				
2. Equity securities						
3. UCI units		**172,443**			**164,856**	
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total	**-**	**177,815**	**-**	**-**	**164,856**	**-**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

2.6 Other financial assets subject to mandatory fair value measurement: breakdown by borrower/issuer

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Equity securities		
of which: banks		
of which: other financial companies		
of which: other non-financial companies		
2. Debt securities	**5,372**	-
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies	**5,372**	-
3. UCI units	**172,443**	**164,856**
4. Loans		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
f) Households		
Total	**177,815**	**164,856**

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

€141,442 thousand

At December 31, 2024 this item included:

- the stake in the Bank of Italy of €125 million;
- other minor investments worth approximately €16.4 million.

The change compared to December 31, 2023 is mostly due to the adjustment to fair value of the equity investments of €3.0 million and the increase in the shareholding in General Finance S.p.A. for €430 thousand.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

(Values in thousand euros)

Items/values	Total 12.31.2024			Total 12.31.2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities	13,211	128,231	-	9,366	128,153	-
3. Loans						
Total	**13,211**	**128,231**	**-**	**9,366**	**128,153**	**-**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by borrower/issuer

(Values in thousand euros)

Items/values	Total 12.31.2024	Total 12.31.2023
1. Debt securities		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
2. Equity securities	**141,442**	**137,520**
a) Banks	125,598	125,534
b) Other issuers:	15,844	11,985
- other financial companies	13,874	10,698
of which: insurance companies		
- non-financial companies	1,970	1,287
- others		
3. Loans		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
f) Households		
Total	**141,442**	**137,520**

Section 4 - Financial assets measured at amortized cost - Item 40

€10667127 thousand

This item is broken down as follows:

- Loans and receivables from banks of €602,651 thousand;
- loans and receivables from customers of €10,064,476 thousand also includes the Hold to Collect (HTC) securities portfolio of €4,594,843 thousand

Loans and receivables with banks

€602,651 thousand

4.1 Financial assets measured at amortized cost: breakdown by type of loans and receivables from banks

(Values in thousand euros)

Type of operations/Values	Total 12.31.2024						Total 12.31.2023					
	Carrying Amount			Fair Value			Carrying Amount			Fair Value		
	Stage one and Stage two	Stage three	Purchased or originated credit impaired	L1	L2	L3	Stage one and Stage two	Stage three	Purchased or originated credit impaired	L1	L2	L3
A. Loans and receivables with Central Banks	**32,051**					**32,051**	**203,963**					**203,963**
1. Time deposits	16,153			X	X	X	14,757			X	X	X
2. Mandatory reserve	15,898			X	X	X	189,206			X	X	X
3. Repurchase agreements	-			X	X	X	-			X	X	X
4. Others	0			X	X	X	-			X	X	X
B. Loans and receivables with banks	570,600					**570,600**	**389,598**					**389,598**
1. Loans	570,600						389,598					
1.1. Current accounts	-			X	X	X				X	X	X
1.2. Time deposits	22,500			X	X	X	15,966			X	X	X
1.3. Other loans:	548,100			X	X	X	373,632			X	X	X
- Reverse repurchase agreements	405,474			X	X	X	299,776			X	X	X
- Loans for leases	-			X	X	X	-			X	X	X
- Others	142,626			X	X	X	73,856			X	X	X
2. Debt securities	-						-					
2.1. Structured securities	-						-					
2.2. Other debt securities	-						-					
Total	**602,651**	**-**	**-**	**-**	**-**	**602,651**	**593,561**	**-**	**-**	**-**	**-**	**593,561**

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

As of December 31, 2024, the item "Loans and receivables with Central Banks - Mandatory Reserve," amounting to €15.9 million, also includes the amounts deposited in compliance with the reserve requirement of client banks, for which the Bank BFF provides the service indirectly, while "Time deposits" include the balance of the amount deposited with the National Bank of Poland (*Narodowy Bank Polski*) for the funding made by the Polish branch through "Lokata Facto," amounting to €16,153 thousand.

"Loans and receivables with banks - time deposits" referred for €22,500 thousand to the amount deposited with *Banco de España* as CRM (*Coeficiente de Reservas Mínimas*), in relation to the funding carried out by the Bank's Spanish branch through "Cuenta Facto."

The item "Loans and receivables with banks – Reverse repurchase agreements," amounting to €405.5 million, refers to contracts governed by Global Master Repurchase Agreements (GMRAs) with other banks.

"Loans and receivables with banks – Others" consist mainly of trade receivables, i.e. trade receivables for transactions connected to the provision of services, and in particular of daily positions connected to the provision of payment card settlement services.

This item does not include any impaired assets.

Loans and receivables from customers

€10,064,476 thousand, including Held to Collect securities of €4,594,843 thousand

This item includes loans to customers of €5,469.6 million (mainly amounts due from debtors in relation to factoring activities) and €4,594.8 million in debt securities in the HTC portfolio.

BFF Banking Group's loans and receivables with customers are measured at amortized cost, determined based on the present value of estimated future cash flows.

BFF Bank and BFF Finance Iberia's non-recourse trade receivables include both principal and late payment interest accruing as from the due date of the trade receivable. In order to compute amortized cost, including late payment interest recognized on an accrual basis, BFF Bank updates the time series data regarding the late payment interest collection percentages and times at least on an annual basis, when the consolidated financial statements are prepared, and the evolution of collections is analyzed quarterly, to confirm the recognition percentages when periodic reporting is prepared.

In the course of 2024, the Group, in making that update, refined several aspects of the model being used: in particular: (i) the database was critically reviewed, (ii) the time series were updated, including collections recorded in December 2023 and (iii) their reference period was critically analyzed, in order to make it more uniform with the mix of counterparties currently in the portfolio, current operating methods and increased correspondence between the late payment interest and 40 euros databases. In this respect, for late payment interest the 2015-2024 time series was used, deeming the observations relating to the 2010-2014 period to be not very representative as they relate to collections that referred almost exclusively to the Italian NHS, which today represents just 31% of the overall provision. In compliance with the requirement set out in IAS 8.34, which calls for the adjustment of estimates when there are changes in the circumstances on which the estimate was based or when new information is obtained, the Bank increased the percentage of recognition of late payment interest and 40 euros, from 50% to 65%.

As regards BFF Polska Group, with the exception only of BFF Central Europe s.r.o., despite the negligible importance of the component of late payment interest on total loans and receivables, as part of the activities to complete the integration of Group processes, which also include synchronizing the time series of data and the analysis instruments with those used by the Parent Company, late payment interest accrued on past-due trade receivables is primarily recognized when it is reasonably certain that it will be collected, on the basis of the agreements reached with the debtor counterparties or what has been agreed to in legal proceedings. As instead regards BFF Central Europe, please note that the amortized cost method is used, and the majority of the revenue recognized relate to commissions received. All additional revenue linked to late payment interest is recognized only in specific cases, for which there is reasonable certainty of recovery and for which a percentage of recovery has been defined based on experience.

The total net amount of impaired exposures for BFF Banking Group is €1,904.2 million. Of this amount, €100.9 million relates to bad loans (including €94.8 million relating to municipalities and provincial governments in financial distress, of which €3.0 million was purchased already impaired) and €68.8 million to unlikely-to-pay exposures. Past due exposures amounted to €1,734.5 million, of which 95.2% relating to public counterparties. As noted previously, this item was significantly impacted by the portfolio reclassification carried out as at June 30, 2024 in order to respond to the compliance finding on the previous classification of public receivables carried out by the Bank, without however corresponding to an effective deterioration of the underlying credit quality.

Please recall that the European Court of Human Rights confirmed in its ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in bankruptcy, when judicial decisions remain enforceable. The Group has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

This item also includes lump-sum debt collection expenses (40 euros). Italian Legislative Decree no. 231 of 10/9/2002, implementing Directive 2000/35/EC on combating late payment in commercial transactions, establishes on compensation for collection expenses that "*The creditor is due, without any placement in default being required, a lump-sum amount of €40 by way of compensation for damages. This is without prejudice to proof of higher damages, which may include debt collection assistance costs*".

BFF's interpretation has been confirmed by the ruling won by the Parent Company at the Court of Justice of the European Union on October 20, 2022, which constitutes the binding interpretation for the national rulings of all Member States as well, and confirmed the right to recover at least €40 for each past-due invoice with respect to the Public Administration, irrespective of the amount and whether a certain amount of invoices are part of a single payment agreement.

The Parent Company therefore tracked the collections of collection expenses to develop a time series which currently has a depth of 6 years. Considering recent case law, the rising collection trend and growing collection percentages aligned with those of late payment interest, starting from December 31, 2022 the Group decided to include this type of revenue in the consolidated financial statements by modifying the method for estimating revenue.

Also with respect to collection expenses, the time series update noted previously increased the percentage of recognition from 50% to 65%.

Pursuant to IAS 8.36, the change in estimate was recognized on a forward-looking basis during the year of the change and, therefore, reflected in the year 2024.

In 2024, the change in the recovery rate generated €137.9 million in higher receivables and non-recurring revenues (€98.0 million after tax), including €112.1 million for late payment interest and €25.7 million for the "40 euros" receivable.

Debt securities classified in the HTC portfolio, equal to €4,594.8 million, are measured at amortized cost. The relevant interest is therefore recognized in the income statement using the effective rate of return.

At December 31, 2024, this portfolio consists primarily of government securities purchased to hedge liquidity risk and to optimize the cost of money. It has a total nominal amount of €4,607 million and fair value of €4,585 million, with a negative difference (before taxes) of around €9.4 million compared to the carrying amount on the same date, not recognized in the consolidated financial statements.

4.2 Financial assets measured at amortized cost: breakdown by type of loans and receivables from customers

€10,064.476 thousand

(Values in thousand euros)

Type of transactions/Values	Total 12.31.2024						Total 12.31.2023					
	Carrying Amount			Fair value			Carrying Amount			Fair value		
	Stage one and Stage two	Stage three	Purchased or originated credit impaired	L1	L2	L3	Stage one and Stage two	Stage three	Purchased or originated credit impaired	L1	L2	L3
1. Loans	**3,565,484**	**1,901,154**	**2,996**			**5,469,633**	**4,921,668**	**327,831**	**5,584**			**5,255,082**
1.1 Current accounts	1,316	460		X	X	X	21,049	447		X	X	X
1.2 Repurchase agreements	54,656			X	X	X	52,424			X	X	X
1.3 Mortgages				X	X	X				X	X	X
1.4 Credit cards and personal loans, including salary assignment loans	17			X	X	X	62			X	X	X
1.5 Finance leases	163			X	X	X	520			X	X	X
1.6 Factoring	1,909,880	1,507,547	2,996	X	X	X	3,233,839	272,207	5,584	X	X	X
1.7 Other loans	1,599,453	393,147		X	X	X	1,613,774	55,177		X	X	X
2. Debt securities	**4,594,843**	**-**	**-**	**4,585,397**			**4,957,182**			**4,891,959**		
2.1. Structured securities												
2.2. Other debt securities	4,594,843			4,585,397			4,957,182			4,891,959		
Total	**8,160,327**	**1,901,154**	**2,996**	**4,585,397**	**-**	**5,469,633**	**9,878,850**	**327,831**	**5,584**	**4,891,959**	**-**	**5,255,082**

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

This item breaks down as follows:

- Performing factoring loans amounted to a total of €1,909,880 thousand for BFF Banking Group:
  i. this included non-recourse trade receivables purchased as performing, registered under the name of the assigned debtor, with the conditions for "derecognition", and measured at "amortized cost", worth a total of €1,475,639 thousand for BFF Bank and €407,696 thousand for the subsidiary BFF Finance Iberia;
  ii. the right to accrued and accruing late payment interest on them and the right to collection expense when they fall due are acquired upon purchase;
  iii. trade receivables purchased below nominal amount totaled €4,744 thousand in relation to late payment interest and €153 thousand for collection expense;
  iv. performing non-recourse factoring loans of BFF Polska Group totaled €18,365 thousand.
- Other performing loans due from customers amounted to €1,599,453 thousand. They mainly include:
  i. accrued late payment interest of about €142,382 thousand, including €107,295 thousand relating to BFF Bank and €35,087 relating to the Spanish subsidiary. This amount has already been recognized in the income statement in the current and prior years and refers only to late payment interest accrued. Therefore, of the €563.8 million in late payment interest recognized in the income statement, and referring to the provision existing at December 31, 2024, €142.4 million refers to the item under review, while of the remaining amount, €278.3 million was recognized under "factoring" and €143.1 million under other impaired loans, primarily past due;
  ii. collection expense of €69,984 thousand, of which €42,274 thousand relating to BFF Bank, €27,579 thousand relating to the Spanish subsidiary and €131 thousand relating to BFF Central Europe; this amount, along with the €95,959 thousand classified under impaired loans and approximately €3,847 thousand purchased below nominal amount has already been transferred to the income statement and refers to collection expense already accrued on trade receivables purchased outright;
  iii. security deposits of approximately €190.5 million for settlement activities related to the transactions typical of the Securities Services and Banking Payments business areas;
  iv. security deposits for transactions in place with Cassa Compensazione e Garanzia for €157.7 million;
  v. financing activities of BFF Polska Group of €952,371 thousand.
- Reverse repurchase agreements amounting to €54,656 thousand. These are exposures arising from contracts with customers regulated by the Global Master Repurchase Agreement (GMRA).
- Current account credit facilities amounting to €1,316 thousand are for the use of lines of credit granted to funds and asset management companies using the custodian bank services (as part of the services offered by the Securities Services business unit) or by corporate customers to whom collection and payment services are provided (as part of the services provided by the Banking Payments Department).
- Performing finance leases of BFF Polska Group totaled €163 thousand.
- The net "Impaired assets" of BFF Banking Group amount to €1,904,150 thousand against the €333,414 thousand as at December 31, 2023. The increase was mainly caused by impaired past due exposures. This item was significantly impacted by the portfolio reclassification carried out as at June 30, 2024 in order to respond to the compliance finding of the Bank of Italy on the definition of past due receivables, without however corresponding to an effective deterioration of the underlying credit quality. They include:

i. Non-performing loans are exposures to parties that are in a state of insolvency or in basically similar situations, regardless of any loss projections made by the Parent Company. At December 31, 2024, the overall total of the Banking Group's non-performing loans, net of impairment, amounted to €100,888 thousand, of which €2,996 thousand purchased already impaired. Net non-performing loans concerning Italian municipalities and provincial government in financial distress amounted to €94,796 thousand, accounting for 94.0% of the total. Gross non-performing loans amounted to €115,093 thousand (€120,923 thousand at December 31, 2023). The related impairment totaled €14,204 thousand (€21,117 thousand at December 31, 2023). The decrease in associated loss allowances is mainly attributable to the write-off of non-performing exposures of BFF Polska Group. The portion of the allowance for late payment interest relating to non-performing exposures, recognized at the time of the change in estimate in 2014, was equal to €800 thousand, entirely impaired. Taking account of this amount, too, gross non-performing loans amounted to €115,861 thousand and relevant adjustments totaled €14,973 thousand. With reference to the Parent Company, at December 31, 2024 total non-performing loans, net of any estimated impairment losses, amounted to €95,203 thousand, of which €94,796 thousand concerned Italian municipalities and provincial governments in financial distress; this case is classified as non- performing in accordance with the indications given by the Supervisory Authority, despite the fact that BFF Banking Group has the legal right to receive 100% of the capital and late payment interest at the end of the insolvency procedure. Specifically, the amount of €2,996 thousand refers to loans and receivables due from local entities (municipalities, provinces) already in financial distress at the time of purchase and purchased at special conditions. The remaining positions referring to BFF Bank are impaired based on subjective assessments arising from legal opinions. Gross non-performing loans relating to BFF Polska Group amounted to €15,830 thousand. After estimated impairment losses of €11,067 thousand they amounted to €4,763 thousand.

ii. BFF Banking Group's unlikely to pay exposures mainly refer to BFF Polska Group's positions. These exposures reflect the judgment made by the intermediary about the unlikelihood that – excluding such actions as the enforcement of guarantees – the debtor will fully fulfill (for principal and/or interest) its credit obligations. This assessment should be arrived at independently of the existence of any past due and unpaid amounts (or installments). As at December 31, 2024, gross exposures classified as unlikely to pay amounted to €78,142 thousand (€19,125 thousand as at December 31, 2023), of which €70,291 thousand are attributable to BFF Polska Group (€15,840 thousand at December 31, 2023), €4,310 thousand to the Bank (€3,087 thousand at December 31, 2023) and €3,541 thousand to BFF Finance Iberia (€198 thousand at December 31, 2023). It should be noted that the increase, in the amount of €52,980 thousand, stems from counterparties subject to the restructuring procedures of Polish public hospitals considered as not representing in themselves an actual deterioration in asset quality. The total net value is €68,778 thousand (€13,718 thousand at December 31, 2023), referring primarily to BFF Polska Group.

iii. Net past due exposures of BFF Banking Group amounted to €,1734,483 thousand. They refer to the Parent Company for €1,546,403 thousand, to the Spanish subsidiary for €18,543 thousand and to BFF Polska Group for €169,538 thousand. 95.2% of these exposures relate to public counterparties. This category increased sharply compared to December 31, 2023 following the portfolio reclassification carried out to respond to the compliance findings on the previous classification of public receivables carried out by the Parent Company, contained in the Bank of Italy inspection report delivered on April 29, 2024 and to which BFF responded on July 11, 2024.

Please recall that impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Group exposures) are treated differently. The actual credit risk profile assumed by the BFF Group is limited, as it has been assumed primarily with respect to public bodies not subject to procedures resulting in the risk of a loss of principal and the classification described above could result in significant distortions in the representation of the group's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

Fair value

The consolidated financial statements item "Loans and receivables with customers" mainly refers to non-recourse trade receivables, for which an active and liquid market is not available. In particular, these are past due trade receivables due from public administration agencies, for which the price in a hypothetically independent transaction cannot be easily determined, partly due to difficulties in reasonably assessing the liquidity risk that would be accepted by the market for such transactions.

Consequently, the carrying amount (determined based on the amortized cost and taking into account any individual and collective impairment), in relation to the nature, type, duration of such assets and related collection projections, was deemed to be substantially representative of the fair value of these trade receivables on the reporting date.

4.3 Financial assets measured at amortized cost: breakdown by borrower/issuer of loans to customers

(Values in thousand euros)

Type of operations/Values	Total 12.31.2024			Total 12.31.2023		
	Stage one and Stage two	Stage three	Purchased or originated credit impaired	Stage one and Stage two	Stage three	Purchased or originated credit impaired
1. Debt securities	**4,594,843**			**4,957,182**		
a) Public administrations	4,587,702			4,950,043		
b) Other financial companies	7,141			7,140		
of which: insurance companies						
c) Non-financial companies						
2. Loans to:	**3,565,484**	**1,901,154**	**2,996**	**4,921,668**	**327,831**	**5,584**
a) Public administrations	3,029,730	1,794,830	2,996	4,388,259	293,572	5,584
b) Other financial companies	369,728	1,243		223,602	447	
of which: insurance companies				1		
c) Non-financial companies	163,977	50,644		256,794	26,653	
d) Households	2,049	54,436		53,014	7,159	
Total	**8,160,327**	**1,901,154**	**2,996**	**9,878,850**	**327,831**	**5,584**

4.4 Financial assets measured at amortized cost: gross amount and total adjustments

(Values in thousand euros)

	Gross amount					Total adjustments				Total partial write-offs*
	Stage One	of which: Instruments with low credit risk	Stage two	Stage three	Purchased or originated credit impaired	Stage one	Stage two	Stage three	Purchased or originated credit impaired	
Debt securities	4,596,717					1,873				
Loans	4,124,569		45,223	1,927,009	3,192	1,506	151	25,855	197	
Total 12.31.2024	**8,721,285**	**-**	**45,223**	**1,927,009**	**3,192**	**3,379**	**151**	**25,855**	**197**	**-**
Total 12.31.2023	**9,898,972**	**-**	**577,110**	**355,498**	**5,785**	**3,186**	**485**	**27,668**	**201**	**-**

** Value presented for informative purposes.*

Section 5 - Hedging derivatives - Item 50

€303 thousand

5.1 Hedging derivatives: breakdown by hedge type and level

(Values in thousand euros)

	Fair Value 12.31.2024			NV 12.31.2024	Fair Value 12.31.2023			NV 12.31.2023
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value								
2) Cash flows								
3) Foreign investments		303		88,275				
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total	**-**	**303**	**-**	**88,275**	**-**	**-**	**-**	**-**

Key:
NV = Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

5.2 Hedging derivatives: breakdown by hedged portfolios and hedge type

(Values in thousand euros)

Transactions/Type of hedging	Fair Value							Cash flows		Foreign investments
	Specific						General	Specific	General	
	debt securities and interest rates	equity securities and stock indices	currency and gold	credit	commodities	others				
1. Financial assets measured at fair value through other comprehensive income					X	X	X		X	X
2. Financial assets measured at amortized cost		X			X	X	X		X	X
3. Portfolio	X	X	X	X	X	X		X		X
4. Other transactions							X		X	*303*
Total assets								-		*303*
1. Financial liabilities		X					X		X	X
2. Portfolio	X	X	X	X	X	X		X		X
Total liabilities								-		
1. Expected transactions	X	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X		X		

Section 7 - Equity investments - Item 70

€13,690 thousand

The amount represents the value of the shareholding in Unione Fiduciaria equal to 24% of the latter's capital, as well as the shareholding in the two Polish law firms in which BFF Polska is a limited partner and in an Italian law firm in which BFF has a minority shareholding of 33% worth €7 thousand.

Note that the aforementioned equity investments are measured using the equity method (and not in full).

7.1 Equity investments: information on shareholding relationships

Names	Registered Office	Operational headquarters	Type of relationship	Ownership relationship		Voting rights %
				Held by	Holding %	
A. Jointly controlled companies						
B. Companies over which significant influence is exercised						
1. Unione Fiduciaria	Milan (Italy)	Milan (Italy)	Voting right in the Shareholders' Meeting	BFF Bank S.p.A.	24%	24%
C. Exclusively controlled companies						
2. Kancelaria Prawnicza Karnowski I Wspólnik sp.k.	Łódź (Poland)	Łodz (Poland)	Other forms of control	BFF Polska S.A.	99%	99%
3. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspolnik sp.k.	Łodz (Poland)	Łodz (Poland)	Other forms of control	Debt-Rnt sp. Z O.O	99%	99%

In November 2024, the Bank subscribed for 33% of the share capital, amounting to €6,600, of the new law firm "*PB & Partners Società tra Avvocati a responsabilità limitata*". As at December 31, 2024, the law firm is not yet operational, as the process of authorization by the Bar Council has not yet been completed.

7.4 Equity investments: accounting information

(Values in thousand euros)

Names	Carrying Amount of equity investments	Total assets	Total liabilities	Total revenue	Profit after tax from continuing operations	Profit (loss) from operations after tax	Profit (Loss) for the financial year (1)	Other income components, after taxes (2)	Comprehensive income (3) = (1) + (2)
A. Jointly controlled companies									
B. Companies over which significant influence is exercised									
1.Unione Fiduciaria S.p.A.	13,590	78,824	78,793	21,912	31		31		31
2.PB & Partners S.T.A.	7	N/A	N/A	N/A	N/A		N/A		N/A
C. Exclusively controlled companies									
1. Kancelaria Prawnicza Karnowski I Wspolnik sp.k.	5	788	297	1,349	487	-	487	-	487
2. Restrukturyzacyjna Prawnicza Karnowski I Wspolnik sp.k.	89	76	1	5	(14)	-	(14)	-	(14)

7.5 Equity investments: annual changes

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
A. Opening balance	**13,160**	**13,656**
B. Increases	**1,953**	**6**
B.1 Purchases	7	-
B.2 Impairment gains		
B.3 Revaluations	1,945	
B.4 Other changes		6
C. Decreases	**(1,423)**	**(502)**
C.1 Sales		
C.2 Impairment losses		
C.3 Impairment		(502)
C.4 Other changes	(1,423)	
D. Closing balance	**13,690**	**13,160**
E. Total revaluations		
F. Total adjustments		

The increases refer to (i) €7 thousand to the subscription for 33% of the share capital in the new law firm "PB & Partners Società tra Avvocati a responsabilità limitata", and (ii) €1.9 million to the adjustment of the shareholding in Unione Fiduciaria measured with the equity method. Other decreases represent the dividend received from Unione Fiduciaria in 2024.

Section 9 - Property, equipment and investment property - Item 90

€104,750 thousand

9.1 Property and equipment with functional use: breakdown of assets measured at cost

(Values in thousand euros)

Assets/Values	Total 12.31.2024	Total 12.31.2023
1. Proprietary assets	**99,415**	**46,163**
a) land	30,602	18,890
b) buildings	60,614	24,868
c) furniture	5,334	332
d) electronic systems	2,090	747
e) others	775	1,325
2. Right-of-use assets	**5,335**	**14,527**
a) land		
b) buildings	4,696	13,806
c) furniture		
d) electronic systems	-	5
e) others	639	716
Total	**104,750**	**60,690**
of which: obtained by enforcement of guarantees received	-	-

9.6 Property and equipment with functional use: yearly changes

(Values in thousand euros)

	Land	Buildings	Furnishings	Electronic system	Others	Total
A. Gross opening balances	**18,890**	**55,245**	**3,324**	**12,329**	**10,339**	**100,127**
A.1 Total net impairment losses	-	(16,570)	(2,992)	(11,577)	(8,297)	(39,436)
A.2 Opening net balances	**18,890**	**38,674**	**332**	**753**	**2,042**	**60,692**
B. Increases:	**13,692**	**37,694**	**5,057**	**1,829**	**817**	**59,090**
B.1 Purchases	-	34,708	5,057	1,829	698	**42,292**
B.2 Capitalized leasehold improvements	-	-	-	-	-	
B.3 Reversals of impairment losses	-	-	-	-	-	**-**
B.4 Increases in fair value charged to:	13,692	2,531	-	-	-	**16,223**
a) equity	13,692	2,531	-	-	-	**16,223**
b) profit or loss	-	-	-	-	-	**-**
B.5 Exchange rate gains	-	28	-	-	3	**35**
B.6 Transfers from investment property	-	-	-	-	-	**-**
B.7 Other changes	-	427	-	-	113	**541**
C. Decreases:	**(1,980)**	**(11,059)**	**(56)**	**(492)**	**(1,445)**	**(15,033)**
C.1 Sales	-	-	-	(3)	(6)	(9)
C.2 Depreciation	-	(2,326)	(56)	(433)	(967)	(3,782)
C.3 Impairment losses impairment charged to:						
a) equity	-	-	-	-	-	**-**
b) profit or loss	-	-	-	-	-	**-**
C.4 Decreases in fair value	(1,980)	(1,003)	-	-	-	**(2,983)**
charged to:						
a) equity	-	-	-	-	-	**-**
b) profit or loss	(1,980)	(1,003)	-	-	-	**(2,983)**
C.5 Exchange rate losses	-	(6)	-	-	1	**(5)**
C.6 Transfers to:						
a) investment property	-	-	-	-	-	**-**
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	**-**
C.7 Other changes	-	(7,724)	-	(56)	(474)	**(8,254)**
D. Closing net balances	**30,602**	**65,310**	**5,334**	**2,090**	**1,414**	**104,750**
D.1 Total net impairment losses		(27,630)	(3,048)	(12,069)	(9,743)	**(52,489)**
D.2 Closing Gross Amount	30,602	92,939	8,382	14,159	11,156	157,238
E. Measurement at cost	**30,602**	**92,939**	**8,382**	**14,159**	**11,156**	**157,238**

At December 31, 2024, the item "Property, equipment and investment property" amounted to a total of €104,750 thousand. Of this amount, €10,113 thousand related to BFF Bank, €91,963 thousand related to BFF Immobiliare, €1,982 thousand to BFF Polska Group, €558 thousand to BFF Finance Iberia and €132 thousand related to BFF Techlab.

As at December 31, 2024 the item relating to BFF Banking Group was mainly composed of:

- Land amounting to €30,602 thousand, of which €660 thousand relate to the property coming from BFF Bank and €29,942 thousand relate to the land on which "Casa BFF" was built, the new headquarters of the Parent Company in Milan, owned by the subsidiary BFF Immobiliare;
- Buildings equal to €60,614 thousand include the Parent Company's Rome property at Via Elio Chianesi 110/d owned by the former DEPO bank, amounting to €2,640 thousand, and the property of "Casa BFF" owned by BFF Immobiliare, totaling €57,974 thousand;
- Right-of-use assets relating to the application of IFRS 16 on leases of €5,335 thousand, of which €4,696 thousand relating to assets leased by the Parent Company and its subsidiaries. For further information on this topic, please refer to section M of the Notes.

Other increases and decreases relate mainly to renegotiations and early closures that occurred during the year on leasing contracts (IFRS 16).

In line with the revaluation method adopted by the Group as of December 2024, it should be noted that the property of "Casa BFF," and the adjoining land, located at Viale Scarampo no. 15 in Milan, and the property in Rome and the adjoining land, located at Via Chianesi, have been subject to a revaluation and impairment loss, respectively, on the basis of appraisals made by an independent company.

The revaluation generated a total gain in the Consolidated Financial Statements of €16.2 million, recorded in a specific reserve in equity. The impairment loss of €3 million was recognised in item 230 "Other operating income, net" in the Income Statement. For further details, please refer to that which is already fully described in Part A "Accounting Policies" of these Consolidated Financial Statements.

Section 10 - Intangible assets - Item 100

€77,519 thousand (of which €30,957 thousand relating to goodwill)

10.1 Intangible assets: breakdown by type of asset

(Values in thousand euros)

Assets/Values	Total 12.31.2024		Total 12.31.2023	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X	**30,957**	X	**30,957**
A.2 Other intangible assets	**46,562**	-	**43,785**	-
of which: software	**18,955**		**13,960**	
A.2.1 Assets measured at cost:				
a) Intangible assets created internally	-	-	-	-
b) Other assets	46,562	-	43,785	-
A.2.2 Assets measured at fair value:	-		-	
a) Intangible assets created internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**46,562**	**30,957**	**43,785**	**30,957**

The item primarily consists of the amount of goodwill arising from the acquisition of BFF Polska Group in 2016 of €22,146 thousand, the former IOS Finance (now merged into BFF Finance Iberia) in 2019 of €8,728 thousand and BFF Techlab (formerly MC3 – Informatica) in the final quarter of 2022 of €83 thousand, as well as the Customer Contracts amounting to €16,429 thousand.

As shown below, with respect to goodwill recognized in the consolidated financial statements and in line with IAS 36, an impairment test was performed as at December 31, 2024 in order to determine its recoverable amount.

Aside from goodwill and customer contracts, the item also includes other intangible assets with a finite life that refer to investments in new multi-year software, amortized on a straight-line basis over their estimated useful lives (not exceeding 4 years for the entire Banking Group).

Impairment test on the goodwill recognized in the consolidated financial statements relating to BFF Polska Group, BFF Iberia (formerly IOS Finance) and BFF Techlab

The impairment test aims to check for any losses in the value of goodwill and intangible assets with an indefinite useful life (the "Intangible assets") and consists of verifying that the recoverable amount of the cash generating unit or group of cash generating units to which the Intangible assets are allocated is no lower than their carrying amount. The recoverable amount is the higher between the value in use and the fair value less costs to sell (IAS 36.18).

The estimation process requires the appropriate analyses to be performed on the difference between the final figures and the budget to understand the reason underlying these variations and possibly to reflect any corrections in the outlook flows used in the assessments.

For the BFF Techlab CGU, acquired in October 2022, since it is a primarily captive business, in order to place more emphasis on external market indicators in keeping with what is set forth in IAS 36, the Parent Company opted for an approach for estimating the recoverable amount oriented towards the determination of fair value based on the market multiples approach.

With respect to the BFF Polska CGU, the estimated value in use which emerged from the impairment test is €269.1 million against a carrying amount of €183.0 million.

On the other hand, as regards the BFF Finance Iberia CGU, the related estimated value in use that emerged from the impairment test amounted to €300.0 million, against a carrying amount of €80.5 million.

The application of the market multiples approach to the BFF Techlab CGU returned an Enterprise Value of €1.1 million. This value is higher than the equity "cum goodwill" allocated (equal to €0.5 million) and therefore there is no need to recognize any impairment loss.

In order to estimate the opportunity cost of equity (coe) the Capital Asset Pricing Model was used, adjusted to consider the reduced size of BFF Banking Group CGUs, based on which:

- Coe = Risk Freet +β x (Equity Risk Premium) + Size Premium;
- Risk Freet = Rate of risk-free assets calculated as the 6-month average of the gross yield of ten-year government bonds of the countries where the CGUs operate and equal to 5.2% for Poland and 3.0% for Spain;
- β=coefficient expressing the risk of a security, estimated for the CGUs as equal to 1.2x and based on monthly historical yields at 5 years of the securities of comparable companies and the respective local market indexes. The comparable companies are those operating in Europe and Turkey in the sector to which BFF Banking Group belongs;
- Equity Risk Premium = market risk premium, or the average market yield, determined on the basis of the long-term yield spread between equities and bonds (source: Kroll 2024). This risk premium is 5.5%;
- Specific Risk Premium = this is primarily the risk premium due to reduced size, equal to 2.9%.

The "g" growth rate was prudently assumed to be equal to the inflation rate forecast by the IMF in October 2024 for Poland, 2.4% and for Spain, 2.0%.

Pursuant to IAS 36, a sensitivity analysis was performed to identify the change in key variables that makes the recoverable amount equal to the carrying amount in the consolidated financial statements of the different CGUs.

For both CGUs, increases in the cost of capital and reduction of the growth rate of 0.5% did not have impacts on the test results.

In conducting impairment assessments, the effects of climate change are not explicitly considered, considering that within the Group's business, consisting of the non-recourse purchase of PA Receivables, there are no risks typical of the banking business identified, which could significantly impact the considerations made for conducting the impairment test. Furthermore, the impacts recorded according to the European Union taxonomy regarding existing exposures are to be considered not relevant

Lastly, no trigger events were identified relating to other intangible assets with a finite useful life. Therefore, consistent with the requirements of IAS 36, no impairment test was performed.

10.2 Intangible assets: annual changes

(Values in thousand euros)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		FIN	INDEF	FIN	INDEF	
A. Opening balance	**30,957**	-	-	**58,275**	-	**89,232**
A.1 Total net impairment losses	-	-	-	(14,491)	-	(14,491)
A.2 Opening net balances	**30,957**	-	-	**43,785**	-	**74,742**
B. Increases	-	-	-	**12,927**	-	**12,927**
B.1 Purchases	-			12,889		12,889
B.2 Increases internally-generated intangible assets	X					-
B.3 Reversals of impairment losses	X					-
B.4 Increases in fair value						
- to equity	X					-
- in the income statement	X					-
B.5 Exchange rate gains				38		38
B.6 Other changes						-
C. Decreases	-	-	-	**(10,150)**	-	**(10,150)**
C.1 Sales						-
C.2 Impairment losses						
- Amortization	X			(10,070)		(10,070)
- Impairment				-		
+ Equity	X			-		-
+ Profit or loss	-			-		-
C.3 Decreases in fair value						
- to equity	X			-		-
- in the income statement	X			-		-
C.4 Transfers to non-current assets held for sale				-		-
C.5 Exchange rate losses				(3)		(3)
C.6 Other changes				(76)		(76)
D. Closing net balances	**30,957**	-	-	**46,562**	-	**77,519**
D.1 Total net impairment losses	-			(24,640)		(24,640)
E. Closing gross balances	**30,957**	-	-	**71,202**	-	102,159
F. Measurement at cost	**30,957**	-	-	**71,202**	-	102,159

Section 11 - Tax assets and tax liabilities - Item 110 of assets and Item 60 of liabilities

As at December 31, 2024 current tax assets and liabilities amount to €40,250 thousand and €2,794 thousand, respectively, and include the net balance of the Group's tax positions with respect to tax authorities, in accordance with the provisions of IAS 12. In particular, these items include the net balance of current tax liabilities for the year, calculated according to a prudential estimate of the tax charge due for the year, determined on the basis of the current tax code, and current tax assets represented by prepayments made in the course of the year. Current taxes correspond to the amount of income taxes due for the year.

11.1 Deferred tax assets: breakdown

€60,821 thousand

The main components of deferred tax assets include the portion of amounts deductible in future years of adjustments to loans and receivables, the accrual for deferred benefit employee obligations, and depreciation and amortization the recognition of which is deferred for tax purposes.

11.2 Deferred tax liabilities: breakdown

€163,896 thousand

Deferred tax liabilities mainly refer to the taxes on BFF Bank's late payment interest, recognized in the consolidated financial statements on an accrual basis but which will form part of the taxable profit in future years subsequent to collection, in accordance with Article 109, paragraph 7 of Presidential Decree No. 917 of 1986, as well as bad debt provisions relating to previous years.

11.3 Changes in deferred tax assets (through profit or loss)

€60,584 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**56,000**	**59,792**
2. Increases	9,134	4,338
2.1 Deferred tax assets recognized during the year	9,119	3,972
a) relating to previous years		
b) due to changes in accounting criteria		
c) reversals of impairment losses		
d) others	9,119	3,972
2.2 New taxes or increases in tax rates		
2.3 Other increases	14	366
3. Decreases	(4,549)	(8,130)
3.1 Deferred tax assets canceled during the year	(4,549)	(7,044)
a) reversals	(4,549)	(4,342)
b) impairment of non-recoverable items		
c) changes in accounting criteria		
d) others	-	(2,702)
3.2 Reductions in tax rates		
3.3 Other reductions	-	(1,086)
a) transformation into tax credits, Italian Law No. 214/2011		
b) other	-	(1,086)
4. Final amount	**60,584**	**56,000**

11.4 Changes in deferred tax assets pursuant to Law No. 214/2011
€10,616 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**12,897**	**15,187**
2. Increases		
3. Decreases	**(2,282)**	**(2,290)**
3.1 Reversals	(2,282)	(2,290)
3.2 Transformation into tax credits		
a) deriving from losses for the year		
b) deriving from tax losses		
3.3 Other reductions		
4. Final amount	**10,616**	**12,897**

11.5 Changes in deferred tax liabilities (through profit or loss)
€158,704 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**118,986**	**104,717**
2. Increases	45,166	16,388
2.1 Deferred tax liabilitiesrecognized during the year	43,703	16,388
a) relating to previous years		
b) due to changes in accounting criteria		
c) others	43,703	16,388
2.2 New taxes or increases in tax rates		
2.3 Other increases	1,463	-
3. Decreases	(5,449)	(2,119)
3.1 Deferred tax liabilities canceled during the year	(5,449)	(2,119)
a) reversals	(5,449)	(2,119)
b) due to changes in accounting criteria		
c) other		
3.2 Reductions in tax rates		
3.3 Other reductions		
4. Final amount	**158,704**	**118,986**

11.6 Changes in deferred tax assets (recorded in equity)

€235 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**244**	**403**
2. Increases		
2.1 Deferred tax assets recognized during the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases	-	182
3. Decreases	(8)	-
3.1 Deferred tax assets canceled during the year	(8)	-
a) reversals		
b) impairment of non-recoverable items		
c) due to changes in accounting criteria		
d) others	(8)	-
3.2 Reductions in tax rates		
3.3 Other reductions	-	(341)
4. Final amount	**235**	**244**

11.7 Changes in deferred tax liabilities (recorded in equity)

€5,193 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**2,332**	**287**
2. Increases	4,705	2,047
2.1 Deferred tax liabilities recognized during the year	4,705	885
a) relating to previous years		
b) due to changes in accounting criteria		
c) others	4,705	885
2.2 New taxes or increases in tax rates		
2.3 Other increases	-	1,162
3. Decreases	(1,843)	(2)
3.1 Deferred tax liabilities canceled during the year	(380)	(2)
a) reversals		
b) due to changes in accounting criteria		
c) others	(380)	(2)
3.2 Reductions in tax rates		
3.3 Other reductions	(1,463)	-
4. Final amount	**5,193**	**2,332**

Section 12 - Non-current assets held for sale and discontinued operations and associated liabilities - Asset item 120 and Liability item 70

12.1 Non-current assets held for sale and discontinued operations: breakdown by type of asset

Equal to zero

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
A. Assets held for sale		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property, equipment and investment property		8,046
of which: obtained by enforcement of guarantees received		
A.4 Intangible assets		
A.5 Other non-current assets		
Total (A)	**-**	**8,046**
of which measured at cost		8,046
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss		
- financial assets held for trading		
- financial assets at fair value		
- other financial assets subject to mandatory fair value measurement		
B.2 Financial assets measured at fair value through other comprehensive income		
B.3 Financial assets measured at amortized cost		
B.4 Equity investments		
B.5 Tangible assets		
of which: obtained through the enforcement of guarantees received		
B.6 Intangible assets		
B.7 Other assets		
Total (B)	**-**	**-**
of which measured at cost		
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		

SEGUE

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
C. Liabilities linked to assets held for sale		
C.1 Liabilities		
C.2 Securities		
C.3 Other liabilities		
Total (C)	-	-
of which measured at cost		
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		
D. Liabilities linked to discontinued operations		
D.1 Financial liabilities measured at amortized cost		
D.2 Financial liabilities held for trading		
D.3 Financial liabilities designated at fair value		
D.4 Provisions		
D.5 Other liabilities		
Total (D)	-	-
of which measured at cost		
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		

In accordance with the provisions of IFRS 5, after the sale agreement was signed for the property located at Via Domenichino 5, owned by the Parent Company, as at December 31, 2023 its carrying amount of €8,046 thousand was reclassified from the item 90 "Property, equipment and investment property" to asset item 120 in the Statement of financial position "Non-current assets held for sale and discontinued operations". During December 2024, the sale transaction was finalized and the property was sold at a price of €12 million. Following the sale, the Parent Company realized a capital gain in the financial statements of approximately €3.9 million, which was recognized in item 280 "Gains (Losses) on disposal of investments" in the income statement.

Section 13 - Other assets - Item 130

13.1 Other assets: breakdown

€712,511 thousand

(Values in thousand euros)

Breakdown	12.31.2024	12.31.2023
Security Deposits	2,726	4,107
Invoices issued and to be issued	20,608	11,663
Payment flows to be credited	117,373	128,613
Other exposures	87,175	77,335
Accrued income and prepaid expense	21,017	19,584
Ecobonus tax assets	463,612	414,092
Total	**712,511**	**655,393**

The "Payment flows to be credited" refer to suspense accounts with a debit balance that fall within the scope of bank payment intermediation and include settlements that were suspended in the first business days after the reporting date of these consolidated financial statements.

Accrued income and prepaid expense mainly refer to the deferral of costs relating to administrative expense.

Other assets refer primarily to non-trade receivables due from sundry debtors, pending items, and legal fees to be recovered.

At December 31, 2024, the item ecobonus tax assets, amounting to €463.6 million, includes both receivables acquired through factoring transactions according to the HTC Business Model of €251.6 million and €212.0 million according to the Trading Business Model. Specifically, the "Ecobonus tax assets purchased according to the HTC model", relate to receivables purchased by the Parent Company with non-recourse factoring transactions and deriving from existing tax incentives. As set forth by tax regulations in force, these tax assets in question are used to offset the payment of taxes and contributions and are classified in Asset item 130 "Other assets" in line with what has been defined by the Bank of Italy in the Bank of Italy/Consob/Ivass Document no. 9: "Coordination table between Bank of Italy, Consob and Ivass on the application of IAS/IFRS".

LIABILITIES

Section 1 - Financial liabilities measured at amortized cost - Item 10

€10,661,212 thousand

This item is broken down as follows at December 31, 2024:

- due to banks of €1,342,119 thousand;
- due to customers of €8,709,179 thousand;
- debt securities issued of €609,914 thousand.

Due to banks

€1,342,119 thousand

1.1 Financial liabilities measured at amortized cost: breakdown by type of amounts due to banks

(Values in thousand euros)

Type of transactions/Values	Total 12.31.2024				Total 12.31.2023			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Amounts due to central banks	**2,401**	X	X	X	**3,582**	X	X	X
2. Due to banks	**1,339,718**	X	X	X	**2,265,492**	X	X	X
2.1 Current accounts and sight deposits	716,161	X	X	X	920,978	X	X	X
2.2 Time deposits	177,651	X	X	X	181,081	X	X	X
2.3 Loans	212,849	X	X	X	1,089,129	X	X	X
2.3.1 Repurchase agreements - payable	212,849	X	X	X	1,089,129	X	X	X
2.3.2 Others		X	X	X		X	X	X
2.4 Debts for commitments to repurchase equity instruments		X	X	X		X	X	X
2.5 Leasing liabilities		X	X	X		X	X	X
2.6 Other Payables	233,057	X	X	X	74,304	X	X	X
Total	**1,342,119**	-	-	-	**2,269,074**	-	-	-

Key
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item mainly consists of "current accounts and sight deposits" of about €716.2 million, deriving especially from payment service operations, and includes the balances of accounts of bank customers. The item also includes the amount of Repo contracts with bank counterparties for roughly €213 million.

The item also includes "Time deposits", which are mainly related to deposits required for the services rendered to client banks, such as indirect compliance with mandatory reserve requirements.

Amounts due to customers

€8,709,179 thousand

1.2 Financial liabilities measured at amortized cost: breakdown by type of amounts due to customers

(Values in thousand euros)

Type of transactions/Values	Total 12.31.2024				Total 12.31.2023			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and sight deposits	4,100,334	X	X	X	4,297,019	X	X	X
2. Time deposits	2,491,495	X	X	X	2,711,140	X	X	X
3. Loans	1,483,840	X	X	X	796,014	X	X	X
3.1 repurchase agreements	1,349,472	X	X	X	568,796	X	X	X
3.2 Others	134,367	X	X	X	227,217	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X		X	X	X
5. Lease liabilities	6,067	X	X	X	15,236	X	X	X
6. Other liabilities	627,443	X	X	X	725,702	X	X	X
Total	**8,709,179**				**8,545,110**			

Key
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

As at December 31, 2024, the item mainly consisted of "current accounts and sight deposits" for an amount of €4,100 million relating to balances on operational current accounts, i.e. accounts opened for relevant corporate customers (e.g. funds, asset management companies, corporate customers and other institutions) related to the custodian bank core business and loans from "repurchase agreement" transactions for €1,350 million.

The item includes €2,763 million for online deposit accounts ("conto facto") offered in Italy, Spain, Germany, the Netherlands, Ireland and Poland (restricted deposits and current accounts), compared to €2,744 million at December 31, 2023.

Other liabilities mainly refer to collections of managed exposures due to clients, as well as outstanding cashier's checks issued as part of the service that allows affiliated banks to make available credit instruments issued by BFF Bank as a custodian bank to their customers on the basis of a mandate agreement.

Lease liabilities, totaling €6.1 million at group level, refer to the recognition of lease liabilities arising from right-of-use assets, included under line item 90 "Property, equipment and investment property" in the Statement of Financial Position assets, following the application of the new IFRS 16 effective January 1, 2019.

The amount mainly includes the effect of the application of the standard on the leases of the properties leased by the Group, and the lease contracts have a duration between 3 and 6 years. For more information see Part M - "Lease reporting" of the Notes to the consolidated financial statements.

Securities

€609,914 thousand

1.3 Financial liabilities at amortized cost: breakdown by type of securities issued

(Values in thousand euros)

Type of securities/Values	Total 12.31.2024				Total 12.31.2023			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	609,914	613,716			14			14
1.1 structured	609,914	613,716						
1.2 others					14			14
2. other securities								
2.1 structured								
2.2 others								
Total	**609,914**	**613,716**	**-**	**-**	**14**	**-**	**-**	**14**

Key
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

The securities issued represent bonds issued by the Parent Company under the €2.5 billion Medium Term Note (EMTN) Program, established by the Issuer, and intended only for eligible institutional investors in Italy and abroad, pursuant to Regulation S of the United States Securities Act of 1933, as amended. Consistent with the Bank's funding plan, these issues were carried out with a view to MREL requirements, compulsory for BFF as of January 1, 2025.

Specifically, the balance as at December 31, 2024 relates to the following bonds:

- social unsecured senior preferred - total nominal value of €300 million, placed on April 8, 2024 with a fixed-rate coupon of 4.750% per annum payable annually, maturing on March 20, 2029 and an option for early redemption in the fourth year, on March 20, 2028, placed at a reoffer yield of 4.775% (corresponding to a spread of 190 basis points over the benchmark mid-swap rate);
- social unsecured senior preferred - total nominal value of €300 million, placed on October 22, 2024 with a fixed-rate coupon of 4.875% per annum payable annually, maturing on March 30, 2028 and an option for early redemption on March 30, 2027, placed at a reoffer yield of 4.95% (corresponding to a spread of 262.2 basis points over the benchmark mid-swap rate).

Section 2 - Financial liabilities held for trading - Item 20

€139 thousand

2.1 Financial liabilities held for trading: breakdown by type

(Values in thousand euros)

Type of operations/Values	Total 12.31.2024					Total 12.31.2023				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. On-statement-of-financial-position liabilities										
1. Amounts due to banks										
2. Amounts due to customers										
3. Debt securities										
3.1 Bonds										
3.1.1 Structured					X					X
3.1.2 Other bonds					X					X
3.2 Other securities										
3.2.1 Structured					X					X
3.2.2 Others					X					X
Total (A)	-	-	-	-	-	-	-	-	-	-
B. Derivatives										
1. Financial derivatives										
1.1 Held for trading	X		139	-	X	X		1,196		X
1.2 Connected to the fair value option	X				X	X				X
1.3 Others	X				X	X				X
2. Credit derivatives										
2.1 Held for trading	X				X	X		19		X
2.2 Connected to the fair value option	X				X	X				X
2.3 Others	X				X	X				X
Total (B)	**X**	**-**	**139**	**-**	**X**	**X**	**-**	**1,215**	**-**	**X**
Total (A+B)	**X**	**-**	**139**	**-**	**X**	**X**	**-**	**1,215**	**-**	**X**

Key
NV = Nominal value
L1 = Level 1
L2 = Level 2
L3 = Level 3
** Fair value = Fair value calculated excluding changes in value due to the change in creditworthiness of the issuer with respect to the issue date.*

The item includes the negative fair value at December 31, 2024 of derivative instruments classified as trading assets but used for the operational hedges of exchange rate and interest rate risk that the Group is exposed to.

Section 6 - Tax liabilities - Item 60

€166,690 thousand

See "Section 11 - Tax assets and liabilities - Item 110" of the statement of financial position assets. See "Section 11 - Tax assets and liabilities" of the statement of financial position assets.

Section 8 - Other liabilities - Item 80

€388,397 thousand

8.1 Other liabilities: breakdown

(Values in thousand euros)

Breakdown	Total 12.31.2024	Total 12.31.2023
Trade payables	21,790	9,654
Invoices to be received	35,445	27,001
Liabilities to tax authorities	8,297	16,112
Liabilities to social security and welfare bodies	2,214	2,323
Liabilities to employees	16,119	19,501
Collections pending allocation	63,056	86,020
Payment flows received to be charged	191,862	342,609
Sundry liabilities	43,692	44,275
Accrued expense and deferred income	5,922	7,860
Total	**388,397**	**555,354**

"Trade payables" and "invoices to be received" refer to accounts payable for the purchases of goods and services, both items increased as a result of amounts set aside by BFF Immobiliare for the completion of "Casa BFF," which were mainly paid in early 2025.

"Collections pending allocation" refer to payments received by December 31, 2024 but still outstanding since they had not been cleared and recorded by that date.

"Sundry liabilities" include portions of collections to be transferred, stamp duties to be paid, payables to directors and other pending items.

The "Payment flows received to be charged" refer to suspense accounts with a credit balance that fall within the scope of bank payment intermediation and include suspended settlements that were made in the first business days after the reporting date of these consolidated financial statements.

Section 9 - Post-employment benefits - Item 90

€3,372 thousand

9.1 Post-employment benefits: annual changes

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
A. Opening balance	**3,033**	**3,239**
B. Increases	2,568	2,353
B.1 Provision for the financial year	2,523	2,291
B.2 Other changes	45	62
C. Decreases	(2,229)	(2,558)
C.1 Payments made	(118)	(371)
C.2 Other changes	(2,111)	(2,187)
D. Closing balance	**3,372**	**3,033**
Total	**3,372**	**3,033**

The liability recorded in the consolidated financial statements at December 31, 2024 primarily in relation to post-employment benefits of the Parent Company is equal to the present value of the obligation estimated by an independent actuary on the basis of demographic and economic assumptions.

Actuarial assumptions used to determine the liability at December 31, 2024 are shown below.

Actuarial assumptions

Annual discount rate

The discount rate used to determine the present value of the obligation was calculated, in compliance with paragraph 83 of IAS 19, in relation to the iBoxx Eurozone Corporate AA 7-10 Index (in line with the duration of the items measured) and it was found to be 2.93%.

Other actuarial assumptions

Post-employment benefits increase rate equal to 3%.

In compliance with Article 2120 of the Italian Civil Code, such rate is equal to 75% of inflation plus 1.5 percentage points. The rate used for the valuation was 2%.

The demographic assumptions used are as follows:

- Death: 2022 ISTAT;
- Disability: INPS 2000 tables broken down by age and sex;
- Retirement: 100% upon reaching AGO requisites, as updated by Italian Decree-Law 4/2019.

Annual frequency of turnover and advances

Executives: 0% advance frequency and 27.0% turnover frequency;

Managers: 0.6% advance frequency and 7.3% turnover frequency;

Employees 2.1% advance frequency and 3.4% turnover frequency.

Section 10 - Provisions for risks and charges - Item 100

€54,804 thousand

10.1 Provisions for risks and charges: breakdown

(Values in thousand euros)

Items/Components	Total 12.31.2024	Total 12.31.2023
1. Provisions for credit risk relating to Commitments and financial guarantees given	258	530
2. Provisions for other commitments and guarantees issued		
3. Pension and similar obligations	6,937	7,009
4. Other provisions for risks and charges		
4.1 Legal and tax disputes		
4.2 Personnel costs		
4.3 Others	47,609	28,325
Total	**54,804**	**35,864**

Starting from January 1, 2018, this item also includes provisions for credit risk associated with commitments/financial guarantees provided by BFF Polska to its customers, based on impairment requirements provided for by IFRS 9.

The significant increase compared to December 31, 2023, attributable to the item "other provisions for risks and charges", mainly relates to extraordinary allocations to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings, against the risk of an unfavorable ruling, in the overall amount of approximately €16.2 million.

The item "Pension and similar obligations", which is in line with the previous financial year's figure, is affected by the combined effect of decreases due to uses following payments to certain categories of employees of deferred bonuses relating to objectives achieved in previous financial years, and increases due to accruals pertaining to 2024.

10.2 Provisions for risks and charges: annual changes

(Values in thousand euros)

	Provisions for other commitments and guarantees issued	Pension and similar obligations	Other provisions for risks and charges	Total
A. Opening balance	**530**	**7,009**	**28,324**	**35,864**
B. Increases	**9**	**3,098**	**20,177**	**23,283**
B.1 Provision for the financial year	9	2,853	20,094	22,957
B.2 Changes due to the passage of time		245		245
B.3 Changes due to variations in the discount rate				
B.4 Other changes			83	83
C. Decreases	**(281)**	**(3,170)**	**(892)**	**(4,343)**
C.1 Utilization for the financial year	(281)	(2,614)	(564)	(3,459)
C.2 Changes due to variations in the discount rate				
C.3 Other changes		(556)	(328)	(884)
D. Closing balance	**258**	**6,937**	**47,609**	**54,804**

10.3 Allowances for credit risk relating to commitments and financial guarantees given

(Values in thousand euros)

	Allowances for credit risk relating to commitments and financial guarantees given				
	Stage one	Stage two	Stage three	Purchased or originated credit impaired	Total
Commitments to disburse funds	237				237
Financial guarantees given	20				20
Total	**258**	**-**	**-**	**-**	**258**

10.5 Defined-benefit pension funds

The pension fund refers mainly to the non-compete agreements entered into with BFF Banking Group's managers, amounting to €3.6 million and the provisions relating to the incentive scheme with deferred payment envisaged for specific BFF Bank employees, amounting to €3.1 million. Both obligations to personnel are shown at their present value estimated by an independent actuary based on demographic and economic assumptions.

As at December 31, 2024, the provision in question also includes the provision for the commitment made by DEPO bank to some employees who have left the Bank, amounting to €149 thousand.

Specifically, the system involving deferral of a portion of the annual bonuses envisages, for risk takers, medium-term restrictions, according to which 30% or 40% of the annual bonus will be paid between three and a maximum of six years later, provided that the Bank achieves specific targets relating to its profitability, regulatory capital requirements established by existing regulations, and the employee's continued employment at the Bank. In accordance with the provisions of IAS 19, accruals were quantified based on an actuarial calculation performed externally by a specialized firm. The Bank's obligations were computed using the "Projected Unit Credit Method", which treats each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to compute the final obligation, in accordance with paragraphs 67-69 of IAS 19. This actuarial method entails valuation aimed at determining the average present value of the Bank's obligations.

The technical demographic assumptions used are illustrated below.

10.6 Provisions for risks and charges - Other provisions

Other provisions of €47.6 million refer to:

- litigation liabilities for which the Bank has estimated a probable risk of loss for approximately €46.7 million;
- provisions related to possible damages for operational errors as per contract with customers in the amount of approximately €900 thousand.

The main assumptions made by the external firm when discounting are as follows:

Non-compete agreement

The annual discount rate used to determine the present value of the obligation is taken, in accordance with paragraph 83 of IAS 19, from the Iboxx Corporate AA index with a duration of 10+ recorded as at December 31, 2024 and equal to 3.38%. The yield with a comparable duration to that of the collective being valued was chosen for this purpose.

The technical demographic and economic assumptions used are illustrated below:

Death	RG48 mortality tables published by the State General Accounting Office
Retirement	100% on reaching the AGO requirements
Frequency of voluntary resignation	13.50%
Clawback frequency	0.00%
Withdrawal frequency (where envisaged)	3.00%
Frequency of revocation of mandate to CEO	0.00%
Increase in annual remuneration	2.00%
Inflation rate	2.00%
Contribution rate (Cash and SF)	27.00%

Deferred bonus

Discount rate

The financial basis used to calculate the present value of the obligation was determined, in compliance with paragraph 83 of IAS 19, by reference to the iBoxx Eurozone Corporate AA Index (in line with the duration of the plan). The discount rate, in line with the duration of the plans, was, on average 2.7%.

Mortality and disability

To estimate the phenomenon of mortality, the RG48 mortality table used by the Italian State General Accounting Office to estimate the retirement expense of the Italian population was used. For the probability of total and permanent disability, the tables adopted in the INPS model for the 2010 forecasts were used.

Frequency of resignations and dismissals

Equal to 14.3%.

Section 13 - Group equity - Items 120, 130, 140, 150, 160, 170 and 180

€876,807 thousand

13.1 "Share capital" and "Treasury shares": breakdown

(Values in thousand euros)

Types	12.31.2024	12.31.2023
1. Share Capital	**145,006**	**143,947**
1.1 Ordinary shares	145,006	143,947
2. Treasury shares	**(3,570)**	**(4,377)**

13.2 Share capital - Number of Parent Company shares: annual changes

(Values in units)

Items/Type	Ordinary	Others
A. Shares as at the beginning of the financial year	**186,944,029**	
- fully paid-in	186,944,029	
- not fully paid-in		
A.1 Treasury shares (-)	(494,854)	
A.2 Shares outstanding: initial balance	**186,449,175**	
B. Increases	1,478,857	
B.1 New issues		
- for consideration:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- others		
- without consideration:		
- to employees	1,375,429	
- to directors		
- others		
B.2 Sales of treasury shares		
B.3 Other changes	103,428	
C. Decreases		
C.1 Cancellation		
C.2 Repurchase of treasury shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Shares outstanding: closing balance	**187,928,032**	
D.1 Treasury shares (+)	(391,426)	
D.2 Shares existing at the end of the financial year	**188,319,458**	
- fully paid-in	188,319,458	
- not fully paid-in		

13.4 Earnings-related reserves: other information

In accordance with the provisions of Article 2427, paragraph 7-bis of the Italian Civil Code, the following tables provide a breakdown of the individual components of equity according to their possibility of use, the amount available for distribution, and past use in the previous years (the three-year period before the date of preparation of these consolidated financial statements).

(Values in thousand euros)

	12.31.2024	Possibility of use (a)	Portion available	Portion deriving from tax on extra profits	Portion with tax suspension	Summary of use in the last three years (*)	
						To cover losses	For other reasons
Share capital	**145,006**						
Reserves	**282,329**						
- Legal reserve (**)	28,789	*B*			26,196		
- Extraordinary reserve	89	*A, B, C*	89				
- Retained earnings (***)	244,669	*A, B, C*	244,669	24,402	50,387		241,521*
- Stock option and financial instrument reserves	7,552	*A*					
- Other reserves	1,229						
Valuation reserves	**21,085**						
- HTCS securities	5,699						
- Others	15,386						
Treasury share reserve	**(3,570)**						
Share premium reserve	**66,277**	*A, B, C*	66,277				
Total share capital and reserves	**511,127**		**311,036**	**24,402**	**76,583**		**241,521**

(a) Possible uses: A=for share capital increase B=to cover losses C=for distribution to shareholders

(*) Uses in the last three financial years amounting to €241,521 thousand include primarily uses for a total of €18,214 thousand for the exercise of stock options by certain beneficiaries in the course of 2022, 2023 and 2024, the use of €21,629 thousand for the payment of the interest coupons and structuring expenses relating to the Additional Tier 1 (AT1) financial instrument, as well as uses in the last three financial years relating to the payment of dividends distributed as per shareholders' resolutions in the amount of €201,678 thousand;

(**) Including €26,196 thousand in tax suspension pursuant to Article 110 of Italian Decree-Law 104/2020;

(***) Including €50,387 thousand in tax suspension pursuant to Article 110 of Italian Legislative Decree 104/2020.

Changes in reserves that make up the equity are shown below:

(Values in thousand euros)

	Legal	Retained earnings	Others	Total
A. Opening balance	**28,586**	**239,469**	**9,706**	**277,762**
B. Increases	**203**	**69,778**	**185**	**70,166**
B.1 Allocation of profits	203	64,704		64,907
B.2 Other changes		5,074	185	5,259
C. Decreases		**(64,489)**	**(1,111)**	**(65,599)**
C.1 Uses		(48,910)		(48,910)
- coverage of losses				
- distribution		(48,910)		(48,910)
- transfer to share capital				
C.2 Other changes		(15,578)	(1,111)	(16,689)
D. Closing balance	**28,789**	**244,758**	**8,781**	**282,329**

Retained earnings

The retained earnings reserve has increased by

- €65 million due to the attribution to the reserve of a share of profits for the 2023, in accordance with the Shareholders' Meeting resolution of April 18, 2024;
- €5 million due to (i) the exercise of stock options or stock grants relating to the Parent Company's incentive system and non-competition agreement, (ii) the capital gain arising from the sale of certain securities classified as financial assets measured at fair value through other comprehensive income (HTC& S); (iii) the reclassification from valuation reserves of the First-Time Adoption reserve recorded on the property located on Via Domenichino in Milan, which was sold in December 2024.

The decreases in the earnings-related reserve are related to

- €48.9 million for the distribution of reserves to shareholders resolved by the Shareholders' Meeting held on April 18, 2024;
- €15.6 million as a result of (i) payment of interest coupons of the "Additional Tier 1" instrument, and (ii) payment of withholding taxes on the exercise of stock options by the beneficiaries.

Other reserves

The other reserves mainly:

- increased by €0.2 million due to provisions related to the variable remuneration parts of the so-called "Key Personnel" (Risk Takers), in compliance with the provisions as set out in the First Part, Title IV, Chapter 2, Section III, paragraph 2.1, 3 of Bank of Italy Circular 285/2013, as subsequently updated, according to which a portion must be paid in financial instruments;
- decreased by €1.1 million due to exercises of stock options or share grants related to the Parent Company's incentive scheme and non-compete agreements.

Tax suspension restriction

As noted previously, in 2021 the Parent Company took advantage of the facilitation provided under Art. 110 of Italian Decree-Law no. 104 of August 14, 2020 and proceeded with the realignment between the carrying and tax amounts of the item goodwill present in the financial statements at December 31, 2019 and 2020 of DEPObank, which was merged into BFF Bank on March 5, 2021. This transaction, which was approved by the Parent Company's Board of Directors on June 30, 2021, entailed (i) the alignment of the item goodwill equal to roughly €79 million, (ii) the resulting payment of substitute tax equal to €2.4 million and (iii) the need to place a tax suspension restriction on the reserves of €76.6 million, equal to the difference between the aligned amount and the substitute tax, as set forth in paragraph 8 of Art. 110 of Decree-Law 104/2020.

Considering that the transaction was carried out subsequent to the approval of the financial statements for the year at December 31, 2020 of DEPObank and its merger into BFF Bank, the tax suspension restriction is placed as a "Restricted share pursuant to paragraph 8 of Art. 110 of Decree-Law 104/2020" on the following reserves:

- "Retained earnings" for €50,387 thousand;
- "Legal reserve" for €26,196 thousand.

13.5 Equity instruments: breakdown and annual changes

As of December 31, 2024 there were no changes compared to December 31, 2023. The item represents only the Additional Tier 1 Perpetual NC2027 instrument (ISIN XS2404266848) in the amount of €150 million, with a fixed-rate coupon of 5.875% per annum to be paid on a half-yearly basis

Note that, during the course of the financial year, the Parent Company paid the accrued interest coupon of €8.8 million (gross of the tax effect).

Other information

1. Commitments and financial guarantees given

(Values in thousand euros)

	Nominal amount on commitments and financial guarantees given				Total 12.31.2024	Total 12.31.2023
	Stage one	Stage two	Stage three	Purchased or originated credit impaired		
1. Commitments to disburse funds	**420,045**		**6**		**420,051**	**481,928**
a) Central Banks						
b) Public administrations	49,187		5		49,192	42,809
c) Banks	132				132	4,994
d) Other financial companies	365,932				365,932	400,654
e) Non-financial companies	4,794		1		4,795	33,471
f) Households						
2. Financial guarantees given	**657**		**5,823**		**6,480**	**14,868**
a) Central Banks						
b) Public administrations						
c) Banks						
d) Other financial companies	89				89	89
e) Non-financial companies	567		5,823		6,390	14,779
f) Households						

2. Other commitments and other guarantees provided

(Values in thousand euros)

	12.31.2024	12.31.2023
Other guarantees provided	**35,846**	**35,846**
of which: impaired credit exposures	2,641	2,641
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
e) Non-financial companies	35,846	35,846
f) Households		
Other commitments	154	154
of which: impaired credit exposures	59	59
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
e) Non-financial companies	154	154
f) Households		

3. Assets given as collateral for own liabilities and commitments

(Values in thousand euros)

Portfolios	Amount 12.31.2024	Amount 12.31.2023
1. Financial assets measured at fair value through profit or loss		
2. Financial assets measured at fair value through other comprehensive income		
3. Financial assets measured at amortized cost	1,940,935	2,196,656
4. Property, equipment and investment property		
of which: property, equipment and investment property held as inventories		

"Financial assets measured at amortized cost" consist of government securities used as collateral in operations with the ECB and repos.

5. Administration and brokerage for third parties

(Values in thousand euros)

Type of services	Amount
1. Execution of orders for customers	
a) Purchases	
1. settled	
2. not settled	
b) Sales	
1. settled	
2. not settled	
2. Portfolio management	
a) individual	
b) collective	
3. Custody and administration of securities	**108,622,185**
a) third-party securities deposited: relating to bank activities custodian (excluding portfolio management)	30,255,615
1. securities issued by consolidated companies	6,731
2. other securities	30,248,883
b) third-party securities deposited (excluding portfolio management): others	73,578,198
1. securities issued by consolidated companies	36,400
2. other securities	73,541,798
c) third party securities deposited with third parties	98,162,301
d) proprietary securities deposited with third parties	4,788,373
4. Other transactions	

Part C - Consolidated Income Statement

All amounts in the tables are stated in thousands of euros.

Section 1 - Interest - Items 10 and 20

1.1 Interest and similar income: breakdown

€742,159 thousand (of which €716,924 thousand relating to interest income calculated according to the effective interest method)

(Values in thousand euros)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 12.31.2024	Total 12.31.2023
1. Financial assets measured at fair value through profit or loss:					
1.1. Financial assets held for trading	-	-	-	-	2
1.2. Financial assets designated at fair value	-	-	-	-	-
1.3. Other financial assets mandatorily measured at fair value	453	-	-	453	-
2. Financial assets measured at fair value through other comprehensive income	-	-	X	-	5
3. Financial assets measured at amortized cost:					
3.1 Loans and receivables with banks	16,213	19,677	X	35,890	26,853
3.2 Loans and receivables with customers	176,080	517,243	X	693,324	584,964
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	12,479	12,479	17,516
6. Financial liabilities	X	X	X	13	67
Total	**192,747**	**536,920**	**12,479**	**742,159**	**629,408**
of which: interest income on impaired assets					
of which: interest income on finance leasing	X	27	X	27	54

1.2 Interest and similar income: other information

Interest income relating to "Loans and receivables with banks" mainly refers to temporary credit balances in the account of the Parent Company and its subsidiaries, income accruing on the amount of bank drafts issued on behalf of banking customers and interest income on the average negative deposits of reciprocal current accounts held by banking customers.

Interest income on "Loans and receivables with customers" for loans amounted to €517.2 million (€414.3 million in 2023) and mostly consists of "maturity commissions" charged to the assignors for the purchase of non-recourse trade receivables, and late payment interest for the year, relating to BFF Bank and BFF Finance Iberia.

With respect to the loans and receivables of the Parent Company BFF Bank and the Spanish subsidiary BFF Finance Iberia recognized in the consolidated financial statements, in the course of 2024 the Group updated the time series and carried out certain refinements of the model in use for the recognition of receivables for late payment interest and, as described in Part A "Accounting policies" in section "Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")", increased the percentage of recognition of late payment interest from 50% to 65%.

This change resulted in the recognition of non-recurring income relating to late payment interest amounting to €112.1 million.

No change was made to the estimates of the collection timing of the entire provision for late payment interest, with estimated collection days amounting to 2100.

The amount also includes interest income calculated at amortized cost, generated by BFF Polska Group's portfolio, for a total amount of €117.4 million.

Interest income on debt securities linked to loans and receivables with customers and totaling approximately €176.1 million derive from government securities purchased by BFF Bank to hedge liquidity risk and to optimize the cost of money, relating to the HTC (Held to Collect) portfolio.

1.3 Interest and similar expenses: breakdown

€384,178 thousand

(Values in thousand euros)

Items/Technical forms	Liabilities	Securities	Other transactions	Total 12.31.2024	Total 12.31.2023
1. Financial liabilities measured at amortized cost					
1.1 Amounts due to central banks	-	X	X	-	-
1.2 Amounts due to banks	85,906	X	X	85,906	**125,480**
1.3 Amounts due to customers	276,993	X	X	276,993	**213,123**
1.4 Securities issued	X	12,777	X	12,777	**353**
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	6,655	6,655	**2,172**
5. Hedging derivatives	X	X	1,847	1,847	**4,127**
6. Financial assets	X	X	X	-	-
Total	**362,899**	**12,777**	**8,503**	**384,178**	**345,256**
of which: interest expense relative to leasing liabilities	257	X	X	**257**	**426**

Interest expense went from €345.3 million for the previous year to €384.2 million for 2024. The increase is mainly attributable to higher interest rates and higher interest expenses, equal to €13 million, deriving from the senior bond issues that took place during 2024.

Interest expense on "Amounts due to central banks" refers to the interest accrued on the amounts deposited in the account with the Bank of Italy.

Interest expense on "Amounts due to banks" mainly refers to interest accruing on current accounts held with BFF Bank and in the name of a bank counterparty.

Interest expense pertaining to "Amounts due to customers" mainly refers to interest on BFF Bank's online deposit accounts ("Conto Facto" in Italy, "Cuenta Facto" offered in Spain by the Spanish branch of BFF Bank and "Lokata Facto" offered by the branch in Poland), interest accruing on account balances of corporate customers and interest relating to contracts governed by the Global Master Repurchase Agreement (GMRA) with Cassa di Compensazione Garanzia as the customer counterparty.

Finally, the item also includes interest expense for "Securities issued", amounting to approximately €12,777 thousand (€353 thousand in 2023), which increased as a result of the issuance of the two senior bonds worth €600 million on April 8 and October 22, 2024. For more details on this please refer to item 10 c) of the Statement of Financial Position liabilities "Financial liabilities measured at amortized cost".

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fee and commission income: breakdown

€110,515 thousand

(Values in thousand euros)

Type of services/Values	Total 12.31.2024	Total 12.31.2023
a) Financial instruments		
1. Placement of securities		
1.1 With firm commitment and/or on the basis of an irrevocable commitment		
1.2 Without irrevocable commitment		
2. Receipt and transmission of orders and execution of orders for customers		
2.1 Receipt and transmission of orders of one or more financial instruments		
2.2 Execution of orders for customers		
3. Other commissions connected to activities linked to financial instruments		
of which: dealing on own account		
of which: individual portfolio management		
b) Corporate Finance		
1. Mergers and acquisitions consulting		
2. Treasury services		
3. Others commissions connected to corporate finance services		
c) Consulting activities related to investments	58	70
d) Clearing and settlement		
e) Collective portfolio management		
f) Custody and administration	27,806	29,462
1. Custodian bank	18,331	17,357
2. Other commissions linked to custody and administration activities	9,475	12,105
g) Central administrative services for collective portfolio management		
h) Fiduciary activities		
i) Payment services	72,694	77,007
1. Current accounts	-	-
2. Credit cards	1,647	1,548
3. Debit cards and other payment cards	7,503	16,960
4. Bank transfers and other payment orders	20,236	16,256
5. Other commissions linked to payment services	43,308	42,242
j) Distribution of third-party services		
1. Collective portfolio management		
2. Insurance products		
3. Other products		
of which: individual portfolio management		
k) Structured finance		
l) Servicing activities for securitization transactions		
m) Commitments to disburse funds		
n) Financial guarantees given	1,126	757
of which: credit derivatives		
o) Lending transactions		
of which: for factoring transactions		
p) Currency trading		
q) Commodities		
r) Other fee and commission income	8,831	5,074
of which: for management activities of multilateral trading systems		
of which: for management activities of organized trading systems		
Total	**110,515**	**112,371**

The item mainly includes fees and commissions relating to the mandates for the management and collection of receivables deriving from the factoring and management of trade receivables, as well as fees and commissions for custodian banking and payment services.

2.2 Fee and commission expenses: breakdown

€28,417 thousand

(Values in thousand euros)

Service/Values	Total 2024	Total 2023
a) Financial instruments		
of which: trading in financial instruments		
of which: placement of financial instruments		
of which: individual portfolio management		
Own		
Delegated to third parties		
b) Clearing and settlement	1,846	1,776
c) Collective portfolio management		
d) Custody and administration	4,248	5,268
e) Collection and payment services	16,580	24,874
of which: credit cards, debit cards and other payment cards	3,074	11,964
f) Servicing activities for securitization transactions	1	-
g) Commitments to receive funds		
h) Financial guarantees received	15	15
of which: credit derivatives		
i) Off-site offer of financial instruments, products and services		
j) Currency trading	2	1
k) Other fee and commission expense	5,724	5,284
Total	**28,417**	**37,218**

The item mainly includes the custody and administration fees for the custodian bank business and those paid to outsourcers for the use of infrastructure related to payment services.

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividends and similar income: breakdown

€19,844 thousand

(Values in thousand euros)

Items/Income	Total 2024		Total 2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	6		18	
B. Other financial assets subject to mandatory fair value measurement	13,547		3,139	
C. Financial assets measured at fair value through other comprehensive income	6,292		5,740	
D. Equity investments				
Total	**19,844**	**-**	**8,897**	**-**

In 2024, the item mainly included dividends received from the Bank of Italy amounting to €5.7 million (€5.7 million in 2023), whose shares subscribed by the Parent Company BFF Bank are classified under item 30 of the Assets "Financial assets measured at fair value through other comprehensive income", and dividends received in the course of 2024 from Fondo Italiano di Investimento, amounting to around €2.9 million (€3.1 million in 2023) and from Fondo Ingenii, amounting to €10.6 million (zero in 2023), whose UCI units are classified under item 20 of the Assets "Financial assets measured at fair value through profit or loss".

Section 4 - Profits (losses) on trading - Item 80

€7,892 thousand

4.1 Profits (losses) on trading: breakdown

€7,892 thousand

(Values in thousand euros)

Transaction/Income items	Capital gains (A)	Gains from trading (B)	Capital losses (C)	Losses from trading (D)	Net profit [(A+B)-(C+D)]
1. Financial assets held for trading	**-**	**14,789**	**-**	**-**	**14,789**
1.1 Debt securities		521			521
1.2 Equity securities					-
1.3 UCI units					-
1.4 Loans		14,268			14,268
1.5 Others					-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities					-
2.2 Liabilities					-
2.3 Others					-
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**(6,897)**
4. Derivatives					
4.1 Financial derivatives:					-
- On debt securities and interest rates					-
- On equity securities and stock indices					-
- On currency and gold	X	X	X	X	x
- Others					-
4.2 Loan derivatives					-
of which: natural hedging related to the fair value option	X	X	X	X	-
Total	**-**	**14,789**	**-**	**-**	**7,892**

In 2024, this item mainly includes the positive result deriving from factoring purchases of Ecobonus tax assets falling under the Trading Business Model and classified in asset item 130 “Other assets” in the statement of financial position, for a total of €14.3 million.

The profits (losses) on trading mainly derives from the effect of exchange rate differences related to foreign exchange trading functional to treasury management, in particular to bank and customer deposits in foreign currencies.

Section 6 - Profits (losses) on disposals/repurchases - Item 100

€3,331 thousand

6.1 Profits (Losses) on disposals/repurchases: breakdown

€3,331 thousand

(Values in thousand euros)

Items/Income items	Total 2024			Total 2023		
	Profits	Loss	Net profit/ loss	Profits	Loss	Net profit/ loss
Financial assets						
1. Financial assets measured at amortized cost						
1.1 Loans and receivables with banks						
1.2 Loans and receivables with customers	3,552	(221)	3,331	23,288	(1,249)	22,038
2. Financial assets measured at fair value through other comprehensive income						
2.1 Debt securities		-	-	-	(146)	(146)
2.2 Loans						
Total assets (A)	**3,552**	**(221)**	**3,331**	**23,288**	**(1,395)**	**21,893**
Financial liabilities measured at amortized cost						
1. Amounts due to banks						
2. Amounts due to customers						
3. Securities issued						
Total liabilities (B)						

In 2024, the item in question amounted to €3,331 thousand, and represents the net balance of sales of debt securities for a nominal value of €230 million (€21,893 thousand in 2023 for a nominal value of €835 million) classified in asset item 40 b) "Financial assets measured at amortized cost – loans and receivables with customers".

Please note that sales always took place in compliance with the conditions imposed by the HTC business model, which the Group adopted on the first-time application of IFRS 9 in 2018.

Section 7 - Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss - Item 110

(€7,017 thousand)

7.2 Net change of value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets and liabilities subject to mandatory fair value measurement

(Values in thousand euros)

Transactions / Income items	Capital gains (A)	Realized gains (B)	Capital losses (C)	Losses on disposal (D)	Net profit/ loss [(A+B) -(C+D)]
1. Financial assets		**1**	**(7,018)**		**(7,017)**
1.1 Debt securities					-
1.2 Equity securities		1			1
1.3 UCI units			(7,018)		(7,018)
1.4 Loans					-
2. Financial assets in foreign currency: foreign exchange differences	X	X	X	X	
Total	**-**	**1**	**(7,018)**	**-**	**(7,017)**

The item refers to the revaluation of the UCI units held by the Parent Company at the last NAV made available by the relevant investment funds and the Ingenii Fund.

Section 8 - Net impairment losses/gains - Item 130

(€5,571 thousand)

8.1 Net impairment losses/gains for credit risk associated with financial assets measured at amortized cost: breakdown

(Values in thousand euros)

Transaction/Income items	Impairment losses/gains						Impairment gains				Total 12.31.2024	Total 12.31.2023
	Stage one	Stage two	Stage three		Purchased or originated credit impaired		Stage one	Stage two	Stage three	Purchased or originated credit impaired		
			write-off	Other	write-off	Other						
A. Loans and receivables with banks	**(157)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(157)**	**16**
- Loans	(157)	-	-	-	-	-	-	-	-	-	(157)	16
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	**(475)**	**-**	**(448)**	**(5,759)**	**-**	**-**	**216**	**334**	**714**	**5**	**(5,414)**	**(4,948)**
- Loans	(475)	-	(448)	(5,759)	-	-	115	334	714	5	(5,515)	(3,633)
- Debt securities	-	-	-	-	-	-	101	-	-	-	101	(1,315)
Total	**(632)**	**-**	**(448)**	**(5,759)**	**-**	**-**	**216**	**334**	**714**	**5**	**(5,571)**	**(4,932)**

As concerns stage three, the increase in impairment losses derives mainly from changes in specific positions of BFF Polska Group and an increase in impairment losses on past due exposures and exposures due from assigning counterparties of the Bank and BFF Finance Iberia.

Section 12 - Administrative expense - item 190

€189,694 thousand

12.1 Personnel expense: breakdown

€79,511 thousand

(Values in thousand euros)

Type of expenditure/Sectors	Total 2024	Total 2023
1) Employees	**77,407**	**70,613**
a) wages and salaries	49,713	48,533
b) social security contributions	13,746	13,053
c) post-employment benefits		
d) pension costs	2	2
e) provision for post-employment benefits	2,151	2,192
f) provision for pensions and similar obligations:		
- defined contribution plans		
- defined benefit plans		
g) payments to external complementary pension funds:		
- defined contribution plans		
- defined benefit plans	472	347
h) costs related to share-based payments	6,715	3,468
i) other employee benefits	4,607	3,016
2) Other personnel in service	347	456
3) Directors and statutory auditors	1,758	4,911
Total	**79,511**	**75,980**

The item "personnel expenses" includes, in addition to the amount of expense and contributions paid to employees, including the provisions of the Group incentive system, expense for stock options for certain employees of the Group for 2024, equal to approximately €6,715 thousand before taxes, with an offsetting entry in part in the related equity reserve and in part in liability item 80 "Other liabilities" in the statement of financial position.

12.2 Average number of employees broken down by category

(Values in work units)

Categories	Average number 2024	Average number 2023
Senior Executives/Executives	29	30
Managers/Middle Managers/Professionals	406	405
Specialists	389	412
Total	**824**	**847**

The number of staff shown in the previous table refers to FTE staff and it arises from a calculation based on the instructions of the Bank of Italy Circular no. 262.

12.4 Other Employee benefits

The other benefits for employees amount to €4,607 thousand (€3,016 thousand in 2023), these mainly refer to expenses incurred for training, meal tickets, donations and insurance for employees of the Group. The increase compared to 2023 is mainly due to the increase in the cost of employee insurance.

12.5 Other administrative expenses: breakdown

€110,183 thousand

(Values in thousand euros)

Breakdown	Total 2024	Total 2023
Legal fees	5,267	3,504
Data processing services	15,486	13,540
External credit management services	771	766
Supervisory Body fees	30	46
Legal fees for loans and receivables under management	207	155
Notary fees	293	258
Notary fees to be recovered	896	1,639
Entertainment expense and donations	4,506	4,061
Maintenance expense	8,566	6,981
Non-deductible VAT	11,451	9,652
Other taxes	6,312	7,201
Consulting services	24,591	18,628
Head office operating expenses	5,252	4,431
Resolution Fund and FITD	5,450	10,778
Other expenses	21,106	22,495
Total	**110,183**	**104,136**

Other administrative expense for 2024 amounted to €110.2 million, up from the previous year.

The change is mainly due to non-recurring consulting costs of €4.5 million.

With regard to contributions to the Deposit Guarantee Scheme, as at December 31, 2024, a cost of about €5.5 million before taxes was recorded compared to €10.8 million in 2023. The reduction is due to contributions to the Resolution fund for which no costs were incurred in 2024 (€6.4 million in 2023). Indeed, no contribution was collected by the SRB as the target level of 1% of protected deposits held by credit institutions established in the countries participating in the Banking Union had been reached.

In 2024 the Parent Company paid €5.5 million to the Interbank Deposit Protection Fund (FITD) as the annual contribution, of which €2.1 million relating to the extraordinary contribution.

This amount was recognized under other administrative expenses, as indicated in the Bank of Italy note of January 19, 2016 "Contributions to Resolution Funds: treatment in the financial statements and in regulatory reporting".

"Other administrative expense" mainly include services outsourced in 2024, which are listed below:

(Values in thousand euros)

Breakdown	Total 12.31.2024
Fees paid to external company for support to Internal Audit	162
Fees paid to external companies for Data Processing	5,685
Fees paid to external companies for Credit Checks	771

Section 13 - Net accruals to provisions for risks and charges - Item 200

€19,884 thousand

13.1 Net provisions for credit risk relating to loan commitments and financial guarantees given: breakdown

(€273 thousand)

(Values in thousand euros)

Breakdown	Total 12.31.2024	Total 12.31.2023
Provision for risk on commitments and guarantees	(273)	278
Total	**(273)**	**278**

13.3 Net accruals to provisions for risks and charges: breakdown

€20,157 thousand

The accruals to the provisions, compared to the prior year, shows the following breakdown

(Values in thousand euros)

Breakdown	Total 12.31.2024	Total 12.31.2023
Other provisions	20,157	3,383
Total	**20,157**	**3,383**

The change compared to 2023 is mainly due to the extraordinary allocation to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings of €16.2 million.

Section 14 - Depreciation and net impairment losses on property, equipment and investment property - item 210

€3,783 thousand

14.1 Depreciation and net impairment losses on property, equipment and investment property: breakdown

(Values in thousand euros)

Asset/Income items	Depreciation (a)	Impairment losses (b)	Impairment gains (c)	Net result (a+b-c)
A. Property and equipment				
1. Used in the business	3,783			**3,783**
- Owned	1,780			**1,780**
- Right-of-use assets	2,003			**2,003**
2. Investment property				-
- Owned				-
- Right-of-use assets				-
3. Inventories	x			-
Total	**3,783**	**-**	**-**	**3,783**

Section 15 - Amortization and net impairment losses on intangible assets - Item 220

€10,070 thousand

15.1 Amortization and net impairment losses on intangible assets: breakdown

(Values in thousand euros)

Asset/Income items	Amortization (a)	Impairment losses (b)	Impairment gains (c)	Net result (a+b-c)
A. Intangible assets				
A.1 Owned				
- Generated internally by the company				
- Others	10,070			**10,070**
A.2 Right-of-use assets				
Total	**10,070**	**-**	**-**	**10,070**

The item refers to amortization for the period relating to intangible assets with finite useful lives, which also includes customer contracts.

Section 16 - Other operating income, net - Item 230

€60,353 thousand

16.1 Other operating expenses: breakdown

(€7,314) thousand

(Values in thousand euros)

Breakdown	Total 2024	Total 2023
Prior year expense	(3,259)	(1,769)
Rounding and allowances	(24)	(6)
Other charges	(340)	(83)
Deposit guarantee scheme expense		
Registry tax expense	(695)	(231)
Impairment of assets	(2,996)	-
Total	**(7,314)**	**(2,088)**

The impairment on the assets refers to the loss recognized on the owned property located on Via Chianesi in Rome to adjust the carrying amount to market value. For more information, please refer to the section "Change in accounting principle for property used for business purposes" in Section A "Accounting Policies".

16.2 Other operating income: breakdown

€67,667 thousand

(Values in thousand euros)

Breakdown	Total 2024	Total 2023
Recovery of legal fees for purchases of non-recourse trade receivables	1,942	969
Recovery of legal fees	569	910
Other recoveries	527	727
Prior year income	4,235	5,720
Recovery of assignor notary expenses	1,598	2,061
Other income	58,795	36,500
Total	**67,667**	**46,887**

In the course of 2024 the Group updated the time series data and carried out some refinements of the model in use for the recognition of the 40 euros receivable and, as described in the Section A "Accounting policies" in paragraph "Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")", increased the percentage of recognition from 50% to 65%.

This change resulted in the recognition of non-recurring income relating to the 40 euros receivable amounting to €25.7 million.

As at December 31, 2024, this item included the amount for the year of €20.2 million (€23.3 million as at December 31, 2023). The reduction is mainly due to lower volumes realized in Italy.

Section 17 - Profits/losses on equity investments - Item 250

17.1 Profits on equity investments: breakdown

€2,424 thousand

(Values in thousand euros)

Income item/Values	Total 2024	Total 2023
1) Joint ventures		
A. Income		
1. Revaluations		
2. Gains on disposal		
3. Reversals of impairment losses		
4. Other income		
B. Expense		
1. Impairment		
2. Adjustments to account for impairment		
3. Losses on disposal		
4. Other charges		
Net profit/loss	**-**	**-**
2) Companies subject to significant influence		
A. Income	2,424	-
1. Revaluations		
2. Gains on disposal		
3. Reversals of impairment losses		
4. Other income	2,424	-
B. Expense	-	(267)
1. Impairment		
2. Adjustments to account for impairment		
3. Losses on disposal		
4. Other charges	-	(267)
Net profit/loss	**2,424**	**(267)**
Total	**2,424**	**(267)**

Other income in 2024 mainly included the effect of adjusting the value of the shareholding in Unione Fiduciaria measured using the equity method.

Section 20 - Gains (losses) on disposal of investments - Item 280

20.1 Gains (losses) on disposal of investments: breakdown

€3,954 thousand

(Values in thousand euros)

Income item/Values	Total 2024	Total 2023
A. Properties	3,954	-
- Gains on disposal	3,954	-
- Losses on disposal		
B. Other assets		
- Gains on disposal		
- Losses on disposal		
Total	**3,954**	**-**

Profit from the sale of investments realized in 2024 relates to the gains realized from the sale in December 2024 of the property located in Milan, Via Domenichino.

Please note that, after the sale agreement was signed for the property, as at December 31, 2023 its net carrying amount of €8,046 thousand was reclassified from the item 90 "Property, equipment and investment property" to item 120 "Non-current assets held for sale and discontinued operations", as provided for by IFRS 5.

Section 21 - Income taxes for the year on continuing operations - item 300

€86,178 thousand

21.1 Income taxes on continuing operations: breakdown

(Values in thousand euros)

Income items/Sectors	Total 2024	Total 2023
1. Current taxes (-)	51,014	46,484
2. Adjustment to current tax of prior years (+/-)	1,479	(487)
3. Reduction of current tax for the year (+)		
3.bis Reduction of current taxes for the year for tax credits pursuant to Italian Law no. 214/2011 (+)		
4. Change in deferred tax assets (+/-)	(4,570)	3,071
5. Change in deferred tax liabilities (+/-)	38,255	14,269
6. Taxes for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	**86,178**	**63,337**

21.2 Reconciliation of theoretical tax charge with actual tax charge

The reconciliation between the theoretical tax charge and actual tax charge recognized in the financial statements for the Parent Company and the Italian subsidiaries (when applicable) is provided below.

	Proportion % of theoretical taxable profit
Income tax - theoretical tax charge	**33.07**
Increases in taxes	**1.22**
Others	1.22
Decreases in taxes	**(5.74)**
Permanent differences	(2.10)
Others	(0.89)
Effects of subsidiaries	(2.75)
Actual tax charge	**28.55**

Section 25 - Earnings per share

25.1 Average number of ordinary shares with diluted capital

Breakdown	Total 2024	Total 2023
Average number of shares outstanding	187,148,157	185,626,946
Average number of potentially dilutive shares	3,041,857	2,568,406
Average number of diluted shares	190,190,015	188,195,353

25.2 Other information

(Values in units, unless otherwise stated)

Breakdown	Total 2024	Total 2023
Profit for the year (in thousand euros)	215,680	171,662
Average number of shares outstanding	187,148,157	185,626,946
Average number of potentially dilutive shares	3,041,857	2,568,406
Average number of diluted shares	190,190,015	188,195,353
Basic earnings per share (in euro units)	**1.15**	**0.92**
Diluted earnings per share (in euro units)	**1.13**	**0.91**

Part D - Consolidated Comprehensive Income

Consolidated Statement of Comprehensive Income

(Values in thousand euros)

Items		2024	2023
10.	**Net Profit for the year**	**215,680**	**171,662**
	Other income components that may not be reclassified to profit or loss	**9,506**	**(26)**
20.	Equity instruments designated at fair value through other comprehensive income:		
	a) fair value changes		
	b) transfers to other net equity items		
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness):		
	a) fair value changes		
	b) transfers to other equity items		
40.	Hedging of equity instruments designated at fair value through other comprehensive income:		
	a) fair value changes (hedged instrument)		
	b) fair value changes (hedging instrument)		
50.	Property, equipment and investment property	14,065	-
60.	Intangible assets		
70.	Defined-benefit plans	(46)	(37)
80.	Non-current assets held for sale and discontinued operations		
90.	Share of valuation reserves connected with equity-accounted investments		
100.	Taxes on components ot items of other comprehensive incomethat may not be reclassified to profit or loss	(4,514)	10
	Other income components reclassified to profit or loss	**4,047**	**3,273**
110.	Hedging of foreign investments:		
	a) fair value changes	(1,314)	(6,352)
	b) reclassification through profit or loss		
	c) other changes		
120.	Foreign exchange differences:		
	a) changes in value		
	b) reclassification through profit or loss		
	c) other changes	1,762	6,036
130.	Cash flow hedges:		
	a) fair value changes		
	b) reclassification through profit or loss		

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(Values in thousand euros)

Items		2024	2023
	c) other changes		
	of which: result of net positions		
140.	Hedging instruments (undesignated elements):		
	a) changes in value		
	b) reclassification through profit or loss		
	c) other changes		
150.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income:		
	a) fair value changes	2,984	2,075
	b) reclassification through income statement		
	- adjustments for credit risk		
	- profits/losses on disposals		
	c) other changes		
160.	Non-current assets held for sale and disposal groups:		
	a) fair value changes		
	b) reclassification through profit or loss		
	c) other changes		
170.	Share of valuation reserves connected with equity-accounted investments:		
	a) fair value changes		
	b) reclassification through profit or loss		
	- adjustments due to impairment		
	- profits/losses on disposals		
	c) other changes		
180.	Income taxes on components of other comprehensive income reclassified to profit or loss	616	1,515
190.	**Total other comprehensive income**	**13,553**	**3,246**
200.	**Comprehensive income (Items 10+190)**	**229,233**	**174,908**
210.	Consolidated comprehensive income attributable to non-controlling interests		
220.	**Consolidated Comprehensive income attributable to the owners of the Parent Company**	**229,233**	**174,908**

Part E - Information on risks and related hedging policies

Introduction

BFF Banking Group has adopted suitable corporate governance tools and adequate management and control mechanisms in order to mitigate the risks to which it is exposed. These measures are part of the governance of the organization and of the internal control system, aimed at ensuring management practices grounded in efficiency, effectiveness and fairness, covering every type of business risk, consistently with the characteristics, dimensions and complexity of the business activities carried out by the Group.

With this in mind, the Group formalized its risk management policies and periodically reviews them to ensure their effectiveness over time. It constantly monitors the functioning of the risk management and control processes.

Such policies define:

- The governance of risks and the responsibilities of the Organizational Units involved in the management process;
- The mapping of the risks to which the Group is exposed, the measuring and stress testing methods, and the information flows that summarize the monitoring activities;
- The annual assessment process on the adequacy of internal capital and of the liquidity risk governance and management system;
- The activities for the assessment of prospective capital adequacy, associated with the strategic planning process.

The corporate governance bodies of the Bank – as BFF Banking Group's Parent Company – define the risk governance and management model at the Group level, taking into account the specific types of operations and the related risk profiles characterizing all the Group's entities, with the aim of creating an integrated and consistent risk management policy.

Within this framework, the Parent Company's corporate governance bodies perform the functions entrusted to them not only with regard to their specific business activities, but also taking into account the Group's operations as a whole and the risks to which it is exposed, and involving, as appropriate, the governance bodies of the subsidiaries in the decisions concerning risk management procedures and policies.

At the Group level, the Risk Management Function cooperates in the process of defining and implementing the risk governance policies through an adequate risk management process. The Function Head is not involved in the operating activities he or she has to monitor, and his or her tasks and responsibilities are governed by specific Internal Regulations.

In addition to other tasks, the Risk Management Function is responsible for:

- Cooperating with the corporate governance bodies in defining the overall risk management system and the entire reference framework relating to the assumption and control of Group risks (Risk Appetite Framework);
- Establishing adequate risk management processes through the adoption and maintenance of suit- able risk management systems, in order to map, measure, control or mitigate all relevant risks;

- Providing an assessment of the capital absorbed, also under stress conditions, and of the related present and prospective capital adequacy, by defining processes and procedures to meet every type of present and future risk, which take into account strategies and context changes; overseeing the implementation of the risk management process and ascertaining that it is being complied with;
- Overseeing the implementation of the risk management process and ascertaining that it is being complied with;
- Monitoring the adequacy and effectiveness of the actions taken to resolve any weaknesses found in the risk management system;
- Submitting periodical reports to the corporate governance bodies on the activities carried out and providing them with consulting support on risk management issues.

The organizational placement of the Risk Management Function complies with the principle of separation between Corporate Control Functions and Corporate Structures of the Parent Company, prescribed by current Supervisory Provisions.

To protect its independence, the Risk Management Function reports hierarchically to the Board of Directors and functionally to the Chief Executive Officer, and is organizationally separate from the Internal Audit Function and the Compliance & AML Function.

In addition, the Risk Management Function is not involved in risk-taking decision-making processes.

Section 1 - Accounting consolidation risks

Quantitative information

A. Credit quality

A.1 Impaired and performing credit exposures: amounts, adjustments, trends and economic distribution

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amount)

(Values in thousand euros)

Portfolios/quality	Non-performing loans	Unlikely-to-pay positions	Impaired past due exposures	Other impaired exposures	Performing exposures	Total
1. Financial assets measured at amortized cost	100,888	68,778	1,734,483	1,077,854	7,685,124	10,667,128
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets designated at fair value						
4. Other financial assets mandatorily measured at fair value					5,372	5,372
5. Financial assets held for sale						
Total 12.31.2024	**100,888**	**68,778**	**1,734,483**	**1,077,854**	**7,690,496**	**10,672,500**
Total 12.31.2023	**99,806**	**13,718**	**219,891**	**2,368,874**	**8,103,537**	**10,805,826**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

(Values in thousand euros)

Portfolios/quality	Impaired				Performing			Total (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortized cost	1,930,201	26,052	1,904,150	-	8,766,508	3,530	8,762,978	10,667,128
2. Financial assets measured at fair value through other comprehensive income					-		-	-
3. Financial assets designated at fair value					X	X	-	-
4. Other financial assets subject to mandatory fair value measurement					X	X	5,372	5,372
5. Financial assets held for sale							-	-
Total 12.31.2024	**1,930,201**	**26,052**	**1,904,150**	**-**	**8,766,508**	**3,530**	**8,768,350**	**10,672,500**
Total 12.31.2023	**361,283**	**27,869**	**333,414**	**-**	**10,476,082**	**3,671**	**10,472,411**	**10,805,826**

(*) Value presented for informative purposes

(Values in thousand euros)

Portfolios/quality	Assets of evident poor credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading			1,502
2. Hedging derivatives			303
Total 12.31.2024	**-**	**-**	**1,805**
Total 12.31.2023	**-**	**-**	**1,167**

B. Disclosure on structured entities (other than securitization companies)

B.2 Structured entities not consolidated for accounting purposes

(Values in thousand euros)

Financial statements items/ Type of structured entity	Asset accounting portfolio	Total assets (A)	Liability accounting portfolio	Total liabilities (B)	Carrying amount (C = B-A)	Maximum exposure to risk of loss (D)	Difference between exposure to risk of loss and carrying amount (E = D-C)
UCI	Financial assets measured at fair value through profit or loss	173,219			173,219	257,639	84,420

Section 2 - Prudential consolidation risks

1.1 Credit risk

Qualitative information

1. General aspects

The main activity of the Banking Group in that area is factoring, which is governed, in Italy, by the Italian Civil Code (Book IV - Title I, Chapter V, Articles 1260-1267) and Law No. 52 of February 21, 1991 and subsequent amendments, and which consists of a plurality of financial services that can be structured in various ways, mainly through the sale of trade receivables. The Group mainly offers non-recourse factoring services with debtors belonging to the public administration, in addition to other lending products always with a focus on the public administration. From March 2021, with the integration of DEPObank, the Group began to provide credit as an instrumental activity in addition to specific treasury activities (managed through the granting of operating limits) and securities services (mainly managed through the granting of account overdraft facilities).

Moreover, for the purpose of diversifying its business and its geographical presence, the Banking Group comprises the companies of BFF Polska Group, which mostly provide financial services to companies operating in the healthcare sector and to public administration agencies in the countries in which they operate.

At this time, non-recourse factoring represents approximately 62.4% of all the exposures to customers of the Group excluding the securities component.

Impacts of the Ukraine-Russia crisis

In relation to the Ukraine/Russia conflict, which broke out in 2022, the BFF Group has no direct exposure to the Russian and Ukrainian markets, and there are no Russian customer companies, client companies controlled by Russian companies, beneficial owners or legal representatives of Russian nationality in the client portfolio of either BFF or its foreign subsidiaries. With regard to positions held in RUB (Russian roubles) and the possible exposure to exchange rate risk following the sharp fluctuation in the exchange rate of the currency in question, the asset and liability positions denominated in that currency held by BFF are of a very limited overall amount, relating exclusively to bank account balances (balances of bank accounts with BFF of counterparties of the Transaction Services Business Line, transferred to accounts held by BFF with Bank of New York, BFF's treasurer in that currency, and Euroclear Bank, an international settlement bank, while spot transactions, maturity deposits and currency swaps in that currency have been suspended since the start of the crisis) and substantially balanced. BFF also has just one current account denominated in UAH (Ukrainian hryvnia), held with Bank of New York, which it did not use in 2024 and which has a negligible debt balance (equivalent to a few dozen euros).

Following the onset of the crisis between Russia and Ukraine, there was also an intensification of cyber warfare globally, mainly targeting infrastructure networks. In this regard, the BFF Group has raised the level of attention of the SOC (security operation center) and strengthened the perimeter defense rules, as well as continuing to monitor the situation through reliable sources, such as CERTFin. On the business continuity and backup front, recent updates and tests of the Disaster Recovery plan have confirmed BFF Group's resilience. Awareness-raising campaigns on phishing and security events are provided internally. Finally, primary outsourcers and suppliers were contacted in order to ascertain whether they too had raised their level of attention on the cybersecurity front and to receive more logs from defense systems in order to carry out more extensive monitoring through SIEM (security information and event management). To date, no attacks or disruptions following the Ukraine crisis have been recorded by BFF or its outsourcers or suppliers.

2. Credit risk management policies

2.1 Organizational aspects

The assessment of a transaction, for the different products offered by the Banking Group, is conducted through the analysis of a number of factors, ranging from the degree of risk fragmentation to the characteristics of the commercial relationship underlying the credit quality and the customer/ debtor's ability to repay.

The guidelines and procedures to monitor and control credit risk are set forth in the current "Credit Regulation", approved by the Board of Directors on December 21, 2023, and by the "Credit Regulation" of subsidiaries. A further organizational measure tackling credit risk is provided by the internal regulation for monitoring credit quality, which describes the credit control process on the debtor and is an integral part of the aforementioned "Credit Regulation".

Credit risk is therefore monitored at various levels within the framework of the multiple operating processes.

2.2 Management, measurement and control systems

The management, measurement and control system relating to credit risk has been created to ensure control over the main types of risks belonging to the credit risk category.

For this purpose, it must be noted that the core business carried out by the Group consists, as mentioned above, of the purchase of non-recourse trade receivables due from debtors belonging to public administration agencies, and that with regard to exposures related to the custodian bank operations, these are mainly towards banks.

Based on the above, in particular, credit risk is linked to the possibility that an unexpected change in the creditworthiness of a counterparty, towards which there is an exposure, may generate a corresponding decrease in the value of the credit position. It can be broken down as follows:

- Credit risk in the strict sense: the risk of default of counterparties to which the Group is exposed, which is fairly limited considering the nature of the Group's counterparties, the majority of which are not subject to bankruptcy proceedings or other procedures that could undermine their substantial solvency;
- Dilution risk: the risk that the amounts owed by the assigned debtor are reduced due to allowances or offsets arising from returns and/or disputes concerning the quality of the product or service or any other issue;
- Factorability risk: the risk related to the nature and characteristics of the commercial relationship subject to factoring/sale, affecting the ability of the trade receivable sold to self-liquidate (e.g., risk of direct payments from the debtor to the potentially insolvent assignor);
- Risk of late payment: the risk of a delay in the collection times of the trade receivables sold compared to those expected by the Group.

In light of the risks detailed above, the Group has internal regulations that describe the phases that industry regulations identify as components of the credit process:

- Background check;
- Decision;
- Disbursement;
- Monitoring and review;
- Dispute.

Non-recourse factoring by its very nature represents the service that is most exposed to credit risk. For this reason, the background check for the credit line application is carried out with the utmost care.

With regard to the granting of credit to counterparties using the custodian bank service, credit risk is very low, as it is mainly concentrated on bank counterparties, asset management companies and funds.

The Group also marginally offers the following two types of services: "loans and receivables management only" and "recourse factoring".

In the "loans and receivables management only" service, credit risk is considerably reduced because it is limited to the Group's exposure to the customer for payment of the agreed fees and commissions, that is, the reimbursement of legal fees incurred. The granting of a credit line for "loans and receivables management only" follows the normal procedures used in the credit process, although the credit line can be approved by a single-person body.

Recourse factoring is a marginal activity for BFF Banking Group, since this type of factoring is only included in BFF Polska S.A.'s product portfolio.

With specific reference to BFF Polska, it should be noted that the company operates in Poland, and also in Slovakia and the Czech Republic through its subsidiaries.

BFF Polska S.A. mainly operates in three sectors:

- Financing the working capital of suppliers to the public administration;
- Financing current and future trade receivables in the public and healthcare sector;
- Financing investments in the public and healthcare sector.

Also with regard to the specific types of investment by BFF Polska S.A. and its subsidiaries, Group credit risk management aims at building a robust and balanced financial asset portfolio to reduce to a minimum the risk of impaired exposures and at the same time generate the expected profit margin and loan portfolio value. As a general rule, the Banking Group's customers have a suitable credit standing and, if necessary, adequate guarantees are requested to mitigate the risk of financial losses arising from customers' non-performance.

With regard to the allocation of operating limits and/or "intermediation" caps, there is no specific request from customers and the assessment is initiated at the initiative of the Finance and Treasury OU or the relevant organizational units.

As part of the management of counterparties providing retail intermediation services, specific operating limits have been established, aimed at monitoring and controlling the operations of these entities. In some cases, guarantees have been requested to mitigate the risk assumed for these activities. Exposure to the customers' credit risk is constantly monitored. The credit quality of public sector entities is analyzed within the framework of the risk of delay in repaying liabilities.

The assessment of credit risk is part of an overall analysis of the adequacy of the Group's capital in relation to the risks connected with lending.

With this in mind, the Group uses the "standardized" approach to measure credit risk, as governed by Regulation (EU) no. 575/2013 (CRR) and adopted by the Bank of Italy Circular no. 285 "Supervisory provisions for banks" and Circular no. 286 "*Instructions for the preparation of supervisory reporting by banks and securities intermediaries*," both dated December 17, 2013, and subsequent amendments. This approach involves the classification of exposures into different classes ("portfolios"), depending on the type of counterparty, and the application of diversified weighted ratios to each portfolio.

In particular, BFF Banking Group applies the following main weighting factors, envisaged by the CRR:

- 0% for exposures to government agencies and central banks with offices in a European Union member state and financed in the local currency, as well as for exposure to other public administration agencies in compliance with specific requirements of relevant supervisory provisions. This category also includes exposures to Spanish public sector entities and other local authorities as provided for by EBA lists "*EU regional governments and local authorities treated as exposures to central governments in accordance with Article 115(2) of Regulation (EU) 575/2013*" and "*EU public-sector entities treated in exceptional circumstances as exposures to the central government, regional government or local authority in whose jurisdiction they are established in accordance with Article 116(4) of Regulation (EU) 575/2013*";
- 20% for *(i)* exposures to regional government agencies and local authorities with offices in a European Union member state denominated and financed in the local currency, *(ii)* exposures to public sector entities of countries with Credit Quality Step 1, *(iii)* exposures to public sector entities and supervised intermediaries with an original duration of three months or less;
- 50% for exposures to the public administration agencies of countries with Credit Quality Step 2, which include the exposures to entities of the Polish and Slovakian public sector;
- 100% for *(i)* exposures to the public administration agencies of countries with Credit Quality Step 3, 4 and 5 (including Italy, Portugal and Greece-please note that on May 3, 2019 DBRS upgraded Greece from BH to BBL, thus improving the credit quality step from 5 to 4, but leaving the capital absorption percentage unchanged at 100%) and *(ii)* exposures to the public administration agencies of countries where government agencies are not rated and no credit quality steps are available (including Czech Republic and Croatia);
- 50% or 100% for amounts due from supervised intermediaries, according to the credit quality step of the country in which they have their offices;
- 75% for retail exposures and exposures to SMEs;
- 100% for exposures to private debtors (i.e., businesses), Funds, and asset management companies; for rated private debtors, different weights are applied on the basis of the credit ratings issued by S&P Global Ratings;
- 100% for property, equipment and investment property, equity investments, collective investment undertakings and other;
- 150% for non-performing exposures, if the specific adjustments are 20% less than the non-collateralized portion, before any adjustments;
- 100% for non-performing exposures, if the specific adjustments are 20% or more than the non-collateralized portion, before any adjustments;
- 250% to deferred tax assets not deducted from own funds.

BFF Banking Group constantly maintains, as a capital requirement for credit risk, an amount of regulatory capital equal to at least 8% of the weighted exposures for credit risk. The Risk Weighted Amount is determined by the sum of the risk weighted assets of the various classes.

Based on the method described above, the capital requirement for credit and counterparty risk at December 31, 2024 is €342.8 million for BFF Banking Group.

With the entry into force of the CRR III update, from January 1, 2025, some weightings undergo some changes: the impact of these changes for the Group is not significant.

Furthermore, the credit risk management process abides by external regulations (CRR, Bank of Italy Circulars No. 285 "Supervisory provisions for banks" and No. 286 "Instructions for the preparation of supervisory reporting by banks and securities intermediaries" and subsequent amendments) regarding risk concentration.

In particular:

- "Large exposure" means any risk position equal to or greater than 10% of the eligible capital, as defined in CRR II (equal to Tier 1 capital);
- banking groups are required to contain each risk position within the limit of 25% of Eligible Capital, excluding exposures to banking entities or banking groups for which the limit is equal to the maximum value between 25% of Eligible Capital and €150 million.

Considering the fact that the Group's exposure consists almost entirely of exposures purchased on a non-recourse basis and due from individual public administration entities, portfolio risk is considered limited, since the derecognition of exposures entails the allocation of the exposure to a higher number of counterparties (i.e., the assigned debtors), which, in the case of certain exposures, receive preferential treatment in terms of weighting for large exposures.

Credit quality assessment

The Group performs an impairment test on the loan portfolio, aimed at identifying any impairment of its assets, in line with the provisions of the applicable standards and the prudential criteria required by supervisory regulations and the internal policies adopted by BFF Banking Group.

This assessment is based on the distinction between these two categories of exposures:

- *Exposures subject to generic adjustments ("collective impairment").*
- *Exposures subject to specific adjustments.*

Note that IFRS 9 entered into force on January 1, 2018. This standard replaces the concept of incurred losses, envisaged by IAS 39, with that of expected credit losses.

The approach adopted by the Group is based on a prospective model that may require the recognition of expected credit losses over the lifetime of the exposure on the basis of supportable information that is available without undue cost or effort and includes historical, current and forward-looking data. In this context, an approach based on the use of credit risk parameters (Probability of Default – PD, Loss Given Default – LGD, Exposure at Default – EAD) has been adopted, redefined based on a multi-period perspective.

More specifically, in accordance with IFRS 9, impairment of exposures is recognized in three stages, each with different methods for calculating the losses to be recorded.

As for Stage 1, expected credit losses are measured over a 12-month period. As for Stage 2 (including financial assets whose credit risk increased significantly since initial recognition), expected credit losses are measured over the lifetime of the instrument (lifetime expected losses). Stage 3 includes all financial assets that show objective impairment at the reporting date (non-performing exposures).

2.3 Methods of measuring expected credit losses

Exposures subject to collective impairment losses ("collective impairment")

The impairment model is characterized by:

- The allocation of the transactions in the portfolio to different buckets, based on an assessment of the increase in the level of exposure/counterparty risk;
- The use of multi-period risk parameters (e.g., lifetime PD, LGD and EAD) to quantify expected credit losses (ECL) for financial instruments subject to a significant increase in credit risk since initial recognition.

For the purposes of calculating impairment, IFRS 9 sets out general requirements for calculating ECLs and designing stage allocation criteria, without providing specific guidelines on the modeling approach. Therefore, by analyzing the data provided as input, the assessment and design of the project for the conversion to IFRS 9 allowed to develop a methodological framework to accommodate the peculiarities of the Group's business consistently with the assets it owns as well as available information, in accordance with the guidelines in the standard.

The key concepts introduced by IFRS 9 and required for the purpose of calculating impairment compared to previous accounting standards are as follows:

- A forward-looking model, allowing the immediate recognition of all expected credit losses over the life of the exposure, thus replacing the "incurred loss" criterion. According to the latter, impairment losses were recognized only when there was evidence that they existed (based on the identification of a trigger event). Under IFRS 9, losses shall be recognized based on supportable information that is available without undue cost or effort and includes historical, current and forward-looking data;
- ECL recalculated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument;
- Use of forward-looking information and macroeconomic factors to determine ECL;
- Introduction of an additional status with respect to the binary classification of performing and non-performing counterparties, to take account of the increase in credit risk.

The ECL calculation model requires a quantitative assessment of future cash flows and assumes that they can be reliably estimated. This requires the identification of certain elements, namely:

- Probability of default (PD) models and assumptions about the forward distribution of default events, for the calculation of multi-period PDs used to determine the lifetime expected credit loss;
- LGD model;
- A deterministic and stochastic EAD model allowing to define a multi-period distribution as well as a 12-month horizon.

The risk parameters that should be modeled to comply with the rationale of considering the full life- time of the financial instrument are as follows:

- Multi-period PD;
- Multi-period LGD;
- Multi-period EAD.

Furthermore, in compliance with IFRS 9, the ECL calculation shall include Point-in-Time (PIT) adjustments and Forward-Looking Information (FLI).

Exposures subject to specific adjustments ("specific impairment")

As required by IFRS 9 and in line with current supervisory provisions, the Group carried out a review of the assets classified as impaired in order to identify any objective impairment of individual positions.

Regarding non-performing exposures (stage 3) classified as Past Due or Non-performing due to financial distress, at each preparation of the financial statements or interim financial situations, a specific adjustment is made calculated on a collective basis, using a probability of default that can vary between that for performing exposures in stage 2 and 100%. This probability of default is identified on the basis of a specific/individual assessment (so-called case-by-case assessment) carried out by the credit evaluation function and, if the calculated adjustment is not adequate, either by defect or by excess, it can be specifically assigned by the same. If the case-by-case assessment is not adopted, which in any case cannot lead to a lower coverage rate than that envisaged for stage 2 exposures, the final level of adjustment attributed will be equal to the value of the impairment returned by the collective calculation model.

BFF Banking Group's impaired exposures consist of NPLs, unlikely to pay and past due exposures, for a total of €1,904,150 thousand – net of individual impairment – and are broken down as follows:

- non-performing loans of €100,888 thousand (gross exposure in the separate financial statements of €115,093 thousand with an adjustment of €14,204 thousand);
- unlikely-to-pay exposures amounting to €68,778 thousand (gross exposure in the consolidated financial statements equal to €78,142 thousand with adjustments equal to €9,364 thousand);
- impaired past due exposures of €1,734,483 thousand (gross exposure in the consolidated financial statements of €1,736,967 thousand with an adjustment of €2,483 thousand).

As regards the impairment policies adopted, BFF Polska Group and BFF Finance Iberia submit specific periodic reports to the Parent Company, so that the corresponding functions of the Parent Company can report on the activities conducted in this area and check the correctness of the conclusions.

Measuring expected credit losses

During the second half of 2024, the IFRS 9 framework underwent changes in relation to: (i) the resolution of the Bank of Italy's finding present in the inspection report received by the Bank on 04/29/2024 in which the Supervisory Authority highlighted the need to recalibrate the PD parameter bearing in mind the correct sizing of the past due category resulting from the reclassification implemented on the accounting date of June 30, 2024, (ii) the updating of the time series underlying the estimation of the risk parameters, and (iii) the updating of the macroeconomic scenario reflected in the forward looking component of the lifetime PD curves.

The forecast scenario assumes that, albeit in a context of high uncertainty, particularly over the trade policies of the new US administration and the ongoing geopolitical tensions in Europe (Russian-Ukrainian war), the growth of foreign demand will consolidate, but at values significantly lower than the average values of the two decades preceding the pandemic. Based on futures contracts, oil prices would decline over the three-year period and natural gas prices would remain stable overall. Employment would continue to grow, albeit at a slower rate than output. The unemployment rate is expected to remain stable overall over the three-year period 2025-27.

The uncertainty of the macroeconomic situation remains high and is mainly due to the international scenario with ongoing tensions connected to ongoing conflicts. As regards the Israel/Palestine conflict that began in late 2023, considering the results of the analyses performed by the Bank, at the moment no critical elements have been identified that would require the implementation of additional activities to monitor the risks of the above-mentioned conflict.

2.4 Credit risk mitigation techniques

In order to make non-recourse exposures compatible with the derecognition principle, the risk mitigation clauses that could in some way invalidate the effective transfer of risks and rewards were eliminated from the respective contracts.

With regard to exposures to counterparties to which treasury and security services are offered, risk mitigation techniques also include netting (ISDA) and collateral management (CSA) agreements consistent with EMIR regulations. For repurchase agreements for which the Bank has signed specific GMRA contracts, credit risk is transferred from the counterparty to the underlying of the repurchase agreement.

3. Impaired credit exposures

In compliance with Bank of Italy Circular no. 272, BFF Banking Group's net "Impaired assets" amounted to a total of €1,904,150 thousand. They include:

- Non-performing loans are exposures to parties that are in a state of insolvency or in basically similar situations, regardless of any loss projections made by the Parent Company. At December 31, 2024, the overall total of the Banking Group's non-performing loans, net of impairment, amounted to €100,888 thousand, of which €2,996 thousand purchased already impaired. Net non-performing loans concerning Italian municipalities and provincial government in financial distress amounted to €94,796 thousand, accounting for 94.0% of the total. Gross non-performing loans amounted to €115,093 thousand (€120,923 thousand at December 31, 2023). The related impairment totaled €14,204 thousand (€21,117 thousand at December 31, 2023). The decrease in associated loss allowances is mainly attributable to the write-off of non-performing exposures of BFF Polska Group. The portion of the allowance for late payment interest relating to non-performing exposures, recognized at the time of the change in estimate in 2014, was equal to €800 thousand, entirely impaired. Taking account of this amount, too, gross non-performing loans amounted to €115,861 thousand

and relevant adjustments totaled €14,973 thousand. With reference to the Parent Company, at December 31, 2024 total non-performing loans, net of any estimated impairment losses, amounted to €95,203 thousand, of which €94,796 thousand concerned Italian municipalities and provincial governments in financial distress; this case is classified as non- performing in accordance with the indications given by the Supervisory Authority, despite the fact that BFF Banking Group has the legal right to receive 100% of the capital and late payment interest at the end of the insolvency procedure. Specifically, the amount of €2,996 thousand refers to loans and receivables due from local entities (municipalities, provinces) already in financial distress at the time of purchase and purchased at special conditions. The remaining positions referring to BFF Bank are impaired based on subjective assessments arising from legal opinions. Gross non-performing loans relating to BFF Polska Group amounted to €15,830 thousand. After estimated impairment losses of €11,067 thousand they amounted to €4,763 thousand.

- BFF Banking Group's unlikely to pay exposures mainly refer to BFF Polska Group's positions. These exposures reflect the judgment made by the intermediary about the unlikelihood that – excluding such actions as the enforcement of guarantees – the debtor will fully fulfill (for principal and/or interest) its credit obligations. This assessment should be arrived at independently of the existence of any past due and unpaid amounts (or installments). As at December 31, 2024, gross exposures classified as unlikely to pay amounted to €78,142 thousand (€19,125 thousand as at December 31, 2023), of which €70,291 thousand are attributable to BFF Polska Group (€15,840 thousand at December 31, 2023), €4,310 thousand to the Bank (€3,087 thousand at December 31, 2023) and €3,541 thousand to BFF Finance Iberia (€198 thousand at December 31, 2023). It should be noted that the increase, in the amount of €52,980 thousand, stems from counterparties subject to the restructuring procedures of Polish public hospitals considered as not representing in themselves an actual deterioration in asset quality. The total net carrying amount is €68,778 thousand (€13,718 thousand at December 31, 2023), referring primarily to BFF Polska Group.
- Net past due exposures of BFF Banking Group amounted to €1,734,483 thousand. They refer to the Parent Company for €1,546,403 thousand, to the Spanish subsidiary for €18,543 thousand and to BFF Polska Group for €169,538 thousand. 95.2% of these exposures relate to public counterparties. This category increased sharply compared to December 31, 2023 following the portfolio reclassification carried out as at June 30, 2024 to respond to the compliance findings on the previous classification of public receivables carried out by the Parent Company, contained in the Bank of Italy inspection report delivered on April 29, 2024 and to which BFF responded on July 11, 2024.

Please recall that the European Court of Human Rights confirmed in its ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including failing municipalities, in the presence of judicial decisions that remain enforceable. The Group has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

Lastly, please recall that impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Group exposures) are treated differently. The actual credit risk profile assumed by the BFF Group is limited, as it has been assumed with respect to public bodies, and the classification described above could result in significant distortions in the representation of the group's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

Quantitative information

A. Credit quality

A.1 Impaired and performing credit exposures: amounts, adjustments, trends and economic breakdown

A.1.1 Prudential consolidation - Financial assets broken down by past due amounts (carrying amounts)

(Values in thousand euros)

Portfolios/risk stages	Stage one			Stage two			Stage three			Purchased or originated credit impaired		
	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days
1. Financial assets measured at amortized cost	144,720	118,730	791,009	1,486	2,501	19,409	88,108	88,008	1,208,125	-	-	2,996
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
Total 12.31.2024	**144,720**	**118,730**	**791,009**	**1,486**	**2,501**	**19,409**	**88,108**	**88,008**	**1,208,125**	**-**	**-**	**2,996**
Total 12.31.2023	**325,689**	**241,334**	**1,338,491**	**4,679**	**9,156**	**449,524**	**3,837**	**8,461**	**257,912**	**-**	**-**	**5,584**

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: trend in total adjustments and total provisions

Causes/stages of risk	Total adjustments											
	Assets in stage one						Assets in stage two					
	Loans and receivables with banks and Central Banks on demand	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment	Loans and receivables with banks and Central Banks on demand	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment
Opening total adjustments	22	3,186				3,208	2	485				487
Increases in purchased or originated financial assets												
Derecognitions other than write-offs												
Net value adjustments/write-backs for credit risk (+/-)	136	194				330	(1)	(334)				(335)
Contractual modifications without derecognitions												
Changes in estimate methodology												
Write-offs not recognized directly in profit or loss												
Other changes												
Total final adjustments	158	3,379				3,538	1	151				152
Recoveries from receipts on written-off financial assets												
Write-offs recognized directly in profit or loss												

(Values in thousand euros)

Total adjustments											Total provisions on commitments to disburse funds and financial guarantees given				Total
Assets in stage three						Purchased or originated credit impaired financial assets									
Loans and receivables with banks and Central Banks on demand	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment	Stage one	Stage two	Stage three	commitments to disburse funds and financial guarantees given purchased or originated impaired	
	27,668			**27,668**		**201**			**201**		**357**		**173**		**32,094**
						X	X	X	X	X					
	5,550			5,550		(5)			(5)		(100)		(173)		5,268
	(7,363)			(7,363)											(7,363)
	25,855			**25,855**		**197**			**197**		**258**				**29,999**
	448			448											448

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: transfers between the various credit risk stages (gross and nominal amounts)

(Values in thousand euros)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between stage one and stage two		Transfers between stage two and stage three		Transfers between stage one and stage three	
	From stage one to stage two	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
1. Financial assets measured at amortized cost	10,637	147,625	326,835	577	715,832	7,439
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees issued						
Total 12.31.2024	**10,637**	**147,625**	**326,835**	**577**	**715,832**	**7,439**
Total 12.31.2023	**120,752**	**3,915**	**1,287**	**88**	**103,689**	**3,762**

A.1.4 Prudential consolidation - On- and off-statement of financial position credit exposures to banks: gross and net values

(Values in thousand euros)

Type of exposures/ Values	Gross exposure					Total impairment losses and total provisions					Net exposure	Total partial write-offs*
		Stage one	Stage two	Stage three	Purchased or originated credit impaired		Stage one	Stage two	Stage three	Purchased or originated credit impaired		
A. On-statement of financial position credit exposures												
A.1 On demand	**153,356**	**151,506**	**1,849**			**159**	**158**	**1**			**153,196**	
a) Impaired		X					X					
b) Performing	153,356	151,506	1,849	X		159	158	1	X		153,196	
A.2 Others	**602,690**	**602,690**				**38**	**38**				**602,651**	
a) Non-performing loans		X					X					
- of which: forborne exposures		X					X					
b) Unlikely-to-pay positions		X					X					
- of which: forborne exposures		X					X					
c) Impaired past due exposures		X					X					
- of which: forborne exposures		X					X					
d) Past due performing exposures				X					X			
- of which: Forborne exposures				X					X			
e) Other performing exposures	602,689	602,689		X		38	38		X		602,651	
- of which: Forborne exposures				X					X			
Total (A)	**756,045**	**754,196**	**1,849**	**-**	**-**	**198**	**197**	**1**			**755,847**	
B. Off-statement of financial position exposures												
a) Impaired		X					X					
b) Others	1,937	132		X					X		1,937	
Total (B)	**1,937**	**132**	**-**	**-**	**-**	**-**			**-**	**-**	**1,937**	**-**
Total (A + B)	**757,982**	**754,328**	**1,849**	**-**	**-**	**198**	**197**	**1**	**-**	**-**	**757,784**	**-**

(*) Value presented for informative purposes

A.1.5 Prudential consolidation - On- and off-statement of financial position credit exposures to customers: gross and net values

(Values in thousand euros)

Type of exposures/ values	Gross exposure					Total impairment losses and total provisions					Net exposure	Total partial write-offs*
		Stage one	Stage two	Stage three	Purchased or originated credit impaired		Stage one	Stage two	Stage three	Purchased or originated credit impaired		
A. On-statement of financial position credit exposures												
a) Non-performing loans	115,093	X		111,900	3,192	14,204	X		14,008	197	100,888	
- of which: forborne exposures	1,223	X		1,223		702	X		702		521	
b) Unlikely-to-pay positions	78,142	X		78,142		9,364	X		9,364		68,778	
- of which: forborne exposures	16,680	X		16,680		1,868	X		1,868		14,811	
c) Impaired past due exposures	1,736,967	X		1,736,967		2,483	X		2,483		1,734,483	
- of which: forborne exposures	16,725	X		16,725		55	X		55		16,671	
d) Past due performing exposures	1,078,086	1,054,639	23,447	X		232	181	51	X		1,077,854	
- of which: forborne exposures	1,411		1,411	X					X		1,410	
e) Other performing exposures	7,091,105	7,063,956	21,776	X		3,260	3,160	100	X		7,087,845	
- of which: forborne exposures	8,969		8,969	X		46		46	X		8,923	
TOTAL (A)	**10,099,392**	**8,118,596**	**45,223**	**1,927,009**	**3,192**	**29,543**	**3,341**	**151**	**25,855**	**197**	**10,064,477**	
B. Off-statement of financial position exposures												
a) Impaired	8,529	X		8,529			X				8,529	
b) Performing	502,845	469,545		X		258	258		X		502,587	
Total (B)	**511,374**	**469,545**	**-**	**8,529**	**-**	**258**	**258**	**-**	**-**	**-**	**477,816**	
Total (A+B)	**10,610,766**	**8,588,141**	**45,223**	**1,935,538**	**3,192**	**29,801**	**3,598**	**151**	**25,855**	**197**	**10,542,293**	

(*) Value presented for informative purposes

A.1.7 Prudential consolidation – On-statement of financial position credit exposures to customers: trend in gross impaired exposures

(Values in thousand euros)

Descriptions/Categories	Non-performing loans	Unlikely-to-pay positions	Impaired past due exposures
A. Starting gross exposure	**120,923**	**19,125**	**221,236**
- of which: assets sold but not derecognized			
B. Increases			
B.1 inflows from performing exposures	8,533	14,287	1,000,982
B.2 transfers from purchased or originated credit impaired financial assets			
B.3 transfers from other impaired exposures	3,968	32	7,297
B.4 contractual modifications without derecognitions			
B.5 other increases	10,757	59,902	582,204
C. Decreases			
C.1 outflows to performing exposures	5		6,702
C.2 write-offs	7,363		405
C.3 collections	12,449	15,054	63,795
C.4 collections from disposals			
C.5 losses on disposal			
C.6 transfers to other impaired exposures	7,297	150	3,851
C.7 contractual modifications without derecognitions			
C.8 other decreases	1,975		
D. Final gross exposure	**115,093**	**78,142**	**1,736,967**
- of which: assets sold but not derecognized			

A.1.7bis Prudential consolidation - On-statement of financial position exposures to customers: changes in gross forborne exposures broken down by credit quality

(Values in thousand euros)

Descriptions/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Starting gross exposure	**12,363**	**28,387**
- of which: assets sold but not derecognized	-	-
B. Increases		
B.1 inflows from performing, non forborne exposures	-	4,306
B.2 inflows from performing, forborne exposures	18,606	X
B.3 inflows from non-performing forborne exposures	X	29
B.4 inflows from impaired, non forborne exposures		
B.5 other increases	4,262	1,856
C. Decreases		
C.1 transfers to performing exposures not subject to forbearance measures	X	-
C.2 outflows towards forborne performing exposures	29	X
C.3 outflows towards non-performing forborne exposures	X	18,606
C.4 write-offs		
C.5 collections	574	4,364
C.6 collections from disposals		
C.7 losses on disposal		
C.8 other decreases	-	1,230
D. Final gross exposure	**34,628**	**10,379**
- of which: assets sold but not derecognized	-	-

A.1.9 Prudential consolidation - On-statement of financial position non-performing credit exposures to Customers: trend of the total adjustments

(Values in thousand euros)

Descriptions/Categories	Non-performing loans		Unlikely-to-pay positions		Impaired past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total opening adjustments	21,117	261	5,407	1,314	1,344	44
- of which: assets sold but not derecognized						
B. Increases						
B.1 adjustments to purchased or originated credit impaired assets		X		X		X
B.2 other adjustments						
B.3 losses on disposal						
B.4 transfers from other categories of impaired exposures	88		15		3	
B.5 contractual modifications without derecognition						
B.6 other increases	505	441	4,013	554	2,279	55
C. Decreases						
C.1 fair value gains						
C.2 impairment gains from collection	140				579	
C.3 gains on disposal						
C.4 write-offs	7,363				412	
C.5 transfers to other categories of impaired exposures	3		72		32	
C.6 contractual modifications without derecognition						
C.7 other decreases					121	44
D. Total final adjustments	14,204	702	9,364	1,868	2,483	55
- of which: assets sold but not derecognized						

A.2 Classification of exposures based on internal and external ratings

A.2.1 Prudential consolidation – Financial assets, commitments to disburse funds and financial guarantees given broken down by external rating classes (gross amounts)

(Values in thousand euros)

Exposures	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortized cost	**57,539**	**1,887,655**	**8,075,962**	**31,195**	**2,903**	**-**	**641,456**	**10,696,709**
- Stage one	44,190	1,553,721	6,585,342	31,100	2,903		504,029	8,721,285
- Stage two		22,307	15,042	8			7,866	45,223
- Stage three	13,349	311,627	1,472,581	86			129,365	1,927,009
- Purchased or originated credit impaired			2,996				196	3,192
B. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
- Stage one								
- Stage two								
- Stage three								
- Purchased or originated credit impaired								
C. Financial assets held for sale	-	-	-	-	-	-	-	-
- Stage one								
- Stage two								
- Stage three								
- Purchased or originated credit impaired								
Total (A+B+C)	**57,539**	**1,887,655**	**8,075,962**	**31,195**	**2,903**	**-**	**641,456**	**10,696,709**
D. Commitments to disburse funds and financial guarantees given	-	49,192	132	-	-	-	426,182	475,506
- Stage one		49,187	132				420,358	469,676
- Stage two								-
- Stage three		5					5,824	5,829
- Purchased or originated credit impaired								-
Total D	**-**	**49,192**	**132**	**-**	**-**	**-**	**426,182**	**475,506**
Total (A+B+C+D)	**57,539**	**1,936,847**	**8,076,093**	**31,195**	**2,903**	**-**	**1,067,638**	**11,172,215**

The ratings supplied by the rating agency DBRS (the reference ECAI) were used to assign credit quality ratings to the public debtors. A reconciliation between the risk classes and the ratings supplied by DBRS is provided below.

Creditworthiness class	ECAI
	DBRS Ratings Limited
1	from AAA to AAL
2	from AH to AL
3	from BBBH to BBBL
4	from BBH to BBL
5	from BH to BL
6	CCC

For rated private debtors, the ratings provided by S&P Global Ratings were used. A reconciliation between the risk classes and the ratings supplied by DBRS is provided below.

Creditworthiness class	ECAI
	S&P Global Ratings
1	≥ AA-
2	between A+ and A-
3	between BBB+ and BBB-
4	between BB+ and BB-
5	between B+ and B-
6	≤ CCC+

A.3 Breakdown of guaranteed credit exposures by guarantee type

A.3.1 Prudential consolidation - Guaranteed on- and off-statement of financial position credit exposures to banks

	Gross exposure	Net exposure	Collateral [1]			
			Real estate - mortgages	Finance lease properties	Securities	Other collateral
1. Secured on-statement of financial position exposures:	**405,475**	**405,474**	-	-	**402,543**	-
1.1 totally secured	**405,475**	**405,474**			**402,543**	
- of which impaired						
1.2 partially secured						
- of which impaired						
2. Secured off-statement of financial position credit exposures:	-	-	-	-	-	-
2.1 totally secured						
- of which impaired						
2.2 partially secured						
- of which impaired						

(Values in thousand euros)

Personal guarantees (2)									Total (1)+(2)
Credit derivatives					Endorsement credits				
Credit linked notes	Other derivatives				Public administrations	Banks	Other financial companies	Other entities	
	Central counterparties	Banks	Other financial companies	Other entities					
-	-	-	-	-	-	-	-	-	402,543
									402,543
-	-	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - Guaranteed on- and off-statement of financial position credit exposures to customers

	Gross exposure	Net exposure	Collateral (1)			
			Real estate - mortgages	Finance lease properties	Securities	Other collateral
1. Secured on-statement of financial position exposures:	**55,075**	**54,899**	**79**	**-**	**53,757**	**163**
1.1 totally secured	**55,075**	**54,899**	**79**		**53,757**	**163**
- of which impaired	**255**	**79**	**79**			
1.2 partially secured						
- of which impaired						
2. Secured off-statement of financial position credit exposures:	-	-	-	-	-	-
2.1 totally secured						
- of which impaired						
2.2 partially secured						
- of which impaired						

(Values in thousand euros)

Personal guarantees [2]									Total (1)+(2)
Credit derivatives					Endorsement credits				
Credit linked notes	Other derivatives				Public administrations	Banks	Other financial companies	Other entities	
	Central counterparties	Banks	Other financial companies	Other entities					
-	-	-	-	-	-	-	-	1	53,922
								1	53,922
									79
-	-	-	-	-	-	-	-	-	-
									-
									-
									-
									-

B. Breakdown and concentration of credit exposures

B.1 Prudential consolidation - Sector breakdown of on- and "off-statement of financial position" credit exposures to customers

(Values in thousand euros)

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures										
A.1 Non-performing loans	94,799	360					5,050	10,607	1,039	3,237
- of which: forborne exposures							484	581	38	121
A.2 Unlikely-to-pay	51,169	1,811	460	618			16,788	5,551	361	1,384
- of which: forborne exposures	4,775	29	460	618			9,505	978	71	243
A.3 Impaired past due exposures	1,651,857	855	784	6			28,807	1,306	53,036	317
- of which: forborne exposures	14,738						1,901	24	32	31
A.4 Performing exposures	7,617,433	1,883	382,241	450			163,977	1,124	2,049	35
- of which: forborne exposures	7,625	6					2,667	37	41	3
Total A	**9,415,258**	**4,909**	**383,485**	**1,074**	**-**	**-**	**214,621**	**18,589**	**56,485**	**4,972**
B. Off-statement of financial position exposures										
B.1 Impaired exposures	5						8,524			
B.2 Performing exposures	49,186	1	414,767	230			38,634	27		
Total B	**49,191**	**1**	**414,767**	**230**	**-**	**-**	**47,158**	**27**	**-**	**-**
Total (A+B) 12.31.2024	**9,464,449**	**4,910**	**798,252**	**1,303**	**-**	**-**	**261,779**	**18,616**	**56,485**	**4,972**
Total (A+B) 12.31.2023	**9,680,265**	**3,029**	**631,681**	**1,173**	**1**	**-**	**367,417**	**21,138**	**60,173**	**6,715**

B.2 Prudential consolidation - Territorial distribution of on- and off-statement of financial position credit exposures to customers

(Values in thousand euros)

Exposures/Geographic areas	Italy		Other European countries		The Americas		Asia		Rest of the World	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures										
A.1 Non-performing loans	95,203	1,980	5,685	12,224						
A.2 Unlikely-to-pay	2,460	1,742	66,318	7,622						
A.3 Impaired past due exposures	1,343,716	1,908	386,449	572					4,318	4
A.4 Performing exposures	6,418,762	3,027	1,669,809	465					77,128	
Total A	**7,860,142**	**8,656**	**2,128,261**	**20,883**	**-**	**-**	**-**	**-**	**81,446**	**4**
B. Off-statement of financial position exposures										
B.1 Impaired exposures	8,524		5							
B.2 Performing exposures	449,551	245	53,036	12						
Total B	**458,075**	**245**	**53,041**	**12**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 12.31.2024	**8,318,216**	**8,902**	**2,181,303**	**20,895**	**-**	**-**	**-**	**-**	**81,446**	**4**
Total (A+B) 12.31.2023	**8,493,605**	**7,884**	**2,245,932**	**24,171**	**-**	**-**	**-**	**-**	**-**	**-**

(Values in thousand euros)

Exposures/Geographic areas	Northwest Italy		Northeast Italy		Central Italy		Southern Italy and Islands	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures								
A.1 Non-performing loans	169	746	196	31	2,164	1,171	92,675	32
A.2 Unlikely-to-pay	1,336	797	774	668	302	162	47	115
A.3 Impaired past due exposures	164,386	660	86,461	64	336,642	771	756,227	413
A.4 Performing exposures	93,236	886	48,427	20	5,972,133	1,926	304,967	195
Total A	**259,127**	**3,088**	**135,858**	**783**	**6,311,241**	**4,029**	**1,153,915**	**756**
B. Off-statement of financial position exposures								
B.1 Impaired exposures			5,824		2,700			
B.2 Performing exposures	292,686	181	51,440	60	105,425	4		
Total B	**292,686**	**181**	**57,264**	**60**	**108,125**	**4**	**-**	**-**
Total (A+B) 12.31.2024	**551,813**	**3,269**	**193,122**	**843**	**6,419,367**	**4,034**	**1,153,915**	**756**
Total (A+B) 12.31.2023	**586,910**	**2,637**	**177,256**	**907**	**6,596,191**	**3,448**	**1,133,249**	**893**

B.3 Prudential consolidation - Territorial distribution of on- and off-statement of financial position credit exposures to banks

(Values in thousand euros)

Exposures/Geographic areas	Italy		Other European countries		The Americas		Asia		Rest of the World	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures										
A.1 Non-performing loans										
A.2 Unlikely to pay										
A.3 Impaired past due exposures										
A.4 Performing exposures	629,274	39	114,941	30	1,657		9,976	128		
Total A	**629,274**	**39**	**114,941**	**30**	**1,657**	**-**	**9,976**	**128**	**-**	**-**
B. Off-statement of financial position exposures										
B.1 Impaired exposures										
B.2 Performing exposures	191		1,746							
Total B	**191**	**-**	**1,746**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 12.31.2024	**629,465**	**39**	**116,686**	**30**	**1,657**	**-**	**9,976**	**128**	**-**	**-**
Total (A+B) 12.31.2023	**746,579**	**18**	**101,693**	**20**	**2,348**	**-**	**798**	**-**	**-**	**-**

(Values in thousand euros)

Exposures/Geographic areas	Northwest Italy		Northeast Italy		Central Italy		Southern Italy and Islands	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures								
A.1 Non-performing loans								
A.2 Unlikely to pay								
A.3 Impaired past due exposures								
A.4 Performing exposures	269,277	8	89,071	11	227,088	9	43,839	11
Total A	**269,277**	**8**	**89,071**	**11**	**227,088**	**9**	**43,839**	**11**
B. Off-statement of financial position exposures								
B.1 Impaired exposures								
B.2 Performing exposures	191							
Total B	**191**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 12.31.2024	**269,468**	**8**	**89,071**	**11**	**227,088**	**9**	**43,839**	**11**
Total (A+B) 12.31.2023	**53,614**	**8**	**102,608**	**5**	**578,102**	**4**	**12,255**	**1**

B.4 Large exposures

At December 31, 2024 there were 9 "large exposures", i.e. exposures equal to or higher than 10% of eligible capital. The nominal (unweighted) amount of these positions was €8,858,140 thousand, while the weighted amount was €301,183 thousand.

C. Securitization transactions

Disclosure on the transaction with "TeamSystem S.p.A. – Invoice Trading PA."

Qualitative information

Strategies, processes and objectives

The Parent Company BFF Bank has initiated a project with its partner TeamSystem S.p.A. to extend its operations to small and medium-sized enterprises through a digital invoice trading platform.

The Parent Company participated in the project by investing in an Alternative Investment Fund ("AIF" - FPAM1 Fund) reserved for the purchase of receivables due from the Public Administrations.

The Fund, established on March 6, 2023, managed by TeamSystem Capital at Work SGR S.p.A., aims to increase the value of its assets through investments made to acquire, subscribe and/or sell ABS securities issued by the "SPV Project 2214 S.r.l." securitization vehicle, the underlying assets of which are represented by PA/NHS receivables acquired from assignor companies.

Transaction details

BFF subscribed units of the fund on July 11, 2023; subsequently, its operations began, with the acquisition of the first invoice and the issue of notes by the vehicle in early September 2023.

The securitization transaction was carried out through the vehicle established by Zenith Service S.p.A., which acquires trade receivables owed from PA and NHS entities and issues notes on the basis of Italian legislation, Italian Legislative Decree 130/99, in partly paid mode. TeamSystem Capital at Work SGR S.p.A. has taken on the role of Portfolio Manager in the transaction structure, and in particular has been made responsible for verifying the consistency between the Fund Investment Policy and the individual PA Receivables that will be acquired as part of the securitization transaction.

At consolidated level, the vehicle falls within the accounting scope of consolidation of BFF Banking Group, but not the prudential scope of consolidation.

At December 31, 2024, the vehicle had no receivables in its portfolio.

Description of the risk profile
Investment in the Fund entails a degree of risk typical of investments in an AIF, primarily connected to possible changes in the value and profitability of the assets in which the Fund has invested.

To mitigate the risk connected to the investment, the fund's Investment Policy and the investment limits set forth in the Fund Regulation have been carefully assessed.

In particular, the main guidelines are set forth in brief below:

- the PA Receivables underlying the ABS securities in which the Fund Assets are invested must be certain, liquid and payable at the due date specified on the invoice;
- the Fund cannot invest in ABS Securities with PA Receivables as their underlying asset for which, at the moment of acquisition, the relative assigned debtors are in a proven state of insolvency and, in particular:
  i. PA Receivables referring to debtors that are found to be subject to distress, pre-distress or in recovery, compulsory administrative liquidation or another applicable bankruptcy procedure;
  ii. PA Receivables that refer to credit exposures and/or debtors classified as in default pursuant to Art. 178 of Regulation (EU) 575/2013 of the European Parliament and the Council, as well as the implementing provisions and/or interpretative guidelines of such provision (past due, UTP, non-performing);
- the PA Receivables underlying the ABS Securities must also have the following characteristics:
  i. minimum amount by individual invoice of €5,000;
  ii. performing receivable or receivable past due for no more than 30 days;
  iii. term not exceeding 90 days, where term refers to the payment terms of the invoice (to be calculated as the difference between the invoice issue date and the invoice due date);
  iv. being monetary receivables deriving from or relating to supply contracts and/or trade contracts governed by Italian law that have been signed/executed by an Assignor Company;
  v. relating to services already provided excluding payments on account and/or receivables relating to the real estate sector and subject to the assessment of work in progress.

Qualitative information

Type of financial instruments held
The Parent Company does not hold any financial instruments connected with the transaction.

C.2 Exposures from main "third-party" securitization transactions broken down by type of assets securitized and by exposure type

(Value in thousand euros)

Type of assets securitized/ Exposures	On-statement of financial position exposures						Guarantees provided						Lines of credit					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains
A.1 DIONISO SPV S.R.L. - mortgage loans on residential and commercial properties	5,298				75													

D. Disposal transactions

A. Financial assets sold and partially derecognized

Quantitative information

D.1. Prudential consolidation - Financial assets sold and fully recognized and associated financial liabilities: carrying amounts

(Values in thousand euros)

	Financial assets sold and fully recognized				Associated financial liabilities		
	Carrying Amount	of which: subject to securitization transactions	of which: subject to sale agreements with repurchase clause	of which impaired	Carrying Amount	of which: subject to securitization transactions	of which: subject to sale agreements with repurchase clause
A. Financial assets held for trading							
1. Debt securities				X			
2. Equity securities				X			
3. Loans				X			
4. Derivatives				X			
B. Other financial assets subject to mandatory fair value measurement							
1. Debt securities							
2. Equity securities				X			
3. Loans							
C. Financial assets designated at fair value							
1. Debt securities							
2. Loans							
D. Financial assets measured at fair value through other comprehensive income							
1. Debt securities							
2. Equity securities				X			
3. Loans							
E. Financial assets measured at amortized cost							
1. Debt securities	1,262,634		1,262,634		1,161,524		1,161,524
2. Loans							
Total (12.31.2024)	**1,262,634**		**1,262,634**		**1,161,524**		**1,161,524**
Total (12.31.2023)	**1,642,570**		**1,642,570**		**1,591,122**		**1,591,122**

1.2 Market risks

Interest rate risk and price risk - regulatory trading portfolio

Quantitative information

1. Regulatory trading portfolio: distribution by maturity (repricing date) of on-statement of financial position financial assets and liabilities and financial derivatives

(Values in thousand euros)

Type/Unexpired term	On demand	Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	Between 5 and 10 years	More than 10 years	Indefinite duration
1. On-statement of financial position assets	-	-	-	**86,710**	**125,285**	-	-	-
1.1 Debt securities								
- with an option for advance repayment								
- others								
1.2 Other assets	-	-	-	**86,710**	**125,285**	-	-	-
2. On-statement of financial position liabilities	-	-	-	-	-	-	-	-
2.1 Repurchase agreements - payable								
2.2 Other liabilities								
3. Financial derivatives	-	-	-	**70,013**	**108,593**	-	-	-
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security	-	-	-	**70,013**	**108,593**	-	-	-
- Options								
+ long positions								
+ short positions								
- Other derivatives	-	-	-	**70,013**	**108,593**	-	-	-
+ long positions								
+ short positions	-	-	-	**70,013**	**108,593**	-	-	-

2. Regulatory trading portfolio: distribution of exposures to equity securities and stock indices by the main listing market countries

(Values in thousand euros)

Transaction type/Index	Listed		Unlisted
	Italy	Others	
A. Equity securities	**1**	-	-
- long positions	**1**	-	-
- short positions			
B. Sales not yet settled on equity securities			
- long positions			
- short positions			
C. Other derivatives on equity securities			
- long positions			
- short positions			
D. Derivatives on stock indices			
- long positions			
- short positions			

1.2.2 Interest rate risk and price risk - banking book

Qualitative information

A. General aspects, management processes and measurement methods for interest rate risk and price risk

Interest rate risk is the current and forward looking risk of a negative impact on the economic value of the own capital of the entity or on its net interest income, taking into account changes in market value deriving from adverse changes in interest rates affecting instruments sensitive to interest rates. It is made up of a number of components, the most significant of which include:

- gap risk: the risk deriving from the structure by maturity of instruments sensitive to interest rates, deriving from timing differences in their rate changes, including both changes in the structure by maturity of interest rates that take place consistently across the entire yield curve (parallel risk) and those that are differentiated by period (non-parallel risk);
- basis risk: risk deriving from the impact of changes relating to interest rate on instruments sensitive to interest rates, which are similar in terms of maturity but priced using different interest rate indexes;
- option risk: risk deriving from options (embedded and bare), in which the Parent Company or its counterparty may modify the level and timing of their cash flows; it regards both embedded and bare automatic options, in which the option holder will exercise the option if it is in its financial interest, and behavioral embedded options, in which changes in interest rate may affect the customer's behavior with respect to the exercise of that option.

As mentioned above, exposure to interest rate risk is expressed from two different perspectives: : in terms of volatility of economic value and in terms of volatility of profits . Specifically:

- measurement in terms of economic value makes it possible to quantify the long-term effects of changes in interest rates. Indeed, this measurement fully expresses the effects of the above-mentioned change on items sensitive to shifts in interest rates and, therefore, provides indications functional to the strategic decisions and levels of capitalization deemed adequate over a long-term time horizon;
- measurement in terms of economic performance makes it possible to quantify the short-term effects on the Group's interest margin deriving from changes in interest rates and, as a result, on capital adequacy.

The BFF Group's interest rate risk governance process is centralized in the Parent Company but managed at the consolidated level.

Note that the exposure to interest rate risk expressed in terms of economic value and net interest income sensitivity is measured with respect to the banking portfolio assets and liabilities (this therefore excludes positions in the trading portfolio - Other).

Following the regulatory changes introduced as of the 48th update of Bank of Italy Circular 285 of June 18, 2024, the Parent Company adjusted the methodologies for calculating and quantifying interest rate risk with a view to economic value as well as net interest income. In particular, the Parent Company has chosen to use the standardized methodology (S-SA) as a basis, as described in EU Regulation 857/2024, with the sole exception of the treatment of wholesale financial non-maturity deposits for which, given their operational nature and significant persistence and stability, it is deemed appropriate to adopt the same methodology (and as a result the same thresholds in terms of maximum level of the core component and maximum behavioral maturity) as that adopted for wholesale non-financial non-maturity deposits. As set forth by regulations, the Parent Company distributes sight deposits in the various time bands, differentiated by funding category, on the basis of a methodology it has developed itself (Hodrick-Prescott trend) that takes into account the historical persistence of those deposit categories. As regards factoring loans, on the other hand, a forecast collection curve is applied.

Consistent with that which is set forth in the 48th update of Circular 285, to determine internal capital the Parent Company uses the EBA interest rate shock scenarios set forth in EU Regulation 856/2023, taking into consideration the worst scenario. The Parent Company also measures the risk index relating to economic value, calculated as the ratio between the worst scenario and Tier 1 capital, in order to verify compliance with the regulatory limit of 15%.

Lastly, in accordance with that which is set forth in the EBA Guidelines, the Bank performs the appropriate analyses to quantify and monitor at a consolidated level the Banking Group's exposure to Credit Spread Risk in the Banking Book (CSRBB), or the risk linked to changes in the credit spreads on financial instruments held in the portfolio, not identified by another existing prudential framework like the IRRBB or expected credit risk/risk of default, which influences both the economic value of equity and net interest income.

The CSRBB considers the combination of two elements:

- changes in the "market credit spread" or "market price of credit risk" (separate from the idiosyncratic credit spread), representing the credit risk premium requested by market operators for a specific credit quality;
- changes in the "market liquidity spread", which represents the liquidity premium that stimulates the market propensity to invest and the presence of willing buyers and sellers.

Quantitative information

1. Banking book: distribution by maturity (repricing date) of on-statement of financial position financial assets and liabilities and financial derivatives

Currency: EURO *(Values in thousand euros)*

Type/Unexpired term	On demand	Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	Between 5 and 10 years	More than 10 years	Indefinite duration
1. On-statement of financial position assets	**3,578,778**	**1,057,458**	**3,779,014**	**9,460**	**1,220,651**	**110,480**	**919**	**-**
1.1 Debt securities	-	53,591	3,588,397	-	951,087	7,141	-	-
- with option of advance repayment	-	-	-	-	-	-	-	-
- others	-	53,591	3,588,397	-	951,087	7,141	-	-
1.2 Loans and receivables with banks	109,304	562,726	-	-	-	-	-	-
1.3 Loans and receivables with customers	3,469,474	441,141	190,617	9,460	269,564	103,339	919	-
- current account	201,105	-	-	-	-	-	-	-
- other loans	3,268,369	441,141	190,617	9,460	269,564	103,339	919	-
- with option of advance repayment	0	7	5	4	-	-	-	-
- others	3,268,369	441,134	190,612	9,456	269,564	103,339	919	-
2. On-statement of financial position liabilities	**4,761,750**	**3,398,116**	**462,919**	**163,414**	**373,455**	**17,239**	**6,376**	**-**
2.1 Amounts due to customers	3,922,855	2,722,874	462,919	163,414	64,476	17,239	6,376	-
- current account	3,650,512	1,414,379	461,805	162,205	48,219	-	-	-
- other payables	272,342	1,308,495	1,114	1,209	16,257	17,239	6,376	-
- with option of advance repayment	-	-	-	-	-	-	-	-
- others	272,342	1,351,609	1,114	1,209	16,257	17,239	6,376	-
2.2 Amounts due to banks	838,895	374,307	-	-	-	-	-	-
- current account	589,645	-	-	-	-	-	-	-
- other payables	249,250	374,307	-	-	-	-	-	-
2.3 Debt securities	-	300,934	-	-	308,979	-	-	-
- with option of advance repayment	-	-	-	-	-	-	-	-
- others	-	300,934	-	-	308,979	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with option of advance repayment	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
3. Financial derivatives	**-**	**783,030**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	783,030	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	783,030	-	-	-	-	-	-
+ long positions	-	413,909	-	-	-	-	-	-
+ short positions	-	369,121	-	-	-	-	-	-
4. Other off-statement of financial position transactions	**2,389,598**	**2,389,598**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	2,389,598	-	-	-	-	-	-	-
+ short positions	-	2,389,598	-	-	-	-	-	-

Currency: OTHER *(Values in thousand euros)*

Type/Unexpired term	On demand	Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	Between 5 and 10 years	More than 10 years	Indefinite duration
1. On-statement of financial position assets	**114,641**	**725,332**	**120,599**	**42,494**	**57,361**	**5,838**	**2,673**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with option of advance repayment	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
1.2 Loans and receivables with banks	83,817	-	-	-	-	-	-	-
1.3 Loans and receivables with customers	30,824	725,332	120,599	42,494	57,361	5,838	2,673	-
- current account	253	-	-	-	-	-	-	-
- other loans	30,571	725,332	120,599	42,494	57,361	5,838	2,673	-
- with option of advance repayment	-	-	-	-	-	-	-	-
- others	30,571	725,332	120,599	42,494	57,361	5,838	2,673	-
2. On-statement of financial position liabilities	**597,110**	**214,167**	**152,972**	**23,347**	**1,019**	**-**	**-**	**-**
2.1 Amounts due to customers	468,193	214,167	152,972	23,347	1,019	-	-	-
- current account	464,037	214,167	152,972	23,347	1,019	-	-	-
- other payables	4,156	-	-	-	-	-	-	-
- with option of advance repayment								
- others	4,156	-	-	-	-	-	-	-
2.2 Amounts due to banks	128,917	-	-	-	-	-	-	-
- current account	128,339	-	-	-	-	-	-	-
- other payables	578	-	-	-	-	-	-	-
2.3 Debt securities								
- with an option for advance repayment								
- others								
2.4 Other liabilities								
- with an option for advance repayment								
- others								
3. Financial derivatives	**-**	**1,097,426**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security	-	1,097,426	-	-	-	-	-	-
- Options								
+ long positions								
+ short positions								
- Other derivatives	-	**1,097,426**	-	-	-	-	-	-
+ long positions	-	527,133	-	-	-	-	-	-
+ short positions	-	570,293	-	-	-	-	-	-
4. Other off-statement of financial position transactions	**-**	**264**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	132	-	-	-	-	-	-
+ short positions	-	132	-	-	-	-	-	-

1.2.3 Currency risk

Qualitative information

A. General aspects, management processes and measurement methods for currency risk

Exposure to currency risk – determined on the basis of the net foreign exchange position using a method based on the supervisory regulations – is monitored in real time by the Finance and Administration Department and managed in compliance with the limits established by specific internal rules.

Positions exposed to currency risk may only be maintained within limited limits of maximum overall exposure, as well as for single currency and VaR.

B. Currency risk hedging

Currency risk is mitigated by making recourse to linear derivative instruments lacking optional components, such as currency swaps, which allow the Bank to perform optimized management of its equity investments and loans provided in currencies other than the euro in which the Bank operates, also through its subsidiaries.

Quantitative information

The portfolio of Group assets is expressed in currencies other than the euro; as a result a methodology for the measurement and management of this risk has been adopted. Exchange risk is monitored by the Risk Management Function, in line with the requirements of European regulations (EU Regulation No. 575/2013 - CRR).

1. Breakdown by currency of assets, liabilities and derivatives

(Values in thousand euros)

Items	Currencies					
	US Dollar	Pounds	Yen	Canadian Dollar	Swiss Francs	Other currencies
A. Financial assets	21,276	4,578	13,723	1,518	2,929	1,026,175
A.1 Debt instruments						
A.2 Equity instruments	1,053	-	-	-	-	207
A.3 Loans and receivables with banks	20,115	4,578	13,693	1,518	2,929	40,985
A.4 Loans and receivables with customers	108	-	30	-	-	984,983
A.5 Other financial assets						
B. Other assets	-	37	-	1	2	7,003
C. Financial liabilities	364,496	56,202	53,703	20,827	25,320	468,067
C.1 Amounts due to banks	99,150	10,089	796	3,521	8,276	7,163
C.2 Amounts due to customers	265,346	46,113	52,907	17,306	17,044	460,904
C.3 Debt instruments						
C.4 Other financial liabilities						
D. Other liabilities	-	-	-	-	-	50,878
E. Financial derivatives	345,268	51,766	39,877	19,317	22,399	618,799
- Options						
+ long positions						
+ short positions						
- Other derivatives	345,268	51,766	39,877	19,317	22,399	618,799
+ long positions	343,783	51,698	39,875	19,317	22,399	50,061
+ short positions	1,485	69	2	-	-	568,738
Total assets	**365,059**	**56,313**	**53,598**	**20,836**	**25,330**	**1,083,239**
Total liabilities	**365,981**	**56,270**	**53,705**	**20,827**	**25,320**	**1,087,683**
Difference (+/-)	(922)	42	(107)	8	10	(4,444)

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivatives

A. Financial derivatives

A.1 Trading financial derivatives: notional end-of-period values

Transactions carried out primarily through recourse to currency swaps are carried out by the Parent Company to optimize the management of liquidity deriving from funding expressed in a currency other than the euro and are functional to the activity with which the Group manages the currency risk deriving from the investment in Polish zloty held in BFF Polska Group and the Group loans expressed in a currency other than the euro, and particularly those in Polish zloty and Czech koruna. Note that BFF Bank Group does not hold innovative or complex financial products, so the Group makes recourse to linear instruments lacking optional components such as currency swaps and cross-currency swaps.

(Values in thousand euros)

	12.31.2024				12.31.2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates			**178,606**				**20,458**	
a) Options								
b) Swaps								
c) Forwards			**178,606**				20,458	
d) Futures								
e) Others								
2. Equity securities and stock indices			**12**				**12**	
a) Options			**12**				12	
b) Swaps								
c) Forwards								
d) Futures								
e) Others								
3. Currency and gold			**665,377**				**705,911**	
a) Options								
b) Swaps								
c) Forwards			**665,377**				705,911	
d) Futures								
e) Others								
4. Commodities								
5. Others								
Total			**843,995**				**726,381**	

A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by products

(Values in thousand euros)

	12.31.2024 – Over the counter – Central counterparties	12.31.2024 – Over the counter – Without central counterparties – With netting agreements	12.31.2024 – Over the counter – Without central counterparties – Without netting agreements	12.31.2024 – Organized markets	12.31.2023 – Over the counter – Central counterparties	12.31.2023 – Over the counter – Without central counterparties – With netting agreements	12.31.2023 – Over the counter – Without central counterparties – Without netting agreements	12.31.2023 – Organized markets
1. Positive fair value								
a) Options								
b) Interest rate swaps								
c) Cross currency swaps								
d) Equity swaps								
e) Forwards			1,502				1,161	
f) Futures								
g) Others								
Total			**1,502**				**1,161**	
2. Negative fair value								
a) Options								
b) Interest rate swaps								
c) Cross currency swaps								
d) Equity swaps								
e) Forwards			139				1,215	
f) Futures								
g) Others								
Total			**139**				**1,215**	

A.3 OTC trading financial derivatives - notional amounts, positive and negative gross fair value by counterparties

(Values in thousand euros)

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not falling under netting agreements				
1) Debt securities and interest rates		-	**9,288**	**169,318**
- Notional value	X	-	9,288	169,318
- Positive fair value	X			
- Negative fair value	X			
2) Equity securities and stock indices		**12**		
- Notional value	X	12		
- Positive fair value	X			
- Negative fair value	X			
3) Currency and gold		**667,018**		
- Notional value	X	665,377		
- Positive fair value	X	1,502		
- Negative fair value	X	139		
4) Commodities				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
5) Others				
- notional value	X			
- positive fair value	X			
- negative fair value	X			
Contracts falling under netting agreements				
1) Debt securities and interest rates				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
2) Equity securities and stock indices				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
3) Currency and gold				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
4) Commodities				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
5) Others				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			

A.4 Residual life of OTC financial derivatives: notional amounts

(Values in thousand euros)

Underlying asset/Residual Life	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
A. Regulatory trading portfolio				
A.1 Financial derivatives on debt securities and interest rates	70,013	108,593	-	178,606
A.2 Financial derivatives on equity securities and stock indices	12	-	-	12
A.3 Financial derivatives on currency and gold	665,377	-	-	665,377
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
Total 12.31.2024	**735,390**	**108,593**	**-**	**843,983**
Total 12.31.2023	**726,369**	**12**	**-**	**726,381**

1.3.2 Accounting hedges

Qualitative information

At December 31, 2024, the Parent Company operated in hedging derivatives through linear instruments lacking optional components, such as currency swaps, which make it possible to guarantee optimized management of funding and loans provided in currencies other than the euro in which the Group operated, also through its subsidiaries, financed through intra-group finance solutions in currencies such as the zloty and the Czech koruna.

A.1 Financial derivatives held for hedging: notional end-of-period amounts

(Values in thousand euros)

Underlying assets/ Derivative types	Total 12.31.2024				Total 12.31.2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates			-					
a) Options								
b) Swaps								
c) Forwards								
d) Futures								
e) Others								
2. Equity securities and stock indices			-					
a) Options								
b) Swaps								
c) Forwards								
d) Futures								
e) Others								
3. Currency and gold			**88,275**				-	
a) Options								
b) Swaps								
c) Forwards			88,275					
d) Futures								
e) Others								
4. Commodities								
5. Other underlying								
Total			**88,275**				-	

A.2 Hedging financial derivatives: positive and negative gross fair value – breakdown by products

(Values in thousand euros)

Types of derivatives	Total 12.31.2024				Total 12.31.2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options								
b) Interest rate swaps								
c) Cross currency swaps								
d) Equity swaps								
e) Forwards			303					
f) Futures								
g) Others								
Total			**303**				**-**	
1. Negative fair value								
a) Options								
b) Interest rate swaps								
c) Cross currency swaps								
d) Equity swaps								
e) Forwards								
f) Futures								
g) Others								
Total			**-**				**-**	

A.4 Residual life of OTC hedging financial derivatives: notional amounts

(Values in thousand euros)

Underlying asset/Residual Life	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equity securities and stock indices				
A.3 Financial derivatives on currencies and gold	88,275			
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
Total 12.31.2024	**88,275**			
Total 12.31.2023	-			-

1.4 Liquidity risk

Qualitative information

A. General aspects, management processes and measurement methods for liquidity risk

Liquidity risk is defined as the risk that the Group will be unable to meet its obligations at maturity and/or that it will have to bear non-market financing costs in relation to an unbalanced net financial position due to the inability to raise funds or due to the presence of limits on the disposal of assets, forcing the Group to slow or halt the development of its business, or sustain excessive funding costs to meet its obligations, with significant negative impacts on the profitability of its activities.

In defining liquidity risk, a distinction is drawn between short-term ("liquidity risk") and long-term ("funding risk" or "structural liquidity risk") risks:

- "liquidity risk", the current or potential risk that the entity is incapable of effectively managing its liquidity requirements in the short term;
- "funding risk", the risk that the entity does not have stable sources of funds in the medium and long term, with the resulting current or potential risk of not being able to meet its financial obligations, without an excessive increase in funding costs.

As required by the provisions of the prudential supervision regulation issued by the Bank of Italy, the Group adopted a "Group Risk Management Policy" and a system of rules established in governmental regulations with a view to monitoring liquidity risk, and identifying the governance and control principles and the organizational units responsible for the operational and structural management of liquidity risk.

The governance policy, described in the "Group Liquidity Risk Management Policy ", which incorporates the latest regulatory updates (see Bank of Italy Circular 285/2013), is approved by the Board of Directors and defined in a manner consistent with:

- the Group's strategic objectives;
- the risk/reward objectives defined in the Risk Appetite Framework;
- the monitoring processes and strategies to be adopted in the event of a state of tension or liquidity crisis, as defined in the "Contingency Funding Plan" document.

What is set forth in the above-mentioned "Group Liquidity Risk Management Policy" is consistent with what is set forth in the "Group Risk Management Policy", in which the scopes and responsibilities of the company structures are set forth in detail at global level for all risks, including liquidity risk.

As part of the Risk Appetite Framework specific liquidity metrics have been defined, both regulatory, Liquidity Coverage Ratio - LCR and Net Stable Funding Ratio - NSFR, and managerial, "Minimum cumulative balance on total assets," calculated as the lowest weekly value in the quarter of reference of the ratio of the minimum cumulative balance recorded in the time periods within one month to the total assets of the last available group, in order to better represent the Group's operational reality.

To ensure the implementation of the liquidity risk management and control processes, the Group adopted a governance model based on the following principles:

- Separation of processes for the management of liquidity and processes for the control of liquidity risk;
- Development of processes to manage and control liquidity risk, consistent with the hierarchical structure and through a process for the delegation of powers;
- Sharing of decisions and clear responsibilities among management, control and operational bodies;
- Making liquidity risk management and monitoring processes consistent with prudential supervisory requirements.

The liquidity management process (liquidity management and control of the relevant risks) of the BFF Group is centralized in the Parent Company while it is managed at a consolidated level. In this governance model, the Bank defines the Group strategy and the guidelines that must be applied to the subsidiaries, at the same time ensuring the management and control of the liquidity position at consolidated level. The subsidiaries participate in liquidity management and risk control with the local functions, each taking into account the specific nature of its core business, but always in compliance with the guidelines defined by the Bank. The operational and structural liquidity risk governance and management system is based on the general principles that all Group companies must pursue, aligned with the indications of the Supervisory Authority.

Liquidity risk also includes the intraday risk deriving from the temporal mismatch between outflows (settled at daily cut-offs or when orders are received from customers) and inflows (settled at different intraday cut-offs), which may render it impossible for the Group to discharge its payment obligations when they are called in due to a temporary lack of funds. To hedge intraday liquidity risk, through changes in the cash pooling held at the Bank of Italy, the Parent Company determines the share of eligible securities deemed adequate to guarantee intraday credit, while managing to cover outgoing obligations on its own behalf and on behalf of its customers.

Liquidity monitoring, which is carried out in accordance with the maximum risk tolerance threshold, and therefore also with the nature, objectives and operational complexity of the Group, aims to ensure the ability to meet expected or unforeseen cash payment commitments.

The Parent Company also conducts liquidity risk stress tests to assess the prospective impacts of stress scenarios on the Group's solvency conditions.

The Risk Management Function identifies the scenarios that could impact the Group's current or forward-looking liquidity risk profile. By way of example, the following different drivers are described, which are taken into consideration in the definition of stress scenarios:

- market-driven scenarios refer to stress events exogenous to the Group, such as situations of uncertainty in the financial and/or political markets that lead to difficulties in accessing the market;
- bank-specific scenarios, which concern stress events endogenous to the Group typically linked to a reputational loss with possible deterioration of creditworthiness;
- combined scenarios, or the market and idiosyncratic scenarios developed in a single framework to evaluate the overall effect of stress on the Group.

The Group liquidity position is subject to constant first and second level control and monitoring. These activities were further intensified as of May 2024 in order to highlight potential stresses following the Bank's announcements to the market as from May 9, 2024, and this strengthened control was maintained until the end of 2024. This monitoring in any event confirmed the substantial solidity of the Group's liquidity thanks to the maintenance of adequate liquid reserves deriving from funding.

As from the second quarter of 2024, the regulatory liquidity indicators were affected, with varying intensity (lower for the short term Liquidity Coverage Ratio, or LCR, indicator, and more significant for the medium/long-term Net Stable Funding Ratio, or NSFR, indicator), by the increase in positions classified as past due, which in the calculation of said indicators have an unfavorable treatment with respect to the positions classified as performing. Despite this, the values recorded have consistently remained at a level significantly above regulatory limits. In particular, as at December 31, 2024, the NSFR indicator was up from the June 30 and September 30, 2024 readings, due to the issuance of the Senior Bond and the increase in Transaction Services funding of an operational nature, standing at a level of 139.74%, while the LCR indicator remained at a high level (234.21%).

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

Currency: EURO *(Values in thousand euros)*

Items/Time bands	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite duration
On-statement of financial position assets	**3,254,702**	**55,216**	**306,980**	**312,400**	**487,213**	**295,538**	**144,396**	**2,854,356**	**2,166,384**	**15,898**
A.1 Government Securities	-	-	350	-	5,635	73,140	123,099	2,499,000	2,040,500	-
A.2 Other debt securities	-	-	-	110	-	110	884	39,900	7,000	-
A.3 Units of UCIs	173,219	-	-	-	-	-	-	-	-	-
A.4 Loans	3,081,484	55,216	306,630	312,290	481,578	222,288	20,413	315,456	118,884	15,898
- banks	98,610	204	250,537	27,365	226,444	-	-	-	-	15,898
- customers	2,982,874	55,012	56,092	284,925	255,134	222,288	20,413	315,456	118,884	-
On-statement of financial position liabilities	**5,226,604**	**1,652,346**	**123,535**	**414,083**	**992,582**	**468,545**	**166,552**	**622,162**	**23,615**	**-**
B.1 Deposits and current accounts	4,227,479	301,856	123,528	201,433	972,032	467,420	165,325	5,905	-	-
- banks	585,111	177,651	-	-	-	-	-	-	-	-
- customers	3,642,368	124,205	123,528	201,433	972,032	467,420	165,325	5,905	-	-
B.2 Debt instruments	-	-	-	-	19,442	-	-	600,000	-	-
B.3 Other liabilities	999,124	1,350,490	7	212,651	1,108	1,125	1,228	16,257	23,615	-
Off-statement of financial position transactions	**2,389,598**	**2,599,309**	**233,333**	**339,986**	**-**	**-**	**10,045**	**6,814**	**-**	**-**
C.1 Financial derivatives with exchange of capital	-	209,711	233,333	339,986	-	-	-	-	-	-
- long positions	-	4,288	98,238	311,382	-	-	-	-	-	-
- short positions	-	205,422	135,095	28,604	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital										
- long positions										
- short positions										
C.3 Deposits and loans to be collected	2,389,598	2,389,598	-	-	-	-	-	-	-	-
- long positions	2,389,598	-	-	-	-	-	-	-	-	-
- short positions	-	2,389,598	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds										
- long positions										
- short positions										
C.5 Financial guarantees given	-	-	-	-	-	-	10,045	6,814	-	-
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital										
- long positions										
- short positions										

Currency: OTHER CURRENCIES *(Values in thousand euros)*

Items/Time bands	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite duration
On-statement of financial position assets	115,870	2,070	3,950	23,771	27,347	39,982	71,169	226,033	578,161	-
A.1 Government Securities										
A.2 Other debt securities										
A.3 Units of UCIs										
A.4 Loans	115,870	2,070	3,950	23,771	27,347	39,982	71,169	226,033	578,161	-
- banks	83,962	-	-	-	-	-	-	-	-	-
- customers	31,908	2,070	3,950	23,771	27,347	39,982	71,169	226,033	578,161	-
On-statement of financial position liabilities	547,236	22,734	24,392	86,722	134,349	158,151	24,342	1,019	-	-
B.1 Deposits and current accounts	547,236	22,734	24,392	86,722	134,349	158,151	24,342	1,019	-	-
- banks	88,763	-	-	47,485	2,422	-	-	-	-	-
- customers	458,473	22,734	24,392	39,237	131,927	158,151	24,342	1,019	-	-
B.2 Debt instruments										
B.3 Other liabilities										
Off-statement of financial position transactions	-	427,964	329,724	340,002	-	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	-	427,700	329,724	340,002	-	-	-	-	-	-
- long positions	-	314,890	183,601	28,642	-	-	-	-	-	-
- short positions	-	112,810	146,123	311,360	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital										
- long positions										
- short positions										
C.3 Deposits and loans to be collected										
- long positions										
- short positions										
C.4 Commitments to disburse funds	-	264	-	-	-	-	-	-	-	-
- long positions	-	132	-	-	-	-	-	-	-	-
- short positions	-	132	-	-	-	-	-	-	-	-
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital										
- long positions										
- short positions										

1.5 Operational risks

Qualitative information

A. General aspects, management processes and methods used to measure operational risk

Operational risk is the risk of incurring a loss due to inadequacy or failures of procedures, human resources and internal systems or as a result of external events. This category includes, amongst other items, losses caused by fraud, human error, business interruption, system failure, breach of contracts and natural disasters; operational risk includes legal risk but excludes strategic and reputational risks.

With regard to the Banking Group, exposure to this category of risk is generated predominantly by failure in work processes, in organization, governance – human errors, computer software malfunctions, inadequate organization and control measures – as well as by any loss of human resources in key corporate management positions. Exposure to operational risks deriving from external sources appears to be of negligible importance, partly due to the mitigation tools adopted to address such adverse events (such as, by way of example: the business continuity plan, data storage processes, back up tools, insurance policies, etc.).

The process adopted by the Group to manage and control operational risks is founded on the principle of promoting a corporate culture for managing risk and defining the appropriate standards and incentives with the aim of fostering the adoption of professional and responsible behavior at all operational levels, as well as designing, implementing and managing an integrated system for operational risk management that is adequate in relation to the nature, activities, size and risk profile.

The operational risk assessment model adopted by the Group consists of five stages: (i) identification, (ii) measurement, (iii) monitoring, (iv) management and (v) reporting.

The stage of identifying operational risks involves collecting operational risk information through the consistent, coordinated treatment of all relevant sources of information. The goal is to establish a complete information base. The necessary information is internal loss data accompanied by all information relevant for management purposes and subjective assessments acquired through risk self-assessment and control processes. This information is collected based on specific classification models, designed to ensure a uniform representation of the data. The Identification stage consists of the following processes:

- Identification of operational risks within company procedures (operational risk map for controls): this activity consists in identifying operational risk through an in-depth analysis of company organizational processes and the mapping of potential risks. The assessment approach is expressed by the process/activity owner – specified within the procedures – through a predominantly qualitative analysis, which allows the identification of the activities at risk, the controls, the level of risk associated with each activity at risk mapped in the operating procedures, and thus the actions to be taken in order to make the process as closely monitored as possible;
- Loss data collection (LDC): the operational risk measurement and management system defined by the Parent Company's Risk Management Function also allows the Group to have a database of operational losses generated by risk events (Event Type), useful for identifying risk factors, mitigation actions and retention and transfer strategies, as well as for the possible development over time of internal operational risk measurement systems;

- Risk Self Assessment (RSA): the Group performs an annual overall assessment of the level of exposure to Operational Risks using the RSA process. The Risk Self Assessment (RSA) is an annual self-assessment of the prospective exposure to the operational risk inherent in business processes, aimed at enhancing the perception of risk by the key figures (Business Experts) who govern the execution of these processes, taking into account the expected evolution of the business and the organizational and control measures already in place;
- Identification of operational risks related to IT risk: furthermore, on an annual basis, in order to determine the exposure to ICT risk, the Parent Company has defined a specific model for the evaluation of IT risk that is in accordance with national and European legislation that responds to the needs for the identification of the specific risks inherent in the ICT sphere, internal or dependent on the outsourcers, and for the better qualification of operational risks through the evaluation of the specific elements involved in the automatic processing of information;
- Identification of operational risks in connection with the introduction of relevant new products, activities, processes and systems. The Group also assesses operational risks in connection with the introduction of relevant new products, activities, processes and systems, and mitigates the consequent operational risk that may arise through the preventive involvement of the corporate Control Functions and the definition of specific policies and regulations on various subjects and topics;
- Identification of operational risks associated with Major Transactions (MT): the risk resulting from an MT is assessed by assessing the consistency of the MT's risk profile with the risk appetite defined in the RAF.

The measurement phase consists of computing the capital requirements for operational risk using the Basic Indicator Approach (BIA), according to which capital requirements are computed by applying a regulatory coefficient to an indicator of the volume of business activity (Relevant Indicator). Moreover, for a better assessment of risk exposure, the Bank has implemented a quantitative operational risk assessment process (OpVaR) that monitors the Group's operational risk calculated to the 99.9th percentile.

The monitoring stage consists of the adoption of an articulated control system that provides for the analysis of the causes of loss events and the monitoring of the trend of loss events, in terms of evaluating the trend of losses deriving from the LDC and RSA processes. Within the framework of the measures adopted regarding the exposure to operational risk, the following specific risks are also monitored by the Group:

- Money laundering risk: the risk that the Bank's financial and commercial counterparties, suppliers, partners, associates and consultants may be parties to transactions that might potentially facilitate the laundering of money coming from illegal or criminal activities.
- Compliance risk, concerning the risk of legal and administrative penalties, significant financial losses or reputational damage due to failure to comply not only with laws and regulations but also with internal and conduct standards applicable to corporate activities. For this type of risk, a periodic update of the relevant assessment methodology is performed. Such methodology is developed for all activities falling within the Bank's regulatory framework, in accordance with a risk-based approach. More specifically, as for the relevant provisions that do not envisage the establishment of specialized control measures (i.e., privacy and occupational health and safety), the Compliance Function provides consulting support to the Bank's functions (ex ante) and assesses the adequacy of the organizational measures and control activities adopted (ex post). As for laws and regulations monitored by specialized functions, the Compliance Function carries out an indirect control by cooperating with the specialized functions in defining compliance risk assessment methods in addition to mapping risks and the corresponding control measures (Compliance Risk Control Matrix).

The stage of managing operational risk seeks to continually assess the risk control and reduction strategies, deciding – based on the nature and scale of the risk and in relation to the risk propensity expressed by senior managers – whether to accept it and therefore assume it, on the part of the person in charge of the process, to refuse it and therefore reduce activities, to implement mitigation policies or to transfer it to third parties by way of insurance policies. In addition, in order to control the above mentioned risks, the Group adopts specific Organization Models for the management of the risks regarding money laundering, occupational health and safety and information and payment service security.

Finally, the reporting stage aims to ensure timely and appropriate communication in support of management decisions of corporate bodies and organizational functions.

Climate-related risk management

The Risk Appetite Framework ("RAF") represents the framework which, in line with the maximum acceptable risk, defines the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the relevant processes for designing and implementing them, both under normal operating conditions and under stress.

For the purpose of identifying, managing and monitoring Environment, Social and Governance (ESG) risk factors, the Bank has embarked upon a process of integrating them within the RAF, both through the provision of certain indicators and through the revision of methodologies for monitoring other traditional risks, currently with particular reference to Operational Risk, Strategic Risk and Reputational Risk.

To this end, the Bank has conducted a thorough analysis of climate-related and environmental risks, recognizing that these risks can have direct and indirect impacts on the different risk scenarios. These effects manifest themselves on the economic value of financial assets and the operating environment in which the Bank operates, leading to possible changes in the value of corporate assets (e.g. loans, funding, etc.) as a result of the country's economic transition or the occurrence of extreme natural events. The growing push toward a sustainable economy or the occurrence of extreme physical events could alter the income, capital, and liquidity capacity of individual counterparties, potentially compromising their creditworthiness and availability of funds, with repercussions on overall financial dynamics.

However, it is necessary to point out that - given the particular business model of the BFF Group, which is characterized by exposures mainly concentrated toward the Public Administrations of the countries in which the Group itself operates - the risk profile relating to ESG factors takes on different connotations compared to traditional banking groups. For example, with regard to credit risk, any extreme weather events (e.g. floods, earthquakes, landslides) may not have a worsening effect on the risk profile since Public Administrations may have access to extraordinary financing and thus greater financial capacity to repay their debts.

Based on the above, the Bank's objective has been to identify channels through which climate-related and environmental risks may impact traditional financial risks in order to anticipate the effects on the various risk parameters being monitored. In particular, in line with the principles and guidelines set by the EBA and the European and national supervisory authorities, and especially the Supervisory Expectations on climate-related and environmental risks issued by the Bank of Italy in 2022, the following were taken into account:

- Physical risk, which refers to the financial impact of climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, such as air, water and soil pollution, water stress, biodiversity loss and deforestation;
- Transition risk, which indicates the financial loss that an institution may incur, directly or indirectly, as a result of the process of adjusting towards a low-carbon and more environmentally sustainable economy.

The Bank conducted an initial analysis exercise aimed at assessing prudential risks related to climate change. This analysis was conducted on all of the Group's lines of business so as to intercept the risks arising from climate-related events. All Legal Entities in the Group were considered using data on the physical nature of the territory (by province, region, district or by country).

The risk analysis took into account the Group's operational, size and organizational complexity, the nature of its activities, and the degree of exposure to climate-related risks, and identified the areas (in terms of lines of business and traditional risk category impacted) potentially most exposed. The Bank has carried out classification and quantification analyses on these.

Specifically, the overall framework will include the following steps:

- identification of Climate-related and Environmental (C&E) risks through the definition of the Transmission Channels;
- classification of the loan portfolio based on the outcomes of the analysis on Transmission Channels;
- stress exercise, that is, the estimate of the impact on financial risk parameters resulting from both transitional and physical climate-related and environmental factors, compared to the most exposed counterparties.

In relation to stage one, the Bank has identified the following main risk transmission channels:

- Credit risk: the effects of physical and transition risk on counterparties could lead to a reduction in their ability to honor debts, resulting in a downward revision of creditworthiness and an increase in the probability of default, negatively impacting the calculation of impairment and expected loss (i.e. expected credit loss - ECL, according to the requirements of IFRS 9)[18] in relation to the exposures of the Public Administration, on the contrary, extreme climatic events could lead to faster payment times and a greater financial capacity, in consideration of possible increased funding by the State due to natural disasters;
- Strategic risk: assigning counterparties could experience increased costs or reduced production, leading to an impact on the volume of business related to the Bank's factoring business, with possible reductions in invoice purchasing transactions, also in this area, the effects of any events related to natural disasters could, on the contrary, have positive effects as factoring has proven to be a non-cyclical product.
- Liquidity Risk: due to physical events, depositors with releasable deposit accounts may decide to withdraw funds, causing a significant outflow of liquidity and compromising the Bank's Liquid Coverage Ratio (LCR);
- Operational risk: the effects of physical and transition risks on operational facilities could damage business continuity, impacting the Bank's daily operations;
- Reputational risk: increasing ESG orientation by stakeholders could affect the perception of the Bank, which could negatively impact its reputation if expectations related to sustainability and environmental risk management are not met.

18 As far as credit risk is concerned, direct impacts regarding physical risk could also lead to a reduction in payment times, this happens when, for example, in the face of a climatic event in a municipality or region the state intervenes with extraordinary financing.

Through this analysis, the following risks were identified:

	Driver	Impacted cluster	Direct impacts by transition risk and/or physical risk	Indirect impacts
Credit risk	Physical risk Transition risk	**F&L (PA and non-PA assigned debtors)**	**Increase** or **decrease** in **payment times due to transition and/or weather events** resulting in changes in outstanding positions and positions classified as defaulting; effects on RWA and capital (e.g., for Calendar Provisioning) as well as on impairments	**Liquidity risk** **Strategic risk** **Leverage risk**
Strategic risk	Physical risk Transition risk	**F&L (assignors)**	**Change in prospective volumes of invoices assigned to BFF,** due to the **impact of** physical and/or transition risk on **assignors**	**Credit risk** **Liquidity risk** **Concentration risk** **IRRBB risk**
Liquidity risk	Physical risk	**Deposit accounts**	**Early closure of deposit accounts due to the impact of physical risk** (bank run assumption)	**N/A**
Operational risk (incl. ICT and legal risk)	Physical risk Transition risk	**BFF**	**Increased operating losses/increased costs and expenses** due to the **renegotiation of supply contracts** (e.g., suppliers delaying transition) **or acute physical events undermining Bank operations** (e.g., damaged data center)	**Strategic risk** **Reputational risk**
Reputational risk	Physical risk Transition risk	**BFF (Shareholders, investors and lenders, customers and debtors, regulators)**	**Loss of clientele and investors/ lenders,** thus a decrease in volumes/ funding, and so a decrease in profits caused by greenwashing or an inadequate ESG rating **Possible sanctions from the Regulator** for non-compliance	**Strategic risk** **Operational risk** **Liquidity risk**

In relation to the second phase, the loan portfolio classification was carried out through the development of a matrix integrating physical and transition risks, with the aim of identifying the counterparties most vulnerable to climate-related and environmental impacts. This matrix was constructed using physical risk (ThinkHazard!) and transition risk scores supplied by external providers assigned to the counterparties in the portfolio, taking into account their geographic location and sector.

The above matrix identifies an expert-based joint risk score, combining the risk levels for individual climate-related risk and physical risk in the row and transition risk in the column, transforming a four-category scale to a three-category scale ("High", "Medium", "Low").

Regarding the analyses relating to the operations of deposit accounts, however, only physical risk was assessed, which, for uniformity of final assessment, is brought back to a three-category scale ("High", "Medium", "Low"), aggregating the "Low" and "Very Low" classes derived from the scores of the provider.

The analyses will be updated and reported during the ICAAP / ILAAP 2025 process on the data as at December 31, 2024.

Below is a graphical representation, by way of example, of the methodology used to assess risky counterparties (debtors, assignors and depositors).

TR	High		Medium		Low		Very Low		Total	
PR	€.mln	%	€.mln	%	€.mln	%	€.mln	%	€.mln	%
High										
Medium										
Low										
Very Low										
Total										

	High		Medium		Low		Total	
Joint risk	€.mln	%	€.mln	%	€.mln	%	€.mln	%
Category 1								
Category 2								
Total								

Finally, in relation to the third phase and thus with regard to the broader program of scenario analysis and stress testing related to prudential risks, the Risk Management Function will act to integrate this with the analysis of climate-related and environmental risks. This activity is planned for the first half of 2025, so that it can take into account expected developments in the regulatory framework. In particular, the Bank will adapt to the new regulatory expectations from the supervisory authorities, including the Guidelines on ESG Risk Management (EBA/GL/2025/01) and those under consultation for ESG Scenario Analyses (EBA/GL/2025/02), which will enter into force on January 11, 2026.

In this context, the Risk Management Function will initiate a process to identify the main vulnerabilities, weaknesses and threats to which the Group is exposed, explicitly including climate-related and environmental risks. If these risk factors are found to be particularly relevant, the Function will propose the integration of dedicated stress events, with the aim of adequately measuring the impacts resulting from these scenarios. In addition, the need to conduct stress tests with longer time horizons will be evaluated for an even deeper understanding of potential effects.

In summary, the Bank has developed and will continue to strengthen a climate-related and environmental risk management process to ensure the resilience and sustainability of its business in an economic context that is increasingly affected by climate change and global transition policies.

Section 4 - Risks of the other companies

Qualitative information

The consolidated financial statements include the aggregated statement of financial position items of BFF Bank S.p.A., BFF Finance Iberia, BFF Polska Group, BFF Immobiliare, the securitization vehicle SpV Project 2214 and BFF Techlab.

These companies do not show further and relevant risk factors other than those mentioned in the preceding paragraphs.

Part F - Information on Consolidated Equity

In accordance with the provisions of Regulation (EU) no. 575/2013 (CRR), the prudential scope of consolidation coincides with the accounting scope and establishes BFF Bank S.p.A. as the Parent Company.

Section 1 - Consolidated equity

A. Qualitative information

The equity of the Banking Group includes the aggregated share capital, share premium, reserves, interim dividends, equity instruments, treasury shares, valuation reserves and profit for the year of the companies that make it up.

B. Quantitative information

B.1 Consolidated equity: breakdown by type of enterprise

(Values in thousand euros)

Equity	Prudential consolidation	Insurance companies	Other companies	Eliminations and adjustments from consolidation	Total
1. Share capital	145,006				145,006
2. Share premium reserve	66,277				66,277
3. Reserves	282,329				282,329
3.5 Interim dividends (-)	-				-
4. Equity instruments	150,000				150,000
5. (Treasury shares)	(3,570)				(3,570)
6. Valuation reserves:	21,085				21,085
- Equity instruments designated at fair value through other comprehensive income					
- Hedging of equity instruments designated at fair value through other comprehensive income					
- Financial assets (other than equity instruments) at fair value through other comprehensive income	10,531				10,531
- Property, equipment and investment property					
- Intangible assets					
- Hedging of foreign investments	(6,347)				(6,347)
- Cash flow hedges					
- Hedging instruments [undesignated elements]					
- Foreign exchange differences	3,601				3,601
- Non-current assets held for sale and discontinued operations					
- Financial liabilities designated at fair value through profit or loss (changes in creditworthiness)					
- Actuarial gains (losses) relating to defined benefit plans	275				275
- Share of valuation reserves for equity-accounted investments					
- Special revaluation laws	13,024				13,024
7. Profit (+/-) for the year attributable to owners of the Parent Company and non-controlling interests	215,680				215,680
Total	**876,807**				**876,807**

B.2 Valuation reserves of the financial assets measured at fair value through other comprehensive income: breakdown

(Values in thousand euros)

Assets/Values	Prudential consolidation		Insurance companies		Other companies		Eliminations and adjustments from consolidation		Total 12.31.2024	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities										-
2. Equity securities	5,699								5,699	-
3. Loans									-	-
Total	**5,699**								**5,699**	**-**
Total 12.31.2023	**2,534**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,534**	**-**

Financial assets measured at fair value through OCI (HTC&S) are recognized at fair value. At the end of the year, the carrying amount of securities must be compared with the previous year's fair value changes, and any difference is recognized in the valuation reserves of the statement of financial position.

This reserve refers to non-controlling interests held by the Parent Company and measured at fair value in certain financial and non-financial companies for a total amount recognized in the consolidated financial statements of approximately €16.4 million.

For more details, please refer to the specific table in part B of the Statement of Financial Position Asset Item 30 "Financial assets measured at fair value through other comprehensive income".

B.3 Valuation reserves of the financial assets measured at fair value through other comprehensive income: annual changes

(Values in thousand euros)

	Debt securities	Equity securities	Loans
1. Opening balances	-	**2,534**	-
2. Positive changes			
2.1 Increases in fair value		3,165	
2.2 Adjustments for credit risk		X	
2.3 Transfer to income statement of negative reserves			
on disposal		X	
2.4 Transfers to other equity items (equity securities)			
2.5 Other changes			
3. Negative changes			
3.1 Decreases in fair value			
3.2 Adjustments for credit risk			
3.3 Reclassification through profit or loss of positive reserves:			
- on disposal		X	
3.4 Transfers to other equity items (equity securities)			
3.5 Other changes			
4. Closing balances	**-**	**5,699**	**-**

B.4 Actuarial reserves for defined benefit plans: annual changes

IAS 19 envisages the booking of actuarial gains and losses in the statement of comprehensive income for the applicable year.

The results of the actuarial valuation reflect the impact of the provisions of Italian Law 296/2006 and the computation, for IAS 19 purposes, refers solely to accrued post-employment benefits not transferred to supplementary pension funds or to the INPS Treasury Fund.

At December 31, 2024, this actuarial reserve amounts to €275 thousand.

Section 2 - Own funds and regulatory ratios

Scope of application of the regulation

Own funds are computed – starting from January 1, 2014, in accordance with Bank of Italy Circular no. 285 "Supervisory provisions for banks" and Circular no. 286 "Instructions for the preparation of supervisory reporting by banks and securities intermediaries", both dated December 17, 2013 – based on Regulation (EU) no. 575/2013, relating to the new harmonized regulations for banks and investment companies, included in the EU Capital Requirements Regulation (CRR) and in the EU Capital Requirements Directive (CRD IV) of June 26, 2013.

These regulations include the standards set forth by the Basel Committee on Banking Supervision (Basel 3 framework), whose implementation, pursuant to the Consolidated Law on Banking, is the responsibility of the Bank of Italy, and define the ways in which the powers attributed by EU regulations to national authorities were exercised.

In accordance with the provisions of Regulation (EU) no. 575/2013 (CRR), the scope of consolidation at December 31, 2024 envisages that BFF Bank S.p.A. is the Parent Company.

Own funds

Qualitative information

Own funds represent the first line of defense against risks associated with the complexity of financial activities and constitute the main reference parameter for the assessment of the Group's capital adequacy.

The purpose of prudential supervision regulations is to ensure that all credit intermediaries have a minimum mandatory capitalization in relation to the risks assumed.

The Group constantly assesses its capital structure by developing and employing techniques for monitoring and managing regulated risks, also through a Control and Risks Committee created within the Board of Directors.

Own funds are the sum of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) capital, net of items to be deducted and IFRS prudential filters.

The main components of the Group's own funds are computed in Common Equity Tier 1 (CET1), and are the following:

- Paid-in share capital;
- Reserves (legal reserve, extraordinary reserve, retained earnings, stock option reserve, and financial instruments reserve);
- any undistributed portion of profit for the period;
- Valuation reserves (IASs/IFRS 9 transition reserve, actuarial reserve for defined benefit plans, and valuation reserve for HTC&S securities);
- Any non-controlling interests eligible for inclusion in the computation of CET1.

Intangible assets, including any goodwill, as well as certain categories of tax assets should be deducted from these items in accordance with the requirements of CRR II, as well as the effects of calendar provisioning.

Additional Tier 1 (AT1) capital includes Tier 1 instruments issued during the previous year.

In 2024 Own funds were influenced primarily by:

- the capitalization of the Group's consolidated profit of €215.7 million;
- additional deductions due to calendar provisioning of €15.5 million;
- the payment of coupons relating to the Additional Tier 1 issue for €8.8 million.

Quantitative information

Own funds of the Banking Group pursuant to the Consolidated Law on Banking are presented as follows.

(Values in thousand euros)

ITEMS/VALUES	Total 12.31.2024	Total 12.31.2023
A. Common Equity Tier 1 (CET1) pre-application of prudential filters	**722,401**	**503,344**
of which CET1 instruments subject to transitional provisions	-	
B. Prudential CET1 filters (+/-)	(335)	(319)
C. FINANCIAL ASSETS AT FAIR VALUE CET1 gross of elements to be deducted and effects of transitional rules (A +/- B)	722,065	503,026
D. Elements to be deducted from CET1	(83,561)	(66,080)
E. Transitional period - Impact on CET1 (+/-), including non-controlling interests subject to transitional provisions	-	
F. Total Common Equity Tier 1 (CET1) (C - D +/-E)	**638,504**	**436,946**
G. Additional Tier 1 (AT1) inclusive of elements to be deducted and effects of transitional rules	150,000	150,000
of which AT1 instruments subject to transitional provisions	-	
H. Elements to be deducted from AT1	-	
I. Transitional period - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 due to transitional provisions	-	
L. Total Additional Tier 1 (AT1) (G - H +/- I)	150,000	150,000
M. Tier 2 (T2) inclusive of elements to be deducted and effects of transitional rules	-	-
of which T2 instruments subject to transitional provisions	-	
N. Elements to be deducted from T2	-	
O. Transitional period - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 due to transitional provisions	-	
P. Total Tier 2 (T2) capital (M - N +/- O)	-	-
Q. Total own funds (F + L + P)	**788,504**	**586,946**

Capital adequacy

Qualitative information

Compliance with Group capital adequacy limits for the CET1 Capital Ratio, Tier 1 Capital Ratio, and Total Capital Ratio is constantly monitored by the relevant corporate bodies.

The CET1 Capital Ratio is the ratio of Common Equity Tier 1 capital to Risk-Weighted Assets.

The Tier 1 Capital Ratio is the ratio of Tier 1 Capital to Risk-Weighted Assets.

The Total Capital Ratio is the ratio of Total Own Funds to Risk-Weighted Assets.

In accordance with the provisions of the Bank of Italy Circular No. 262 of December 22, 2005 "Banks' financial statements: layout and preparation", the amount of risk-weighted assets was determined as the product of the total of prudential capital requirements and 12.5 (inverse of the minimum obligatory ratio equal to 8%). The Group's total exposure to risks at December 31, 2024, in relation to its business, is adequate according to the level of capitalization and the risk profile identified.

With regard to the Banking Group, at December 31, 2024 the CET1 is 12.2% and the Tier 1 Capital Ratio and the Total Capital Ratio are 15.1%.

Pillar I – Capital adequacy to meet the typical risks associated with financial operations

From the standpoint of operations, the absorption of risks is calculated using various methods:

- "Standardized approach" for credit risk;
- "Standardized approach" for counterparty risk;
- "Basic approach" for operational risk;
- "Standardized approach" for market risk.

Credit risk
This risk is thoroughly described in Part E of this document.

Counterparty risk
Counterparty risk represents a particular type of credit risk, characterized by the fact that the exposure, owing to the financial nature of the contract executed between the parties, is uncertain and can change over time in relation to the evolution of the underlying market factors.

For BFF, counterparty risk can be generated by repurchase agreements and derivatives. Counterparty risk is measured using the original exposure method.

Operational risk
Operational risk is the risk of incurring a loss due to inadequacy or failure of procedures, human resources and internal systems or as a result of external events. This includes, among other things, losses resulting from fraud, human error, business disruption, systems unavailability, breaches of contract, and natural disasters; operational risk includes legal risk, while strategic and reputational risk are not included.

Operational risk, therefore, refers to various types of events that would not be significant unless analyzed together and quantified for the entire risk category.

The Group measured operational risk using the "Basic" approach: the capital requirement is determined by applying a 15% coefficient to the three-year average of the relevant indicator, calculated on the financial statement items of the last three years, in accordance with Regulation (EU) No. 575/2013. With the entry into force of CRR III on January 1, 2025, the basic approach is replaced by the business indicator component calculated in accordance with Article 313 of Regulation (EU) No. 575/2013. This calculation, of greater operational complexity, is equal to the sum of the following components multiplied by fixed coefficients determined according to the business indicator (BI):

- ILDC = the interest, leases and dividend component (ILDC), expressed in € billion;
- SC = the services component (SC), expressed in € billion;
- FC = the financial component (FC), expressed in € billion.

Initial simulations using the new method show no significant impact on the Group.

Continuing the *Operational Risk Management framework* applied, the Parent Company uses an internal statistical management model for quantifying exposure to operational risk. This was done for the purpose of verifying that the method used for regulatory purposes did value capital adequately against assumed and assumable risk. The operational risk results obtained from the forward-looking assessment process were also used for quantifying internal capital against operational risk for ICAAP purposes. Operating losses referring to 2024 were significantly lower than the capital requirement for operational risk and the requirement calculated at operational level in the 2023 ICAAP.

Market risk
Market risk is the risk relating to positions held for trading, that is, positions intentionally held for sale in the short term, acquired in order to take advantage of purchase and sale price differences, or other changes in prices or interest rates.

The regulation identifies and regulates the treatment of the various types of market risk in reference to the regulatory trading portfolio. The Group measures market risk using the "Standardized" approach.

Pillar II – The ICAAP/ILAAP Report

The supervisory regulations require intermediaries to adopt control strategies and processes for determining the adequacy of current and future capital. It is the Supervisory Authority's responsibility to verify the reliability and accuracy of the results generated and, where necessary, to take appropriate corrective action.

BFF Banking Group annually submits the "ICAAP/ILAAP Report" to the Bank of Italy, thus providing an update on the internal processes for determining adequacy of capital and of liquidity risk governance and management systems of the Group. In accordance with prudential supervisory provisions, the Group has prepared the "ICAAP/ILAAP Report" approved by the BFF Board of Directors on April 4, 2024. The Report has been prepared in compliance with the requirements envisaged in Circular no. 285 of the Bank of Italy.

In relation to the "Supervisory Review and Evaluation Process" (SREP), the Group must comply with a CET 1 Ratio of 9.00%, a Tier 1 Ratio of 10.50% and a Total Capital Ratio of 12.50% to which the Countercyclical Capital Buffer ("CCyB") and Systemic Risk Buffer ("SyRB") components are added.

Quantitative information

The following table provides the capital requirements, at the reporting date, relative to the scope of consolidation of the Banking Group pursuant to the Consolidated Law on Banking.

(Values in thousand euros)

Categories/Values	Non-weighted amounts		Weighted amounts / requirements	
	12.31.2024	12.31.2023	12.31.2024	12.31.2023
A. RISK ASSETS				
A.1 Credit and counterparty risk			4,284,007	2,284,715
1. Standardized methodology	11,979,560	11,989,854	4,284,007	2,284,715
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitizations				
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			342,721	182,777
B.2 Credit valuation adjustment risk			35	21
B.3 Settlement risks			-	-
B.4 Market risks			409	568
1. Standard methodology			409	568
2. Internal models				
3. Concentration risk				
B.5 Operational risk			74,009	62,754
1. Basic approach			74,009	62,754
2. Standardized methodology				
3. Advanced method				
B.6 Other calculation factors				
B.7 Total prudential requirements			**417,173**	**246,121**
C. FINANCIAL ASSETS AT FAIR VALUE RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			**5,214,662**	**3,076,507**
C.2 CET 1/Risk-weighted assets (CET1 capital ratio) (%)			**12.24%**	**14.20%**
C.3 Tier 1 Capital/Risk-weighted assets (Tier 1 capital ratio) (%)			**15.12%**	**19.08%**
C.4 Total Own Funds/Risk-weighted assets (Total capital ratio) (%)			**15.12%**	**19.08%**

Part G - Business combinations of companies or business units

Section 1 - Transactions completed during the year

As of December 31, 2024 there are no extraordinary operations of business combinations falling within the definition provided by IFRS 3 (revised).

Section 2 - Transactions after the reporting date

After the end of 2024, there were no business combinations falling under the definition of the revised IFRS 3.

Part H - Transactions with related parties

Related parties, as defined by IAS 24, include:

- companies belonging to the BFF group;
- associated companies and joint ventures as well as their subsidiaries;
- BFF's key management personnel;
- close family members of "key management personnel" and subsidiaries, including joint ventures, with key management personnel or their close family members;

The following table provides the income statement and statement of financial position amounts arising from related party transactions performed by the Group at December 31, 2024, broken down by type of related party pursuant to IAS 24, and the percentage to their respective financial statements item. The Group has no subsidiaries or companies not consolidated on a line-by-line basis or joint ventures. The Group has investments in several associated companies. The relationships between the Group and those companies are shown in the table below. Lastly, it should be noted that the conditions of deposit accounts relating to Group directors and other related parties correspond to those recorded in the relevant prospectus at the time the deposit accounts were opened.

	Directors and Executives with key management responsibilities (*)	Other related parties	Total related parties	Financial statements item	% of financial statements item	Statement of cash flows item	% of statement of cash flows item
Impact of transactions on the consolidated statement of financial position							
Loans and receivables with customers							
At December 31, 2024		20,252	20,252	10,064,477	0.2%	150,486	13.5%
Equity investments							
At December 31, 2024		13,690	13,690	13,690	100.0%	-	
Other assets							
At December 31, 2024		603	603	712,511	0.1%	(99,117)	-0.6%
Amounts due to customers							
At December 31, 2024		(765)	(765)	(8,709,179)	0.0%	(159,999)	0.5%
Provision for risks and charges: a) pension and similar obligations							
At December 31, 2024	(2,746)		(2,746)	(6,937)	39.6%	(175,878)	1.6%
Other liabilities							
At December 31, 2024	(6,131)	(58)	(6,189)	(388,397)	1.6%	(175,878)	3.5%
Reserves							
At December 31, 2024	(1,900)		(1,900)	(282,329)	0.7%	-	
Impact of transactions on the consolidated income statement							
Interest and similar income							
2024		4,955	4,955	742,159	0.7%	-	
Interest and similar expense							
2024		(5)	(5)	(384,178)	0.0%	-	
Profits (losses) on trading							
2024		810	810	7,892	10.3%	-	
Administrative expenses: a) personnel expenses (**)							
2024	(7,521)		(7,521)	(79,511)	9.5%	-	
Administrative expenses: b) other administrative expenses							
2024		(1,455)	(1,455)	(110,183)	1.3%	-	
Other operating income, net							
2024		106	106	60,353	0.2%	-	
Profits on equity investments							
2024		2,424	2,424	2,424	100.0%	-	

Notes:

(*) *Including members of the Board of Directors;*

(**) *In order to compare this figure with the figure for the same period of the previous year, please refer to the balance below and not to that which is shown in the Consolidated Financial Statements for the reporting period: as at December 31, 2023, personnel expenses related to directors and key management personnel amounted to €7,876 thousand.*

As at December 31, 2024, the option rights relating to the stock option plans in place amounted to 10,169,450 options assigned and not yet exercised, of which 6,011,950 could be exercised in shares of the Parent Company. If the price reached €15, the dilution would be 1%.

Part I - Share-Based Payments

A. Qualitative information

2016 Stock Option Plan

On December 5, 2016, the Bank's Ordinary Shareholders' Meeting approved the adoption of a stock option plan for employees and members of the corporate boards. The plan has the following features:

- Purpose: the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe for newly issued ordinary shares of the Parent Company or shares that have already been issued and are included in the Parent Company's portfolio when the option is exercised;
- Beneficiaries: the identification of beneficiaries and the granting of options are decided by:
  - i. The Board of Directors, after consulting with the Remuneration Committee, with reference to directors, senior executives and executives directly reporting to the Chief Executive Officer;
  - ii. The Chief Executive Officer, within the limits of his/her powers, with reference to other beneficiaries whose remuneration falls within his/her duties;
- Type of exercise: ordinary or cashless exercise. On March 28, 2019 the Ordinary Shareholders' Meeting approved the introduction of an alternative method for exercising options under the plan, in addition to the ordinary option (so-called cashless). According to the new exercise option, authorized beneficiaries who requested it can be allocated a number of shares determined based on the market value of the shares at the exercise date, with no obligation for them to pay the exercise price.

In line with current regulations, the options granted under the 2016 Plan contribute to the determination of the variable remuneration paid through the use of financial instruments; therefore, the plan is subject to all the restrictions established under the remuneration and incentive policy for members of the strategic supervision, management and control bodies, and personnel of the Banking Group, and in accordance with the law.

The vesting conditions of the options included in the plan are as follows:

- The options awarded in each tranche will vest starting from the twelfth month following the award, which is subject to a series of conditions detailed in the plan, and assuming:
  - i. Continuation of employment relationship with the Group and/or of the office held in the Board of Directors; and
  - ii. Levels of capital and liquidity resources suitable to cover the activities undertaken and compliance with other parameters, also of a regulatory nature.

Note that the plan is subject to malus and clawback conditions: options are subject to ex post correction mechanisms (malus and/or clawback) which, when the pre-set circumstances arise, result in the loss and/ or the restitution of the rights attributed by the plan.

With regard to the options granted under the 2016 Stock Option Plan, as at December 31, 2024, a quantity of 2,000 options have been assigned, not exercised, have vested and may still be exercised. There were no other options existing at that date. The number of options outstanding and not yet exercised as at December 31, 2023 was 96,000.

2020 Stock Option Plan

On April 2, 2020, the Ordinary Shareholders' Meeting approved a new Stock Option Plan ("2020 Plan") for employees and directors holding executive positions in the Company and/or its subsidiaries, having the following characteristics:

- Purpose: the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe newly issued ordinary shares of the Parent Company or shares that have already been issued and are included in the Parent Company's portfolio when the option is exercised;
- Recipients: the beneficiaries are identified by the Board of Directors and/or the CEO at their sole discretion – within the limits envisaged by the applicable legislation and the plan – among the employees and/or Directors with executive positions in the Bank and/or its subsidiaries;
- Type of exercise: ordinary or cashless exercise.

The options assigned within each tranche accrue upon completion of the vesting period, i.e. after 3 years from the relative assignment date. Vesting is subject to the following conditions being met: (i) The continuation of the employment relationship with the Group and/or of the office held in the Board of Directors and absence of notice due to resignation or dismissal; and (ii) Levels of capital and liquidity resources necessary to cover the activities undertaken and compliance with other parameters, also of a regulatory nature.

With regard to the 2020 Stock Option Plan, as of December 31, 2024, the number of stock options granted and not exercised is 2,763,450 options, of which 2,485,450 options have vested and are exercisable. There were no other options existing at that date. The number of options outstanding as at December 31, 2023 but not yet exercisable was 5,461,400, of which 2,227,700 had vested and were exercisable.

BFF Banking Group long-term incentive plan "Incentive Plan 2022"

On March 31, 2022, the Ordinary Shareholders' Meeting approved a new "2022 Long-Term Incentive Plan" for employees and directors holding executive positions in the Company and/or its subsidiaries, having the following characteristics.

- Subject: the plan provides for the allocation of a maximum of 9,700,000 options divided into three tranches assignable by December 31, 2024. The options can be of two types: (i) Class A options, which grant the right to receive newly issued ordinary shares of the Company, "equity settled", and (ii) Class B options, which grant the right to receive phantom shares, to be converted into cash in accordance with the provisions of the plan, "cash settled";
- Vesting conditions (exercise): options granted under each tranche vest upon completion of the three-year period from the relevant grant date. Vesting is also subject to the fulfillment of the following conditions: (i) continuation of employment with the Bank and/or office in the Board of Directors and absence of notice of resignation or dismissal; and (ii) achievement of KPIs (i.e. company performance indicators), without prejudice to the deferral and lock-up provisions applicable to the most significant personnel (i.e. Risk Takers) of the Parent Company and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

With regard to the 2022 Incentive Plan, as at December 31, 2024, two of the three tranches have been granted for a total of 7,404,400 options, of which 3,246,500 are equity settled (A Options) and 4,175,500 are cash settled (phantom shares), not yet exercisable. As of December 31, 2023, 7,664,500 options had been granted, of which 3,439,500 equity settled and cash-less and 4,225,000 cash settled (phantom shares), none of which yet exercisable. The third tranche, having not been assigned by December 31, 2024, is to be considered no longer assignable.

Part L - Segment reporting

Consistent with the business areas identified in order to monitor and analyze the Group's results, the Group Sector information is divided into representative sections of the three BUs that offer products/services to customers:

- Factoring & Lending BU, which offers products such as non-recourse factoring, lending and credit management mainly to public sector suppliers and public administration bodies;
- Securities Services BU, which deals with custodian banking for investment funds and related services such as global custody, fund accounting and transfer agents for national managers and banks and for various investment funds such as pension funds, mutual funds and alternative funds.
- Payments BU, which deals with payment processing, corporate payments and checks and bills and has as customers medium-small Italian banks, medium-large companies and boasts a partnership with Nexi.

For comments and details on the items listed, please refer to the specific sections contained in the chapter on Operating Performance.

Below is the income statement data by BU:

FY 2024 (amounts in € thousand)	FL	SS	PAYM.	CC	Total
Net interest income	**271,775**	**5,364**	**10,631**	**70,211**	**357,980**
Of which non-recurring	106,793				106,793
Net fee and commission income	3,073	24,486	55,720	(1,181)	82,098
Dividends and similar income	-	-	-	19,844	19,844
Profits (losses) on trading	14,744	-	-	(6,852)	7,892
Gains/losses on disposal or repurchase of financial assets measured at amortized cost:	-	-	-	3,331	3,331
Profits (losses) on financial assets and liabilities measured at fair value through profit or loss	213	-	-	(7,230)	(7,017)
Total income	**289,805**	**29,850**	**66,350**	**78,123**	**464,128**
Net impairment losses/gains for credit risk associated with: financial assets measured at amortized cost	(5,410)	(238)	-	77	(5,571)
Net income from banking activities	**284,396**	**29,611**	**66,350**	**78,200**	**458,557**
Net income from banking and insurance activities	**284,396**	**29,611**	**66,350**	**78,200**	**458,557**
Administrative expenses:	(49,037)	(21,040)	(34,857)	(84,759)	(189,694)
Of which non-recurring	(2,809)	(231)	(151)	(9,433)	(12,625)
Other net provisions	(19,873)	172	(182)	-	(19,884)
Of which non-recurring	*(16,200)*				*(16,200)*
Depreciation/amortization and impairment losses on property, equipment and investment property/intangible assets	(1,689)	(2,322)	(2,976)	(6,866)	(13,853)
Of which non-recurring		*(1,206)*	*(1,493)*		*(2,699)*
Other operating income - net	49,274	(2,291)	11,459	1,911	60,353
Of which non-recurring	*25,727*	-	-	*(2,996)*	*22,731*
Operating costs	**(21,326)**	**(25,481)**	**(26,557)**	**(89,714)**	**(163,078)**
Profits on equity investments	478	-	-	1,945	2,424
Gains (Losses) on disposal of investments	-	-	-	3,954	3,954
Of which non-recurring				*3,954*	*3,954*
Profit (loss) before tax from continuing operations	**263,548**	**4,130**	**39,793**	**(5,614)**	**301,857**
Of which non-recurring	*113,511*	*(1,437)*	*(1,644)*	*(8,475)*	*101,954*

FY 2023 (amounts in thousands of euros)	FL	SS	PAYM.	CC	Total
Net interest income	**192,460**	**3,545**	**9,980**	**78,166**	**284,152**
Net fee and commission income	3,246	22,966	51,709	(2,768)	75,152
Dividends and similar income	-	-	-	8,897	8,897
Profits (losses) on trading	9,944	-	-	(9,649)	294
Profits (losses) on disposal or repurchase of:	-	-	-	21,893	21,893
a) financial assets measured at amortized cost	-	-	-	22,038	22,038
b) financial assets measured at fair value through other comprehensive income	-	-	-	(146)	(146)
Profits on financial assets and liabilities measured at fair value through profit or loss	(390)	-	-	2,233	1,843
Total income	**205,259**	**26,511**	**61,689**	**98,771**	**392,231**
Net impairment losses/gains for credit risk associated with financial assets measured at amortized cost	(3,793)	-	-	(1,139)	(4,932)
Net income from banking activities	**201,466**	**26,511**	**61,689**	**97,633**	**387,299**
Net income from banking and insurance activities	**201,466**	**26,511**	**61,689**	**97,633**	**387,299**
Administrative expenses:	(46,297)	(22,784)	(32,091)	(78,944)	(180,116)
Of which non-recurring	(1,161)	(2,606)	(4)	(7,201)	(10,972)
Net accruals to provisions for risks and charges	(3,926)	-	-	265	(3,661)
Depreciation/amortization and impairment losses on property, equipment and investment property/intangible assets	(1,475)	(3,018)	(2,486)	(6,076)	(13,055)
Of which non-recurring		*(2,317)*	*(1,493)*		*(3,810)*
Other operating income, net	26,659	619	11,362	6,158	44,799
Operating costs	**(25,039)**	**(25,183)**	**(23,215)**	**(78,597)**	**(152,033)**
Profits (losses) on equity investments	235	-	-	(502)	(267)
Profit (loss) before tax from continuing operations	**176,662**	**1,329**	**38,474**	**18,533**	**234,998**
Of which non-recurring	*(1,161)*	*(4,923)*	*(1,498)*	*(7,201)*	*(14,783)*

Below are the main KPIs monitored by the group geographically

Turnover purchased/Financing provided in the year and Loans and receivables with customers	2024	2023
Loans and receivables with customers (*)	**5,879**	**5,617**
Italy	3,675	3,448
Spain	492	599
Poland	983	919
Slovakia	224	245
Portugal	229	223
Greece	217	166
France	58	14
Croatia	-	-
Czech Republic	2	3
Acquired turnover/Loans disbursed during the year	**8,466**	**8,114**
Italy	4,367	4,889
Spain	2,224	1,758
Poland	964	642
Slovakia	22	31
Portugal	542	534
Greece	235	190
France	108	65
Czech Republic	4	4

(*) Loans and receivables with customers include Ecobonus tax assets amounting to €463.6 million (€414.1 million in as at December 31, 2023) classified under the Statement of financial position item "Other assets".

Securities Services BU

Managed amounts and deposits	2024	2023
Custodian Bank (AuD, €M)	73,963	58,842
Global Custody (AuC, €M)	125,641	111,343
Deposits - Final Balance (€m)	3,126	2,886

Payments BU

Transactions made and deposits	2024	2023
Transactions (no. trans. million)	908	767
Deposits - Final Balance (€m)	2,598	3,495

Part M - Lease reporting

On January 1, 2019, IFRS 16 with the new definition and accounting model for "leases" came into effect. This standard is based on conveying the right to use a leased asset, and applies to all leases with the exception of leases with a lease term of 12 months or less or those for which the underlying asset has a contractual value below €5,000.

Based on this accounting model, the "right of use" is recognized in the statement of financial position as an asset, and future payments relating to the same leased asset is entered as a liability. Any depreciation relating to the right-of-use asset, and any relevant interest expense, is recognized in the income statement.

The application of IFRS 16 changed the accounting substantially for lessees, as it eliminates a lessee's classification of leases as either operating leases or finance leases.

In particular, lessees are required to comply with the following main provisions:

- The identified asset is classified as a right-of-use asset and presented in the balance sheet as if it was owned. The relevant financial liability shall also be recognized;
- the initial measurement of the financial liability is equal to the present value of the periodic lease payments agreed by the parties to use the asset over the term of the contract that is reasonably certain; the initial measurement of the right-of-use shall be equal to the value of the financial liability, less some specific items, e.g. those relating to the initial direct costs incurred in obtaining the lease; and for subsequent measurement of the asset and over the lease term, the asset is depreciated on a systematic basis, while the financial liability includes any interest expense, calculated based on the interest rate implicit in the lease where expressly stated or on the cost of funding for the period, and any periodic lease payments.

Section 1 - Lessee

Qualitative information

During 2018, BFF Banking Group launched a project aimed at understanding and defining the qualitative and quantitative impact of first-time adoption of the new IFRS 16. Following on from this project, a new accounting model has been defined for use in relation to all leases with the exception of those for which the underlying asset is of low value (less than 5,000 euros) or that have a short lease term (12 months or less). For the purposes of the first adoption of the standard (first-time adoption or FTA), on January 29, 2019 the Board of Directors resolved that BFF and all companies belonging to BFF Banking Group shall adopt the "Modified Retrospective Approach". As a result, the Group did not apply the standard retrospectively (therefore considering complex comparative information), and the amount relating to right-of-use assets under "Property, equipment and investment property" is equal to the financial liability amount.

Quantitative information

BFF Banking Group's right-of-use assets accounted for as "Property, plant and equipment" at first- time adoption and at December 31, 2024 are shown below.

(Values in thousand euros)

	Right-of-use asset 12.31.2024	Right-of-use asset 12.31.2023
BFF Bank	3,025	11,752
BFF Finance Iberia	338	607
BFF Polska Group	1,851	2,023
BFF Techlab	121	145
Total BFF Banking Group	**5,335**	**14,527**

The reduction compared to December 2023 was caused mainly by the early termination of a rental agreement on one of the offices located in Milan, which entailed a €7.7 million decrease in right-of-use assets.

For more details on the accounting impacts related to Property, equipment and investment property and Financial liabilities measured at amortized cost, please refer to the specific section of Part B of the Notes to the consolidated financial statements.

Section 2 - Lessor

Please note that this section only refers to BFF Polska Group's activities.

Quantitative information

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
Time periods	Lease payments to be received	Lease payments to be received
Up to 1 year	126	182
More than 1 year to 2 years	41	43
From over 2 years up to 3 years		296
More than 3 years to 4 years	-	-
More than 4 years to 5 years	-	-
Over 5 years	-	-
Total lease payments to be received	**167**	**521**
RECONCILIATION WITH FINANCING ACTIVITIES		
Financial gains not yet accrued (-)	(8)	(1)
Unguaranteed residual value (-)		
Loans for leases	159	520

Other information

Audit fees to the independent auditors and other companies in their network

The following table, prepared in accordance with Article 149-duodecies of the CONSOB Issuers' Regulation (resolution no. 11971 of May 14, 1999, as subsequently amended and supplemented), shows the fees pertaining to the financial year 2024 for audit and non-audit services provided by the independent auditors and other companies in its network. Such fees represent the costs incurred and recorded in the consolidated financial statements, net of the reimbursement of expense and non-deductible VAT and the CONSOB contribution.

(Values in thousand euros)

Type of services	BFF Bank S.p.A.				Group Companies			
	KPMG S.p.A.		KPMG S.p.A. Network		KPMG S.p.A.		KPMG S.p.A. Network	
	Italy	Outside Italy	Italy	Outside Italy	Italy	Outside Italy	Italy	Outside Italy
Statutory audit	197	16		126	57	405		
Attestation services (*)	108			19				
Other services (**)	475		150					
	781	**16**	**150**	**145**	**57**	**405**	**-**	**-**

(*) *Amounts refer to comfort letters issued for the purposes of bond issues and to the attestations regarding the Consolidated Sustainability Report.*

(**) *Amounts refer to agreed verification procedures as well as extraordinary activities required by the Regulator following the relevant inspection.*

Annexes

CERTIFICATION OF THE CONSOLIDATED FINANCIAL REPORT IN ACCORDANCE WITH ARTICLE 81-*TER* OF CONSOB REGULATION N. 11971 OF 14 MAY 1999 AS AMENDED AND SUPPLEMENTED

1) The undersigned

- Massimiliano Belingheri, in his capacity as Chief Executive Officer,
- Giuseppe Manno, as Financial Reporting Officer of BFF Bank S.p.A.,

hereby certify, having taken into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of legislative decree no. 58 of 24 February 1998:

- the suitability as regards the characteristics of the Group, and
- the effective implementation of the administrative and accounting procedures employed to draw up the 2024 Consolidated Financial Statements.

2) The suitability and effective application of the administrative and accounting process employed to draw up the 2024 Consolidated Financial Statements was verified based on internally defined method adopted by BFF Bank S.p.A., in accordance with the *Internal Control – Integrated Framework model* issued by *Committee of Sponsoring Organizations of Tradeway Commission (COSO)* of the reference standards for the internal audit system generally accepted on an international level.

3) Moreover, the undersigned hereby certify that:

3.1 the 2024 Consolidated Financial Statements:

a. were drafted in accordance with the applicable International Financial Reporting Standards endorsed by the European Community, pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b. correspond to the results of the accounting books and records;

c. are suitable for providing a true and fair view of the financial position, financial performance and cash flows of the issuer and all the companies included in the scope of consolidation.

3.2 The Report on Operations includes a reliable analysis of the important events and their impact on the Consolidated Financial Statements, together with a description of the main risks and uncertainties to which they are exposed. The Report on Operations includes, moreover, a reliable analysis of the information concerning major transactions with related parties.

Milan, 12 March 2025

Massimiliano Belingheri

Chief Executive Officer

Giuseppe Manno

Financial Reporting Officer

CERTIFICATION OF THE CONSOLIDATED SUSTAINABILITY REPORT IN ACCORDANCE WITH ARTICLE 81-*TER*, PARAGRAPH 1, OF CONSOB REGULATION N. 11971 OF 14 MAY 1999 AS AMENDED AND SUPPLEMENTED

1. The undersigned

- Massimiliano Belingheri, in his capacity as Chief Executive Officer,
- Giuseppe Manno, as Financial Reporting Officer of BFF Bank S.p.A.,

hereby certify, pursuant to Art.154-bis, paragraph 5-ter, of the Italian Legislative Decree No.58 of 24 February 1998, that the Sustainability Statements included in the Report on Operations were drawn up:

a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and of Legislative Decree 6 September 2024, No.125;

b) with the specifications adopted pursuant to Article 8.4 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Milan, 12 March 2025

Massimiliano Belingheri	Giuseppe Manno
Chief Executive Officer	Financial Reporting Officer

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(The accompanying translated consolidated financial statements of the BFF Banking Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
BFF Bank S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the BFF Banking Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the BFF Banking Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of BFF Bank S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BFF Banking Group
Independent auditors' report
31 December 2024

Recognition of late payment interest on performing loans and receivables acquired without recourse

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.1 - General "Change in estimates relating to the percentage recognition of late payment interest and the lump-sum compensation for recovery costs ("40 euros")"

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets measured at amortised cost"

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.2.15 "Other information - Revenue recognition criterion"

Notes to the consolidated financial statements "Part B - Information on the statement of financial position - Assets": section 4 "Financial assets measured at amortised cost"

Notes to the consolidated financial statements "Part C - Income statement: paragraph 1.2 "Interest and similar income: other information"

Key audit matter	Audit procedures addressing the key audit matter
When measuring loans and receivables with customers acquired without recourse, the director include the estimated late payment interest that is deemed to be recoverable, in line with Document no. 7 on the treatment of late payment interest under Legislative decree no. 231/2002 on performing loans and receivables acquired without recourse issued jointly by Bank of Italy, Consob (the Italian Commission for listed companies and the stock exchange) and IVASS (the Italian supervisory body for private insurance) on 9 November 2016. We focused on this issue because: • the carrying amount of uncollected late payment interest is significant; • the parameters used to estimate such compensation require the use of statistically-reliable historical figures, based on cash flows and collection times observed at the reporting date; • it requires judgement by the directors. The complexity of the directors' estimation process has been affected by the ongoing uncertainties which have an impact on the current economic conditions and potential future macroeconomic scenarios, with potentially significant effects stemming from the energy market, supply chains, inflationary pressure and the effects of monetary policies on interest rates in the main economies. For the above reasons, we believe that the recognition of late payment interest on performing loans and receivables acquired without recourse is a key audit matter.	Our audit procedures included: • gaining an understanding of the parent's processes and IT environment in relation to the estimation of default interest; • analysing the late payment interest estimation models used and checking the reasonableness of the main assumptions and variables included therein; • checking, on a sample basis, the accuracy of the accounting records; • assessing the appropriateness of the disclosures about late payment interest.

BFF Banking Group
Independent auditors' report
31 December 2024

Recognition of the lump-sum compensation for recovery costs ("40 euros")

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.1 - General "Change in estimates relating to the percentage recognition of late payment interest and the lump-sum compensation for recovery costs ("40 euros")"

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets measured at amortised cost"

Notes to the consolidated financial statements "Part B - Information on the statement of financial position - Assets": section 4 "Financial assets measured at amortised cost"

Notes to the consolidated financial statements "Part C - Information on the income statement": section 16.2 "Other operating income: breakdown"

Key audit matter	**Audit procedures addressing the key audit matter**
In accordance with Directive 2011/7/EU of the European Parliament and of the Council on combating late payment in commercial transactions, which established that a creditor is entitled to obtain from the debtor, as a minimum, a fixed sum of €40 as compensation for recovery costs, since 2018, the directors have been claiming €40 from its debtors for each past-due invoice as lump-sum compensation for recovery costs. In its decision of 20 October 2022, the Court of Justice of the European Union confirmed the group's right to recover €40 for each invoice. Based on their analysis of historical trends of collected compensation, the directors obtained a reliable estimate of the collectable amount. Therefore, starting from the consolidated financial statements at 31 December 2022, they decided to recognise the above compensation on an accruals basis, based on the same collection percentage adopted in the late payment interest model. At the reporting date, the directors recognised the estimated compensation accrued during the year of €46 million. We focused on this issue because: • the parameters used to estimate such compensation require the use of statistically-reliable historical figures, based on cash flows and collection times observed at the reporting date; • it requires judgement by the directors. For the above reasons, we believe that the recognition of the lump-sum compensation for recovery costs (€40) on an accruals basis is a key audit matter.	Our audit procedures included: • gaining an understanding of the parent's processes and IT environment in relation to the estimation of the lump-sum compensation for recovery costs (€40); • analysing the models used to estimate the lump-sum compensation for recovery costs (€40) and checking the reasonableness of the main assumptions and variables included therein; • checking, on a sample basis, the accuracy of the accounting records; • assessing the appropriateness of the disclosures about the recognition of the lump-sum compensation for recovery costs (€40).

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BFF Banking Group
Independent auditors' report
31 December 2024

Measurement of intangible assets with finite and indefinite useful lives

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.2.7 "Intangible assets"

Notes to the consolidated financial statements "Part B - Notes to the statement of financial position - Assets": section 10 "Intangible assets"

Notes to the consolidated financial statements "Part C - Information on the income statement": section 15 "Amortisation and impairment losses on intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
As a result of certain business combinations carried out in previous years, the consolidated financial statements at 31 December 2024 include intangible assets with an indefinite useful life of €30.9 million, which mostly comprise goodwill of €22.1 million, €8.7 million and €0.08 million arising from the acquisitions of BFF Polska Group, former IOS Finance (now merged into BFF Finance Iberia) and BFF Techlab S.r.l., respectively, the latter carried out in 2022. Moreover, further to the business combination with DEPOBank S.p.A., which occurred in 2021, and the completion of the PPA procedure, the directors recognised an intangible asset with a finite useful life of €25.7 million relating to customer contracts. Customer contracts amount to €16 million in the consolidated financial statements at 31 December 2024. Amortisation and net impairment losses relating to intangible assets with a finite useful life recognised in profit or loss during the year total €2.7 million and solely comprise amortisation charges. As disclosed in the notes, in accordance with IFRS 3, the directors allocated the intangible assets with a indefinite useful life to certain cash-generating units ("CGUs") they identified. The directors tested the reporting-date carrying amounts for impairment by comparing the carrying amount of the CGUs to which the intangible assets with a indefinite useful life were allocated to their recoverable amount. They estimated the recoverable amount based on value in use, calculated using the discounted cash flow model. Impairment testing requires complex valuations and a high level of judgement, especially in relation to: • the expected cash flows, calculated by taking into account historical cash flows, the general economic performance and that of the group's sector and the directors' forecasts about its future performance; • the financial parameters to be used to discount the cash flows.	Our audit procedures included: • understanding the process adopted to prepare the impairment tests approved by the parent's directors; • gaining an understanding of the process used to draft the group's long-term plan approved by the parent's directors; • checking any discrepancies between the previous year historical and business plan figures, in order to check the accuracy of the forecasting process; • assessing the conditions leading to impairment; • analysing the criteria used to identify the CGUs and tracing the carrying amounts of the assets and liabilities allocated thereto to the consolidated financial statements; • assessing the key assumptions used by the directors to determine the CGUs' value in use. Our assessment included checking the consistency of the method adopted with that used in previous years and comparing the main assumptions used to the information acquired externally, where available; • checking the sensitivity analysis presented in the notes in relation to the key assumptions used for testing goodwill for impairment; • assessing the appropriateness of the disclosures about intangible assets with finite and indefinite useful lives and the related impairment tests.

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BFF Banking Group
Independent auditors' report
31 December 2024

Key audit matter	Audit procedures addressing the key audit matter
The complexity of the directors' estimation process has been affected by the ongoing uncertainties which have an impact on the current economic conditions and potential future macroeconomic scenarios, with potentially significant effects stemming from the energy market, supply chains, inflationary pressure and the effects of monetary policies on interest rates in the main economies. For the above reasons, we believe that the measurement of intangible assets with finite and indefinite useful lives is a key audit matter.	

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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BFF Banking Group
Independent auditors' report
31 December 2024

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 2 April 2020, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2021 to 31 December 2029.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2024 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2024 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's reports on operations and on corporate governance and ownership structure at 31 December 2024 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the report on operations and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the consolidated financial statements;
- express an opinion on the consistency of the report on operations, excluding the section that includes the consolidated sustainability statement, and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the report on operations and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the group's consolidated financial statements at 31 December 2024.

Moreover, in our opinion, excluding the section which includes the consolidated sustainability statement, the report on operations and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Our opinion on the compliance with the applicable law does not extend to the report on operations' section which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 8 of Regulation (EU) 2020/852 is included in the assurance report prepared in accordance with article 14-bis of Legislative decree no. 39/10.

Milan, 27 March 2025

KPMG S.p.A.

(signed on the original)

Simone Archinti
Director of Audit

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' limited assurance report on the consolidated sustainability statement pursuant to article 14-bis of Legislative decree no. 39 of 27 January 2010

To the shareholders of
BFF Bank S.p.A.

Conclusion

Pursuant to articles 8 and 18.1 of Legislative decree no. 125 of 6 September 2024 (the "decree"), we have been engaged to perform a limited assurance engagement on the 2024 consolidated sustainability statement of the BFF Banking Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report (the "consolidated sustainability statement").

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the group's 2024 consolidated sustainability statement has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");
- the information presented in the "Reporting pursuant to Regulation (EU) 2020/852" section of the consolidated sustainability statement and in the annex "Templates required by the EU Taxonomy" thereto has not been prepared, in all material respects, in accordance with article 8 of Regulation (EU) 2020/852 of 18 June 2020 (the "taxonomy regulation").

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under SSAE (Italia) are further described in the "*Auditors' responsibilities for the sustainability assurance engagement*" section of our report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.

KPMG

BFF Banking Group
Independent auditors' report
31 December 2024

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Other matters

In the annex "Templates required by the EU Taxonomy", the 2024 consolidated sustainability statement presents the 2023 comparative information required by article 8 of the taxonomy regulation, which has not been subjected to an assurance engagement.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of BFF Bank S.p.A. (the "parent") for the consolidated sustainability statement

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability statement in accordance with the ESRS (the "materiality assessment process") and for the description of these procedures in the "Impact, risk and opportunity management" section of the consolidated sustainability statement.

The directors are also responsible for the preparation of a consolidated sustainability statement in accordance with article 4 of the decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in the "Reporting pursuant to Regulation (EU) 2020/852" section and in the annex "Templates required by the EU Taxonomy" with article 8 of the taxonomy regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Inherent limitations in preparing the consolidated sustainability statement

For the purpose of disclosing forward-looking information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the consolidated sustainability statement, regarding future events and the group's actions that are not necessarily expected to occur. Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material.

The disclosures provided by the group about Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative Scope 3 emissions information from value chain.

BFF Banking Group
Independent auditors' report
31 December 2024

Auditors' responsibilities for the sustainability assurance engagement

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with SSAE (Italia), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or error;
- designing and performing procedures to check disclosures where a material misstatement is likely to occur. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing the sustainability limited assurance engagement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves carrying out procedures to obtain evidence as a basis for our conclusion.

The procedures performed are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the consolidated sustainability statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

We have performed the following main procedures:

- we gained an understanding of the group's business model, strategies and operating environment with regard to sustainability matters;
- we gained an understanding of the process adopted by the group to identify and assess material sustainability-related impacts, risks and opportunities (IROs), based on the double materiality principle. Moreover, on the basis of the information acquired, we evaluated any emerging inconsistencies that may indicate the presence of sustainability matters not addressed by the group in its materiality assessment process;
  Specifically, mostly through inquiries, observations and inspections, we gained an understanding of how the group:
  - considered the interests and opinions of the stakeholders involved;
  - identified its sustainability-related IROs, assessing their consistency with our knowledge of the group and its sector;
  - defined and assessed material IROs by analysing the qualitative and quantitative materiality thresholds it determined;

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- we gained an understanding of the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability statement, including of the reporting boundary, through interviews and discussions with the group's personnel and selected procedures on documentation;
- we identified the disclosures associated with a risk of material misstatement, whether due to fraud or error;
- we designed and performed procedures, based on our professional judgement, to respond to identified risks of material misstatement, including:
  - for information gathered at parent and subsidiaries level:
    - with reference to qualitative information and, in particular, the sustainability-related policies, actions and objectives, we held inquiries and performed limited procedures on documentation;
    - with reference to quantitative information, we carried out analytical procedures, inspections, observations and recalculations on a sample basis;
- we gained an understanding of the process adopted by the group to determine taxonomy-eligible exposures and whether they were aligned under the taxonomy regulation and checked the related disclosures presented in the consolidated sustainability statement;
- we checked the consistency of the disclosures contained in the consolidated sustainability statement with those included in the group's consolidated financial statements pursuant to the applicable financial reporting framework, the underlying accounting records or management accounts;
- we checked the compliance of the structure and presentation of disclosures included in the consolidated sustainability statement with the ESRS;
- we obtained the representation letter.

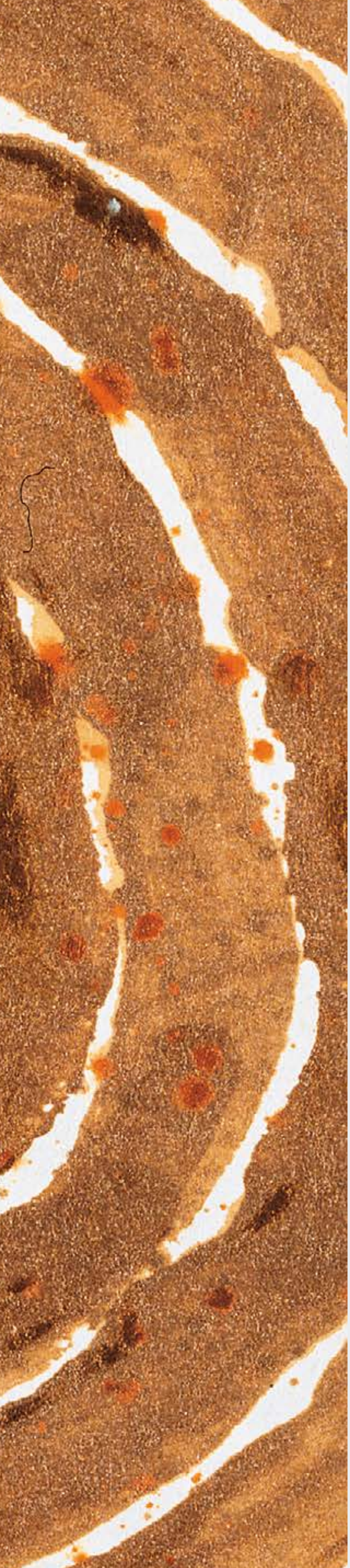
Milan, 27 March 2025

KPMG S.p.A.

(signed on the original)

Simone Archinti
Director of Audit

2024 Financial statements and report
Draft financial statements



Report on Operations of BFF Bank S.p.A.

Operating performance

KEY HIGHLIGHTS

Operating performance

- Profit for 2024 was €160.2 million, up 22% compared to 2023. Normalized profit for 2024 was €88.8 million;
- Loans and receivables with customers at €4.2 billion (of which €3.7 billion are related to Italy), +9% year-on-year showing a reversal of the trend recorded in the first 9 months and with record volumes in Q4 2024;
- A significant increase in off-balance sheet reserves, mainly for late payment interest compared to June 2024: amounting to €469 million, + €60 million compared to June 2024;
- CET1 ratio was at 8.9%, and TCR at 11.5%, well above regulatory limits. As regards 2024, CET1 stands at €508.9 million, up €135 million compared to 2023;

Past due

- Compared to June 2024, 46% of the portfolio in past due was collected at the end of December 2024, and contagious invoices were reduced by 18%;
- Total past due stands at €1.5 billion due to the contagion effect on new purchases of debtors still in past due.

Other significant information

- Authorization by the Bank of Italy to gather deposits in Greece;
- The European Court of Human Rights confirmed in a ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in financial distress, in the presence of judicial decisions that remain enforceable;
- The Polish presidency of the EU Council has given priority on its agenda to the Late Payments Directive. The EBA's revised guidelines on Definition of Default are expected in 2025.

MAIN ITEMS IN THE INCOME STATEMENT

(€ million)

Normalized Income Statement[1]	12.31.2024	12.31.2023	%
Factoring & Lending Revenue	259.3	288.1	-10%
Payments Revenue	67.2	63.1	7%
Security Services Revenue	24.7	23.6	5%
Other revenue	351.1	351.2	0%
- of which HTC Securities Portfolio	192.3	180.5	7%
Total Revenue(*)	**702.2**	**726.0**	**-3%**
Cost of money[2]	(392.2)	(362.0)	8%
Total Net Revenue	**310.0**	**364.0**	**-15%**
Operating Costs incl. depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(172.5)	(160.8)	7%
Cost/Income ratio (%)	56%	44%	12 bps
Net impairment losses/gains for credit risk	(6.0)	(7.0)	-14%
Normalized pretax profit	131.5	196.1	-33%
Normalized profit for the year	**88.8**	**141.1**	**-37%**
Reported profit for the year[3]	**160.2**	**131.4**	**22%**

(*) Includes profit/(loss) from equity investments

1) Income statement normalized in order to eliminate the impact of certain non-recurring items during the year, details of which are provided in the following note.
2) Including the profit on trading in derivatives used to hedge exposures to interest rates and currencies.
3) The reported profit for the period includes some non-recurring items. In 2024, these items referred to: the change in asset values, including the change relating to late payment interest and the compensation for recovery costs ("40 euros") for €(92.3) million, the cost of stock options for €4.0 million, the adjustment of the settlement agreement with the Chief Executive Officer for €(0.6) million, the amortization of customer contracts amounting to €1.9 million, the extraordinary allocations to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings for €11.7 million and other non-recurring costs for €3.9 million. In 2023 these items refer to: the settlement agreement with the Chief Executive Officer for €1.7 million, the cost of stock options for €2.0 million, the amortization of customer contracts amounting to €1.9 million and other costs of €4.2 million.

During 2024, the Bank, in line with its business plan, continued to focus on consolidating and developing its core businesses, offering new products and services, and pushing its role as a "second-tier bank."

With regard to funding, the focus has been on diversifying funding sources as well as optimizing the costs using the funding made available by the Securities Services and Payments BUs and the online deposit account.

In 2024, total revenues decreased by 1% excluding the gain on the sale of certain government bonds, classified in the Held To Collect (HTC) portfolio, amounting to €19.8 million, realized in 2023, due to a fall in the revenues of the F&L BU, partially compensated by the good performance of the Securities Services and Payment BUs and the HTC portfolio. The cost of funding was higher due to higher interest rate levels and senior unsecured bonds issued in April and October 2024 (+€13 million). Costs were 7% higher than last year mainly due to the renewal of the national contract of the Italian banking industry. Normalized net income stood at €88.8 million (-37% compared to 2023, or -31% excluding the aforementioned gain on the sale of some government bonds).

Note that the Bank has no commercial exposure to the Russian and Ukrainian markets and is committed to strictly monitoring the processing activities of the Payments business unit to ensure compliance with the restrictions imposed on Russia.

Income Statement

Reported profit for the year

In terms of overall profitability, the cumulative performance of the Bank's BUs, influenced by the phenomena indicated above, led to a reported profit of €160.2 million, including the non-recurring items that influenced the profit for the year, the details of which are shown in the table below.

Normalized profit for the year

Eliminating the non-recurring items that impacted the results at December 31, 2024 the Bank's normalized profit stands at €88.8 million, down 37% compared to the same period of the previous year, or down by 31% excluding the gain on the sale of several Held To Collect (HTC) government securities of €19.8 million, realized in the first half of 2023.

The main elements affecting the normalized performance of the Bank can be summarized as follows:

- The F&L BU revenues of €259.3 million decreased compared to the previous year (€288.1 million), mainly due to a lower "rescheduling/gains" spread on late payment interest collections (-€3.6 million in 2024 compared to €21.5 million in 2023). Capital gains were higher in 2023 due to some significant transactions at the end of the year.
- Revenues from the Payments and Securities Services BUs, compared to 2023, increased by 7% to €67.2 million and 5% to €24.7 million, respectively. In both BUs, the increase in revenue was less than proportional to the increase in volume. Specifically, in the Securities Services BU this is due to the loss of a Global Custody customer in the fourth quarter of 2023.
- The operating efficiency was found to be worse than 2023, with a cost/income ratio of 56% (in 2023 44%, or 47% excluding the gain mentioned above deriving from the sale of government securities), due to the increased personnel costs resulting from the renewal of the collective agreement in Italy, and higher costs incurred to support business growth and implement initiatives to improve the Bank's processes and IT architecture, freeing up additional efficiency and reducing operational risks in the future.

The table below explains the transition from the reported profit to the normalized data.

Adjustments – €m	12.31.2024	12.31.2023	YoY %
BFF - Reported profit	**160.2**	**131.4**	**22%**
Stock Options & Stock Grants	4.0	2.0	
Other non-recurring costs	3.1	3.0	
Extraordinary Resolution Fund and FITD	1.5	1.2	
Settlement agreement with the CEO	(0.6)	1.7	
Amortization of DEPObank's "customer contracts"	1.9	1.9	
Changes in asset values, including those relating to late payment interest and the compensation for debt collection ("40 euros")[34]	(92.3)	-	
Capital Gains and Impairment on real estate	(0.7)	-	
Provisions for risks[45]	11.7	-	
BFF - Normalized profit	**88.8**	**141.1**	**-37%**

On the following pages, in order to provide a precise presentation of the performance of the various BUs, the comments will refer to normalized income statement data, eliminating the non-recurring elements that influenced the results for 2024 and 2023.

4) Includes the effect of tax credit rescheduling under Article 4-bis of Decree Law No. 39 of March 29, 2024.
5) This refers to an extraordinary allocation to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings.

Statement of Financial Position

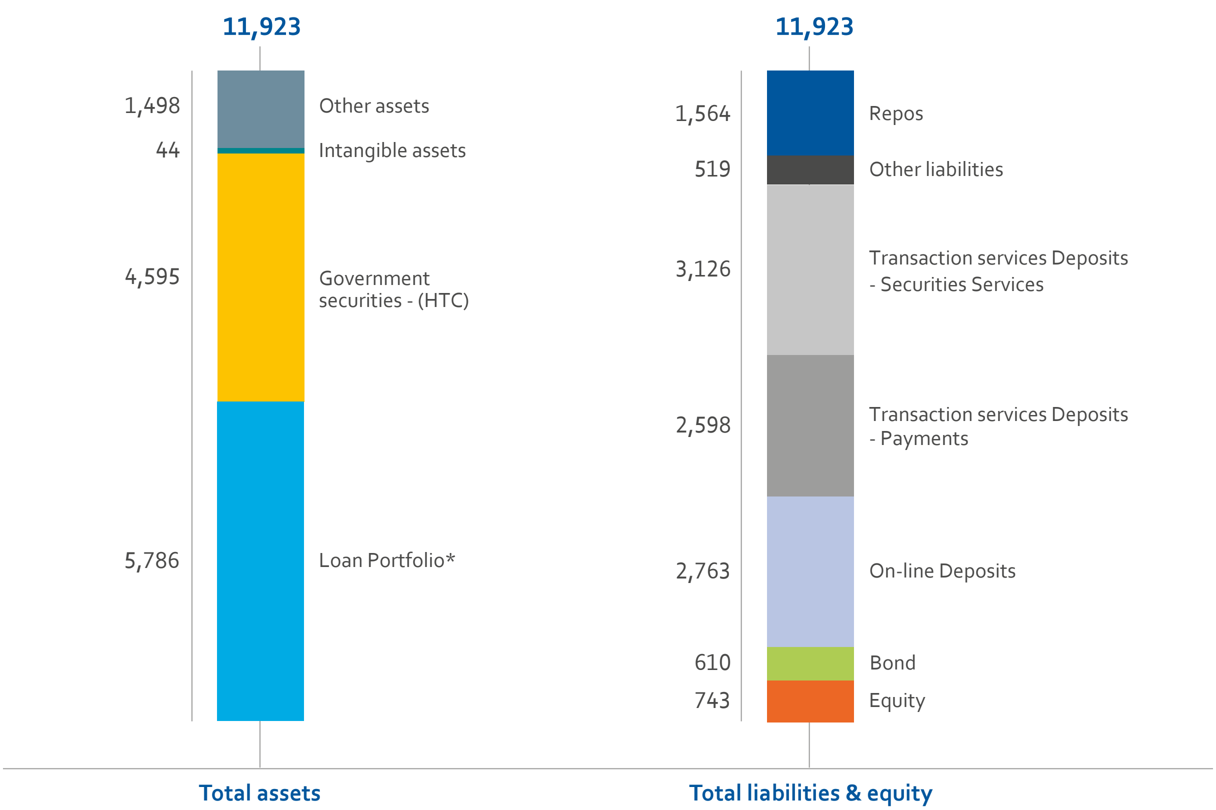
On the Statement of Financial Position front, during 2024 the Bank continued to focus on optimizing the costs related to the various forms of funding while maintaining high diversification, and on improving the returns of the various forms of lending.

Loans and receivables with customers, excluding intercompany receivables, increased to €4.2 billion, +9% year-on-year. HTC Securities Portfolio declined 7% year-on-year to €4.6 billion. Liquidity was in line with the size of the loan portfolio, with a Loan-to-Deposit ratio at 68%.

It should be noted that on April 8, BFF successfully placed a social unsecured senior preferred bond issue in the total amount of €300 million, maturing on March 20, 2029 (with the option of early redemption on March 20, 2028) at a fixed rate of 4.750% per annum. On October 22, it successfully placed a new social unsecured senior preferred bond issue in the total amount of €300 million, maturing on March 30, 2028 (with the option of early redemption on March 30, 2027) at a fixed rate of 4.875% per annum. Both placements allow BFF to meet MREL requirements, in place since January 2025.

Lastly, please note that the loan portfolio includes the increase in receivables for late payment interest and the compensation for recovery costs ("40 euros"), resulting from the increase in the percentage of recognition from 50% to 65%.

(€m)



(*) Including "Ecobonus" tax assets in the amount of €464 million, which are accounted for under the item "Other Assets" and the amount of the "Lump-sum indemnity" and "Late payment interest" funds recognized in the income statement in the amount of €660 million. The loan portfolio also includes €1,607 million relating to receivables from other subsidiaries.

Lending

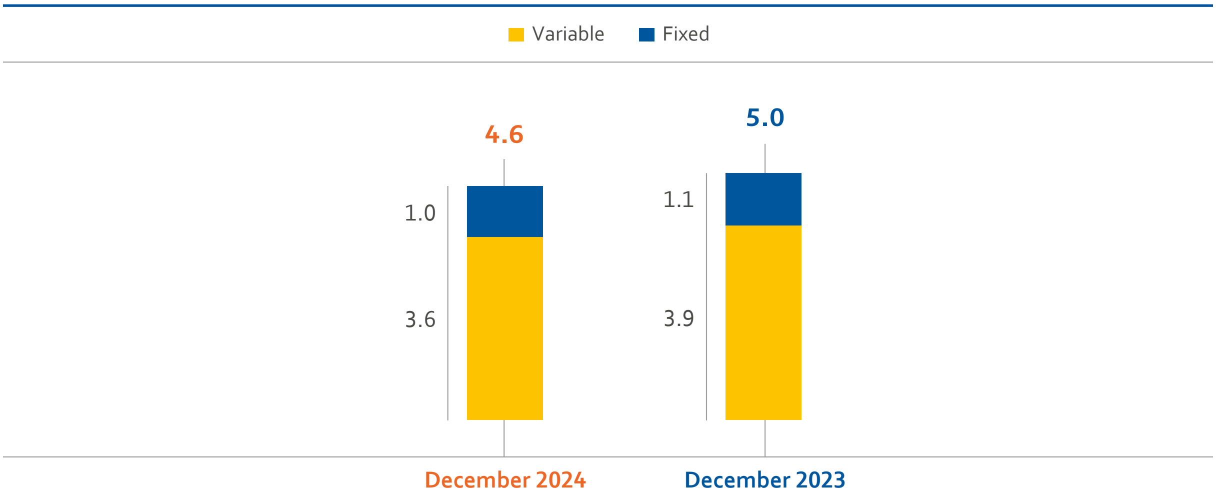
The Factoring & Lending Loan Portfolio was €4.2 billion, up by 9% compared to December 2023. International markets now account for around 12% of total loans to customers. All countries showed an increase compared with December 31, 2023. Italy experienced a 7% increase due to higher volumes in the last quarter of 2024. Greece, +30% year-on-year, and France, with an increase greater than 100% year-on-year, confirm a positive growth trend.

Loan Portfolio (€ mln)	12.31.2024(*)	12.31.2023(*)
Italy	3,675	3,448
Portugal	229	223
Greece	217	166
France	58	14
Total	**4,178**	**3,851**

(*) *Including "Ecobonus" tax assets for €251.6 million according to the HTC Business Model (€354.2 million as at December 31, 2023) and €212.0 million according to the Trading Business Model (€59.9 million as of December 31, 2023), accounted for under Other assets in the Statement of Financial Position, and "on-Statement of Financial Position" provisions relating to late payment interest and the compensation for recovery costs ("40 euros") for €660 million (€468 million as of December 31, 2023).*

The government bond portfolio reached €4.6 million compared to €5.0 billion as at December 31, 2023. The reduction is mainly due to securities that matured during 2024 and were not reinvested in line with the defined strategy.

HTC securities portfolio (€ billion)



Loan quality for prudential purposes

In order to analyze its credit exposures, aimed among other things at identifying any impairment losses on financial assets in accordance with IFRS 9, the BFF Bank classifies exposures as Performing and Non-Performing.

With regard to credit quality, total net impaired exposures increased by €1,644.1 million at December 31, 2024 compared to €301.3 million at December 31, 2023. The increase was mainly caused by impaired past due exposures (+€1,339.9 million compared to December 31, 2023). This item was significantly impacted by the portfolio reclassification carried out as at June 30, 2024 in order to respond to the compliance finding of the Bank of Italy on the definition of past due receivables, without however corresponding to an effective deterioration of the underlying credit quality.

Non-Performing exposures, whose overall gross amount was €1,650.2 million at December 31, 2024 with impairment losses totaling €6.0 million, are divided into the following categories.

Non-performing loans

These are exposures to parties that are in a state of insolvency or in basically similar situations, regardless of any loss projections recognized by the Bank.

At December 31, 2024, the total non-performing loans of the Bank, net of impairment, amounted to €95.2 million. Among these non-performing exposures, €94.8 million (99.6% of the total) concerned regional authorities in financial distress, which will return to performing status once the recovery procedure has been completed.

Gross non-performing loans amounted to €97.2 million (€95.5 million as of December 31, 2023) and related adjustments amounted to €2.0 million (€2.2 million as of December 31, 2023).

Please note that, as for the exposures to Local Authorities (Municipalities and Provincial Governments), in accordance with the Bank of Italy Circular no. 272 the portion subject to the relevant settlement procedure, the claims included in OSL's liabilities, are classified as non-performing, even though all claims can be collected under the law at the end of the insolvency procedure.

In this regard, it should be recalled that the European Court of Human Rights confirmed, in a ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in financial distress, in the presence of judicial decisions that remain enforceable. The Bank has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

Unlikely-to-pay positions

Unlikely to pay exposures reflect the judgment made by the intermediary about the unlikelihood, excluding such actions as the enforcement of guarantees, that the debtor will fully fulfill (for principal and/or interest) its credit obligations. This assessment should be arrived at independently of the existence of any past due and unpaid amounts (or installments). Therefore, it is not necessary to wait for an explicit sign of anomaly (e.g., failure to repay) when there are factors that signal a default risk situation for the debtor.

As at December 31, 2024, gross exposures classified as unlikely to pay amounted to €4.3 million (€3.1 million as at December 31, 2023) and related adjustments amounted to €1.8 million (€1.5 million as at December 31, 2023) for a net amount of €2.5 million (€1.6 million as at December 31, 2023).

Impaired past due exposures

Impaired past due exposures consist of positions vis-à-vis entities with a past-due situation, where the overall amount of past-due and/or overdue exposures has been higher than, for at least 90 consecutive days, (i) the relative materiality threshold (relative limit of 1% given by the ratio between the total past-due and/or overdue amount and the total amount of all credit exposures to the same Debtor) and (ii) the absolute materiality threshold (absolute limit equal to €100 for retail exposures and €500 for non-retail exposures).

As at December 31, 2024, net past due exposures amounted to a total of €1,546.4 million (€206.5 million as at December 31, 2023). Gross exposures amounted to €1,548.7 million and relevant adjustments amounted to around €2.3 million. 95.1% of these exposures relate to public counterparties.

As previously specified, this item was strongly impacted by the portfolio reclassification carried out as at June 30, 2024 in order to respond to the compliance finding on the previous classification of public receivables carried out by the Bank without, however, corresponding to an actual deterioration in the quality of the underlying receivable.

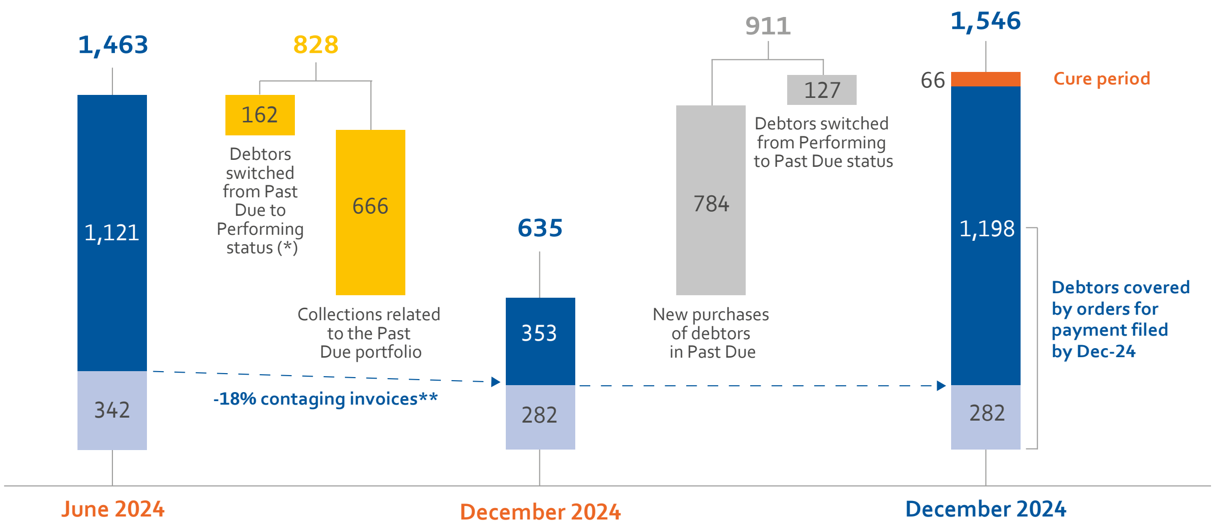
Specifically, the compliance finding regarded the application of the suspension of the calculation of late payment days for the purposes of the prudential classification of the credit exposure in default, and therefore resulted in a revision of how loans classified as past due are calculated.

Compared to June 2024, the date when the previously mentioned reclassification took place, the following is noted:

- a reduction of 46% of the Past Due outstanding as of June 2024, thanks to collections;
- a 18% reduction in contaging invoices (about €60 million) during the second half of 2024;
- new past due from purchases resulting almost entirely from the contagion effect.

In addition, as at December 31, 2024, about 670 orders for payment had been filed against debtors, representing about 77% of Italy's past due exposure for 2024.

Total Past Due Exposures (€ million)



(*) In the case in which the conditions for past due classification are no longer applicable, a period of 3 months ("Probation Period") must pass before reclassifying an exposure from past due to performing.

(**) Contaging invoices are at nominal value

As already recalled when the 2023 financial statements were drafted, impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Bank exposures) are treated differently.

The actual credit risk profile taken on by the Bank is low as it is mainly taken on public bodies that are not subject to procedures involving the risk of capital losses, and the above classification could lead to significant distortions in the representation of the Bank's accounting, prudential and capital adequacy data. This is also supported by very limited credit losses.

(values in thousand euros)

Type	12.31.2024			12.31.2023		
	Gross amount	Impairment losses/gains	Net value	Gross amount	Impairment losses/gains	Net value
Impaired exposures purchased performing (Stage 3)	1,646,962	(5,815)	1,641,147	300,070	(4,339)	295,731
Impaired exposures purchased non-performing (Stage 3)	3,192	(197)	2,996	5,785	(201)	5,584
Performing exposures (Stage 1 and 2)	3,513,102	(1,447)	3,511,655	4,749,334	(1,428)	4,747,906
Total	**5,163,256**	**(7,4558)**	**5,155,798**	**5,055,189**	**(5,969)**	**5,049,220**

Funding

On the liabilities side, the optimization of funding sources continues through the maintenance of online deposits and the definition of the liabilities structure aimed at complying with regulatory requirements (i.e. MREL) through the realization of two Social senior unsecured-preferred bond issues, for the total nominal amount of €600 million maturing on March 20, 2029 and March 30, 2028, respectively, both with an option for early redemption in favor of the Issuer one year before the maturity of the Securities.

The Transaction Services department, with its Securities Services and Payments BUs, raised about €5.7 billion compared to €6.4 billion as at December 31, 2023. In view of stable Securities Services funding (€3.1 billion as at December 31, 2024, €2.9 billion as at December 31, 2023), there is a reduction in Payments funding of about €0.9 billion (from €3.5 billion as at December 31, 2023 to €2.6 billion as at December 31, 2024) due to less liquidity left by customers on technical settlement accounts and due to the lower contribution of the cashier's check service.

The Bank continued to offer the online deposit account solution aimed at retail and corporate customers and guaranteed by the Interbank Deposit Protection Fund in Italy with Conto Facto, in Spain, the Netherlands, Ireland and Germany with Cuenta Facto and lastly in Poland with Lokata Facto.

As at December 31, 2024 total nominal takings of Conto Facto, Cuenta Facto and Lokata Facto amounted to a total of €2.8 billion, stable with respect to December 31, 2023.

The nominal value of outstanding bond issues as at December 31, 2024 was €750 million in total (related to the AT1 issue and the new Social Senior Preferred bond issue) compared to €150 million as at December 31, 2023.

Repos amounted to €1.6 billion, down from the recorded figure of €1.7 billion as at December 31, 2023.

The leverage ratio totaled 5.3% thanks to the higher shareholders' equity.

Finally, note that BFF continues to have no financing with the European Central Bank (ECB), neither ordinary (OMA) nor extraordinary (PELTRO, TLTRO etc).

Equity, Own Funds and Equity Ratios

BFF Bank continues to maintain its capital strength.

The BFF Banking Group's dividend policy stipulates that the amount of normalized consolidated profit generated during the year in excess of a 12.0% CET 1 ratio level (subject to compliance with all other current and prospective regulatory indicators) will be distributed on a semi-annual basis, with one payment based on normalized consolidated profits for the first half of the year, and one payment based on normalized consolidated profits at year-end. Please note that following the findings sent by the Bank of Italy on April 29, 2024, to which the Bank responded on July 11, and pending the examination of the Bank's determinations, the Regulator temporarily suspended the distribution of profits generated starting from the current year 2024.

Equity as at December 31, 2024 amounted to €743 million, while BFF's Equity as at the same date amounted to €658.9 million, including 150 million of an Additional Tier 1 unsecured and rated subordinated bond placed on January 19, 2022. During 2024, the Bank paid accrued interest on the AT1 loan totaling €8.8 million.

The capital ratios CET1, Tier 1 Capital Ratio and Total Capital Ratio, which include the profit for 2024, stand at 8.9%, 11.5% and 11.5% respectively, far above minimum regulatory limits, which are 7.3% for the CET1 SREP ratio and 10.8% for the Total Capital Ratio SREP, despite the level reached by the past due following the new classification of the portfolio and thanks to the capitalization of the profits of the financial year. The leverage ratio indicator has improved to 5.3% thanks to higher equity.

Finally, please note that on September 25, 2024 the Bank of Italy, as Resolution Authority, adopted the 2023 resolution plan for BFF Banking Group, confirming resolution as a crisis management strategy for the BFF Bank Group and defining the MREL requirements, mandatory for BFF from January 1, 2025, which are largely covered.

	BFF Bank	
	12.31.2024	**12.31.2023**
Own Funds	658.9	524.0
CET1 Capital Ratio	8.9%	9.2%
Tier 1 Capital Ratio	11.5%	13.0%
Total Capital Ratio	**11.5%**	**13.0%**

Bonds and ratings

Please refer to the section “Bonds and Ratings” in the consolidated report on operations.

Share performance

Please refer to the section “Share performance” in the consolidated report on operations.

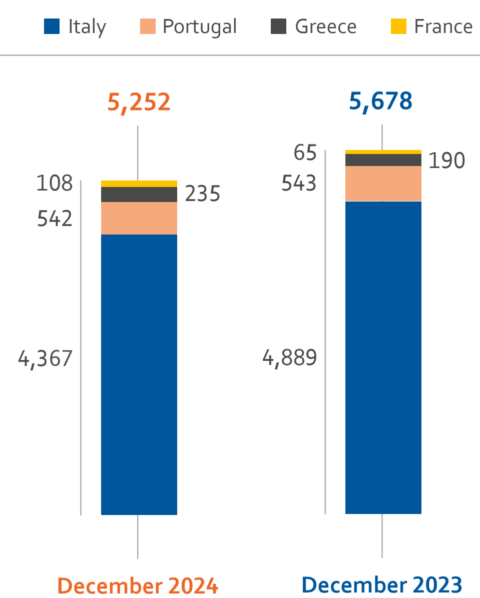
Factoring & Lending BU - Main KPIs and Economic Results

The Factoring & Lending BU carries out its lending and offers its services through products such as non-recourse factoring, lending and credit management to public administration bodies and private hospitals.

The Bank currently performs this activity in 5 countries (Italy, Croatia, France, Greece and Portugal).

The loan portfolio amounted to €4.2 billion as at December 31, 2024, thus showing an increase of 9% compared to December 31, 2023 (€3.9 billion). Volumes of loans purchased and disbursed were down year-on-year (€5,252 million as at December 31, 2024 compared to €5,678 million as at December 31, 2023, -8% year-on-year) mainly due to Italy which, despite an 11% year-on-year decrease, showed in the last quarter of 2024 a reversal of the negative trend of previous quarters, closing with a 3% increase compared to the fourth quarter of 2023.

Volumes



DSOs recorded by BFF on factoring activities and credit management on behalf of third parties showed a reduction only in Portugal, compared to December 31, 2024, recording, on the other hand, an increase in the other geographies.

Specifically, for Italy, DSOs increase to 183 days due to worsening payment flows of NHS entities and the postponement of certain transactions, and related payments, originally scheduled for year-end 2024 and subsequently not realized.

In Portugal, thanks to liquidity injections received by institutions at year-end, DSOs declined despite increased year-end purchases.

The increase in Greece is mainly due to the increase in government expenditure in general, which, despite the liquidity received, has led to delays in the authorization of payments for supplies.

With respect to the increase in DSO in France, this figure should also be analyzed in consideration of the very small size of the business.

DSO – days (BFF data, Acquisitions and Management, Public and Private):

	12.31.2024	12.31.2023
Italy	183	159
Portugal	121	127
Greece	300	254
Croatia	-	40
France	182	76

The provision for late payment interest and the provision for compensation for recovery costs (so-called "40 euros") amounted to €914.2 million and €214.8 million, respectively, and in total were up 14% compared to the same period of the previous year. The table below also shows the amounts not yet transferred to the Income Statement as at December 31, 2024 and December 31, 2023. Note that the increase in the amount transferred to the income statement in 2024 is affected by the change in the percentage of recognition of late payment interest and lump sum indemnity for debt collection from 50% to 65%: the amount not transferred still remains at significant levels.

The cost of credit remains at negligible levels thanks to the high standing of the customers served and the rigorous origination process and monitoring of credit.

€ million	12.31.2024	12.31.2023
Provision for late payment interest	914	784
Lump-sum indemnity provision	215	208
Provision for late payment interest not transferred to the income statement	394	420
Lump-sum indemnity provision not transferred to the income statement	75	104

Normalized interest income, which stood at €240.4 million, down compared to €255.7 million in 2023, was affected by a lower "rescheduling/gains" spread on late payment interest collections (-€3.6 million in 2024 compared to €21.5 million in 2023).

The "rescheduling/gains" spread included in net interest income, i.e. the differential between capital gains generated by the receipts of late payment interest exceeding the percentage accounted for on an accruals basis and rescheduling, that is, the effects related to the discounting of receivables not collected according to internal estimates and therefore reprojected forward over time, also recorded a negative trend when compared to the same period of the previous year (€25.1 million).

Normalized other operating expenses and income, included in Other Revenue, include the economic impacts deriving from the compensation for recovery costs ("40 euros") which in the course of 2024 led to an impact of €11.4 million, down from €15.2 million in 2023, essentially due to a different mix of volumes in Italy.

Total Normalized Net Revenue, therefore, stood at €259.3 million, compared to €288.1 million in the same period as 2023, due to the phenomena described above.

€M (normalized values)	**12.31.2024**	**12.31.2023**
Interest income	240.4	255.7
of which "rescheduling/gains" spread	-3.6	21.5
Other Revenue (including other operating expenses and income)	18.9	32.5
Total net revenue	**259.3**	**288.1**

Securities Services BU - Main KPIs and Economic Results

Securities Services is the BU which deals with custodian banking for investment funds and related services such as global custody, fund accounting and transfer agents for national managers and various investment funds – such as pension funds, mutual funds and alternative funds – as well as banks and other financial institutions (i.e., stock brokerage firms). This business is mainly focused on the Italian market.

Specifically, Fund Services saw their assets under management rise, driven in particular by the good trend in Alternative Investment Funds (in 2024, AIF assets grew by 29.9%), and at the start of 2024 BFF Bank was officially nominated as the custodian bank of Cassa Forense, with €17 billion in AuD. Opportunities for further growth in the sector have been limited by the non-release of the Investment Regulation of Pension Funds, which, among other things, would require Privatized Social Security Institutions to have a custodian bank but whose release has been delayed several times.

In the supplementary pension system, BFF is currently ranked first in terms of market share for the number of pension fund customers to which it offers its custodian services.

On the Global Custody side, the good results recorded in 2024 derived from the consolidation of strategic initiatives aimed at: i) further expansion and improvement of the commercial experience; ii) an expansion to new financial operators (stock brokerage firms, etc.) through the offer of specialized added-value custodian bank services, as well as the offer of Paying Agent, Account and Custodian Bank services to Corporate customers, including foreign ones and iii) seizing the opportunities also deriving from regulatory interventions, such as Emir Refit, ECMS, CSDR and SFTR Reports, which on the one hand represented an opportunity to gain strength in the market in the role of correspondent bank and reference partner as part of Global Custody, and on the other hand made it possible to offer new value added products and services which contributed to a further increase in BFF's revenues in the course of 2024.

The main indicators of the Securities Services BU showed generally positive trends due to the effects linked to good financial market performance and commercial initiatives.

The Custodian's Assets under Deposit (AuD) amounted to €74.0 billion, up 26% from December 31, 2023 thanks to the positive flow of new assets acquired, which began in 2023 and continued in 2024. On-boarding of Cassa Forense began in the fourth quarter of 2024 and is expected to be completed in the first half of 2025. Global Custody's Assets under Custody (AuC) amounted to €125.6 billion, an increase of 13% from December 31, 2023.

However, the balance of customer deposits shows an increase of +8% over the same period of the previous year, confirming the growth trend.

	2024	2023
Custodian Bank (AuD, €M)	73,963	58,842
Global Custody (AuC, €M)	125,641	111,343
Deposits - Final Balance (€M)	3,126	2,886

Normalized net fee and commission income have increased by 5% in a manner less than proportionate to volumes due to the exit of a Global Custody customer in the fourth quarter of 2023.

€M (normalized values)	2024	2023
Net fee and commission income	24.5	23.0
Other Revenue (including other operating expenses and income)	0.2	0.6
Total net revenue	**24.7**	**23.6**

Payments BU -
Main KPIs and Economic Results

The Payments BU is the business unit that deals with payment processing, corporate payments and checks and bills and has as customers medium-small banks, Payment Institutions, IMELs, banks and medium-large corporates and institutional customers. The business is concentrated on mainly domestic customers.

As the leading independent operator in Italy in the field of processing services dedicated to PSPs (Payment Service Providers: Banks, IMELs, Payment Institutions) and in specialized collection and payment services for large corporates and the Public Administration, BFF is benefiting from a growing payments market thanks to the progressive digitalization of payment instruments.

In the course of 2024, the BU recorded positive performance in the digital payments sectors and, primarily, in the area of payment processing by banks, IMELs and payment institutions. Good performance was also recorded in the settlement sector for international cards and corporate and PA payments. A more robust operating structure is also making it possible for BFF to improve its role as service bank, also given the acquisition of new customers and the expectation of an increase in volumes in the coming years.

In the sector of traditional payment instruments (checks and bills) and domestic payments (CIT, RIBA, MAV, etc.), BFF is taking advantage of the system-wide trend of structural decline in volumes by acquiring new banking customers. In fact, the gradual reduction of volumes makes it scarcely convenient and consistent for banks to manage these products/services themselves, preferring to entrust all related activities to BFF in order to be able to still offer their customers quality services, but with important cost savings.

As already highlighted during 2023, the payments market continues to experience the effects of the evolution and digitization of the Payment System and the phenomena of bank aggregation, as well as the increased competitiveness as a result of the sector policies of the European authorities.

The gradual emergence of new players such as Payment Institutions, IMELs, TPPs and Fintechs in the payments market favors the growth of the intermediation and settlement services that BFF also offers to these types of players. BFF's focus on developing operational and compliance solutions enables new market players to become fully operational. In the period under review, as already described, the following should be highlighted: the positive impact for BFF of the closure of the SEPA Nexi/BI-Comp CSM, which facilitated a major increase in its customer base, and the publication of the IPR which, makes Instant Payments mandatory, leading to approximately 60 PSPs activating Instant Payment services via BFF during the year alone, with more expected in the course in 2025.

The fact that it is now compulsory for PSPs to send and receive instant payments and the revision underway on the Payment Services Directive (PSD) are resulting in the realization of the desired sector growth forecasts, with outlooks for further and new market opportunities in the near future as well.

The main indicators of the Payments BU, in terms of the number of transactions executed compared to last year, showed positive trends.

The number of transactions grew by 18% to 908 million transactions thanks mainly to the SEPA and instant payments sectors.

The balance of deposits, €2,598 million, decreased from €3,495 million as at December 31, 2023, mainly as a result of less liquidity left by customers on the technical settlement accounts and due to the lower contribution of the cashier's check service.

	12.31.2024	12.31.2023
Deposits - Final Balance (€M)	2,598	3,495

The level of Net Fee and Commission Income was higher than in 2023 and amounted to €55.7 million.

€M (normalized values)	2024	2023
Transactions (no. trans. € million)	908	767
Net fee and commission income	55.7	51.7
Other Revenue (including other operating expenses and income)	11.5	11.4
Total net revenue	**67.2**	**63.1**

Operating costs

The Bank continued to maintain a strong focus on cost control and, where possible, to improve its operating efficiency, maintaining a cost/income ratio of 56% in 2024, up compared to 44% (47% excluding the gains relating to the sale of certain government bonds for €19.8 million) in 2023, mainly due to the renewal of the national Italian banking sector contract and the investments made and aimed at improving processes, improving the Group's technological infrastructure and supporting the Group's growth in its core business.

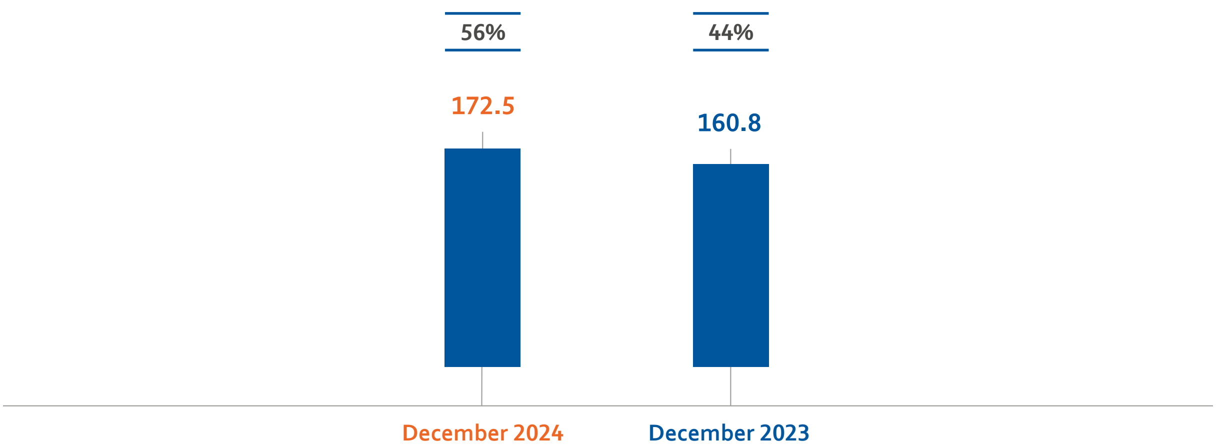
The costs of the Factoring & Lending BU rose by 5% compared to 2023, justified for the most part by the increase in expenses linked to personnel. The costs of the Payments BU rose by 9% compared to 2023, due to the increase in expenses linked to personnel and ICT. The costs of the Securities Services BU rose by 17% due to higher costs for upgrading ICT systems and personnel costs.

Other Costs increased by 5% compared to 2023, mainly due to an increase in personnel-related expenses.

Regarding the Deposit Guarantee Fund, please note that the EU Directive 2014/49 (Deposit Guarantee Schemes - DGS) introduced in 2015 a new mixed funding mechanism in the field of deposit guarantee schemes, based on ordinary (ex-ante) and extraordinary (*ex-post*) contributions linked to the size of the covered deposits and to the degree of risk incurred by the respective member bank.

With regard to the Resolution Fund, recall that Regulation (EU) 806/2014 governing the Single Resolution Mechanism, which came into force on January 1, 2016, has established the European Single Resolution Fund (SRF), managed by the new European resolution authority, the Single Resolution Board. Starting from that date, the National Resolution Funds (NRF) set up by Directive (EU) 2014/59 (Bank Recovery and Resolution Directive - BRRD) and implemented in 2015, became part of the new European Resolution Fund. In 2024, the resolution fund was not paid after the Single Resolution Board targets were met.

COST / INCOME RATIO



Factoring & Lending	(29.3)	(27.9)
Payments	(36.2)	(33.1)
Securities Services	(24.4)	(20.9)
Other	(82.6)	(78.9)

Events after the reporting date

Please refer to the section "Events subsequent to year-end" in the Consolidated report on operations.

Business Outlook

Please refer to the section "Business Outlook" in the Consolidated report on operations.

Group's Objectives and Policies on the Assumption, Management and Hedging of Risks

Please refer to the following sections of the Consolidated report on operations:

- Risk Management and Compliance with Prudential Supervision Regulations
- Monitoring and control of Liquidity

Disclosure regarding Calendar Provisioning and Past Due

With the aim of adopting an increasingly prudent approach to the classification and coverage of NPEs, in April 2019 the European Commission approved an update of EU Regulation 575/2013 (CRR) regarding the minimum coverage of non-performing loans. For the purposes of evaluating prudential provisions, the legislation in question provides that loans disbursed and classified as impaired after April 26, 2019 are subject to "calendar provisioning". Exposures disbursed earlier, and subsequently classified NPE, will not be subject to the provisions contained in the amendment to Regulation No. 575 (CRR). This update requires banks to maintain an adequate provision level, deducting from their CET 1 any positive difference between prudential provisions (identified by weighting the gross value of guaranteed and unsecured NPEs by certain percentages) and amending funds and other assets (provisions, prudent valuation, other deductions of CET1).

This rule is based on the principle that the prudential definition of default (i.e. past due, unlikely to pay and non-performing) effectively defines a state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Group exposures) are treated differently.

As at December 31, 2024 the impact on CET1 deriving from the application of calendar provisioning was roughly €15 million, compared to December 31, 2023 when it amounted to €0.8 million. The Bank, considering that the delayed payment and subsequent classification of the credit exposures as non-performing is not unambiguously symptomatic of an actual deterioration in credit risk, believes that any calendar provisioning will be released over time based on the collections of credit exposures.

Regarding the classification to NPE, note that on June 27, 2019 the Bank of Italy introduced certain amendments to Circular No. 272 concerning credit quality and the rules on the new definition of default, and on August 14, 2020 it published its note containing the guidelines of the Supervisory Body on the application of Delegated Regulation (EU) No. 171/2018 on the materiality threshold of overdue credit obligations pursuant to Art. 178, para. 2, letter d) CRR (RD), and more generally on the application of the RD regulations. Said clarification note was subsequently amended on October 15, 2020, February 15, 2021, and September 23, 2022.

On April 29, 2024, BFF received from the Bank of Italy the report containing the results of the follow-up inspections concluded on January 12, 2024, containing the formalization of a compliance finding on the classification of public receivables, regardless of the representation of an associated credit risk, which are based on an interpretation of the EBA guidelines for the new Definition of Default on such public receivables - in particular regarding the application of suspension to the calculation of late payment days for the purposes of the prudential classification of credit exposure - different from that adopted by BFF.

Following the above, on reporting date June 30, 2024, the new classification of the loan portfolio for prudential purposes took place, generating a sharp rise in the scope of the past due.

Please note that, as highlighted in the Financial Statements 2023, impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and bad loans), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Bank exposures) are treated differently. The actual credit risk profile assumed by the Bank is limited, as it has been assumed primarily with respect to public bodies not subject to procedures resulting in the risk of a loss of principal and the classification described above could result in significant distortions in the representation of the Bank's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

Disclosure regarding the going concern assumption

In accordance with IAS 1, paragraph 24, the Bank assesses its ability to continue as a going concern by taking into account the trend of its main core indicators and available information about the future, covering at least 12 months after the reporting date.

In view of the aforementioned considerations, associated with the historical and prospective review of its earnings and its ability to access financial resources, the Bank will continue its operating activities on a going concern basis. Consequently, these consolidated financial statements are drawn up based on this assumption.

An analysis of trends in recent financial years reflects the continued positive performance of the main indicators. The data can be summarized as follows:

- Increase in net interest income and total income;
- Growing equity;
- Sufficient availability of financial resources;
- Positive commercial prospects related to the trend in demand;
- High credit quality.

A quantitative summary of this analysis can be found below.

(values in thousand euros)

Items	12.31.2024	12.31.2023
Interest income	275.5	225.9
Total income	379.3	323.9
EBTDA (gross of provisions)	246.5	196.9
Net Profit	160.2	131.4
R.O.E. (Return On Equity) (%)[6] -	27.5%	23.4%
R.O.T.E. (Return on Tangible Equity) (%)[7]	29.8%	25.2%
Net interest margin / Interest and similar income (%)	41.9%	39.8%
NPLs (net of impairment) / Loans and receivables with customers (%)	1.8%	1.8%
Leverage Ratio	5.3%	4.3%
Equity	742.7	692.6
Own Funds	658.9	524.0

Internal Control System

Please refer to the section "Internal Controls" in the Consolidated report on operations.

Other information

Please refer to the "Other Information" section of the Consolidated report on operations.

6) ROE is calculated as the ratio of profit for the financial year to equity for the financial year excluding profit.
7) ROTE is calculated as the ratio of profit for the financial year to equity for the financial year excluding profit and the balance of intangible assets.

Distribution of BFF Bank SpA's profit

The Bank's profit for the year ended December 31, 2024 amounted to €160,196 thousand. This result includes, as described above, some extraordinary items, which net of the relative tax impacts amount to €71.4 million and are mainly related to the exchange rate related to late payment interest and compensation for recovery costs (so-called. "40 euros") in the amount of +€92.3 million, the cost of stock options in the amount of -€4.0 million, the adjustment of the settlement agreement with the Chief Executive Officer in the amount of +€0.6 million, the amortization of customer contracts in the amount of -€1.9 million, an extraordinary allocation to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings in the amount of -€11.7 million, and other non-recurring costs in the amount of -€3.9 million.

In view of the freeze on dividend distribution imposed by Bank of Italy, the following allocations are envisaged:

- €211.8 thousand to the legal reserve (to bring the reserve to 20% of the Share Capital to date);
- €159,985 thousand to retained earnings reserve. Of this amount, (i) €153,785 thousand are allocated to reach 12% of CET1 on a consolidated basis and 15% of TCR on a consolidated basis under the dividend policy, and (ii) €6,200 thousand are capitalized due to the dividend distribution freeze imposed by Bank of Italy.

Proposal to the Shareholders' Meeting

Introduction

Shareholders,

The Board of Directors has called you to this ordinary meeting on Thursday, April 17, 2025 at 11:00 a.m. (the "**Shareholders' Meeting**") at the registered office of BFF Bank S.p.A.(the "**Company**" or the "**Bank**" or "**BFF**") in Milan at Viale Scarampo no. 15 (the "**Registered Office**"), in single call, to approve, inter alia, the proposed allocation of the result for the financial year 2024.

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

In the **Supervisory Letter**, the Supervisory Authority identified certain critical issues and submitted compliance findings on i) Chief Executive Officer remuneration mechanisms, ii) corporate governance mechanisms and iii) the classification of public receivables based on the indications set forth in EBA guidelines. In particular, this last finding regards the application of the suspension of the calculation of late payment days for the purpose of the prudential classification of the credit exposure in default.

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

The Supervisory Authority pending consideration of the Bank's decisions on account of the inspection findings made, ordered the Bank to refrain - temporarily - from deliberating or putting in place:

- the distribution of profits (generated from financial year 2024) or other capital elements;
- the payment of the variable part of remuneration;
- further expansion of operations abroad by opening new branches or expanding into new countries under the freedom to provide services.

The Bank's Financial Statements at December 31, 2024, to be approved by the Shareholders' Meeting, show a profit of €160,196,420, which it is proposed be allocated as follows:

- €211,816 to the legal reserve (to bring the reserve to 20% of the Share Capital as of today);
- €159,984,604 to retained earnings reserve;

* * *

Therefore, we submit for your approval the following resolution proposal:

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

resolves

- to allocate €211,816 to the Legal Reserve;
- to allocate €159,984,604 to the Retained earnings;

* * *

For the Board of Directors

THE CHAIRPERSON

(Ranieri de Marchis)

Milan, March 12, 2025

Separate Financial statements

Statement of Financial Position

(Values in euro units)

Assets		12.31.2024	12.31.2023
10.	Cash and cash equivalents	137,363,828	239,129,961
20.	Financial assets measured at fair value through profit or loss	180,397,656	167,013
	a) financial assets held for trading	*1,806,330*	*1,166,851*
	c) other financial assets subject to mandatory fair value measurement	*178,591,326*	*165,846,205*
30.	Financial assets measured at fair value through other comprehensive income	141,441,909	137,519,601
40.	Financial assets measured at amortized cost	10,353,292,615	10,599,962,850
	a) loans and receivables with banks	*602,651,024*	*593,560,790*
	b) loans and receivables with customers	*9,750,641,591*	*10,006,402,060*
70.	Equity investments	229,882,153	154,875,553
80.	Property, equipment and investment property	52,384,595	20,376,918
90.	Intangible assets	44,102,820	40,734,472
	of which		
	- goodwill	-	-
100.	Tax assets	94,753,396	108,569,309
	a) current	*38,259,346*	*55,465,214*
	b) deferred	*56,494,050*	*53,104,095*
110.	Non-current assets held for sale and discontinued operations	-	8,046,041
120.	Other assets	689,455,742	644,465,938
TOTAL ASSETS		**11,923,074,714**	**12,120,693,699**

(Values in euro units)

Liabilities and equity	12.31.2024	12.31.2023
10. Financial liabilities measured at amortized cost	10,617,859,414	10,731,369,943
a) due to banks	*1,342,118,859*	*2,268,022,447*
b) due to customers	*8,665,827,010*	*8,463,347,496*
c) securities issued	609,913,545	-
20. Financial liabilities held for trading	138,658	1,214,962
60. Tax liabilities	159,336,595	121,318,038
a) current	-	-
b) deferred	*159,336,595*	*121,318,038*
80. Other liabilities	345,441,769	536,141,741
90. Post-employment benefits	3,209,462	2,895,921
100. Provision for risks and charges	54,419,577	35,103,849
a) commitments and guarantees given	*432,647*	*552,831*
b) pensions and similar obligations	*6,680,076*	*6,759,963*
c) other provisions	*47,306,854*	*27,791,055*
110. Valuation reserves	7,530,438	6,468,520
130. Equity instruments	150,000,000	150,000,000
140. Reserves	217,229,119	253,424,452
145. Interim dividend	-	(54,451,025)
150. Share premium reserve	66,277,204	66,277,204
160. Share capital	145,005,983	143,946,902
170. Treasury shares	(3,569,925)	(4,377,295)
180. Profit for the year	160,196,420	131,360,488
TOTAL LIABILITIES AND EQUITY	**11,923,074,714**	**12,120,693,699**

Income statement

(Values in euro units)

	Items	12.31.2024	12.31.2023
10.	Interest and similar income	657,645,751	567,752,230
	of which: interest income calculated according to the effective interest method	640,428,393	526,255,376
20.	Interest and similar expense	(382,182,450)	(341,848,469)
30.	**Net interest income**	**275,463,301**	**225,903,761**
40.	Fee and commission income	110,631,328	112,354,230
50.	Fee and commission expense	(28,391,348)	(37,215,189)
60.	**Net fee and commission income**	**82,239,980**	**75,139,041**
70.	Dividends and similar income	21,267,414	8,896,918
80.	Profits (losses) on trading	4,253,939	(10,194,402)
100.	Profits (losses) on disposal or repurchase of:	3,331,040	21,892,959
	a)financial assets measured at amortized cost	*3,331,040*	*22,038,492*
	b)financial assets measured at fair value through other comprehensive income	-	(145,533)
110.	Profits on other financial assets and liabilities measured at fair value through profit or loss	(7,230,431)	2,232,715
	b) other financial assets subject to mandatory fair value measurement	*(7,230,431)*	*2,232,715*
120.	**Total income**	**379,325,243**	**323,870,992**
130.	Net impairment losses/gains for credit risk associated with:	(2,268,208)	(3,338,344)
	a) financial assets measured at amortized cost	(2,268,208)	(3,338,344)
150.	**Net income from banking activities**	**377,057,035**	**320,533**
160.	Administrative expenses:	(171,910,892)	(163,352,031)
	a) personnel expenses	*(68,475,807)*	*(66,416,198)*
	b) other administrative expenses	*(103,435,085)*	*(96,935,833)*
170.	Net accruals to provisions for risks and charges	(19,960,946)	(3,710,499)
	a) commitments and guarantees given	*120,184*	*(327,364)*
	b) other net provisions	*(20,081,130)*	*(3,383,135)*
180.	Depreciation and impairment losses on property, equipment and investment property	(3,421,918)	(3,953,659)
190.	Amortization and impairment losses on intangible assets	(8,994,028)	(7,738,147)
200.	Other net operating income	55,046,215	40,106,081
210.	**Operating costs**	**(149,241,569)**	**(138,648,255)**
250.	Gains (Losses) on disposal of investments	**3,954,327**	-
260.	**Profit before tax from continuing operations**	**231,769,793**	**181,884,393**
270.	Income taxes for the period on continuing operations	(71,573,373)	(50,523,905)
280.	**Profit after tax from continuing operations**	**160,196,420**	**131,360,488**
290.	**Profit (loss) from discontinued operations after tax**	-	-
300.	**Profit (Loss) for the financial year**	**160,196,420**	**131,360,488**
	Basic earnings per share	**0.86**	**0.71**
	Diluted earnings per share	**0.84**	**0.70**

Statement of Comprehensive Income

(Values in euro units)

	Items	12.31.2024	12.31.2023
10.	**Profit (Loss) for the financial year**	**160,196,420**	**131,360,488**
	Other components net of taxes that may not be reclassified to profit or loss	**(2,190,725)**	**(26,491)**
20.	Equity instruments designated at fair value through other comprehensive income	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in creditworthiness)	-	-
40.	Hedges of equity instruments designated at fair value through other comprehensive income	-	-
50.	Property, equipment and investment property	(2,157,446)	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	(33,280)	(26,491)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves of equity-accounted investments	-	-
	Other income components, net of taxes, reclassified to the income statement	**3,252,644**	**1,575,651**
100.	Hedging of foreign investments		
110.	Foreign exchange differences	87,542	87,268
120.	Cash flow hedges	-	-
130.	Hedging instruments (undesignated elements)	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	3,165,102	1,488,383
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserves of equity-accounted investments	-	-
170.	**Total other comprehensive income net of tax**	**1,061,919**	**1,549,159**
180.	**Comprehensive income (Items 10+170)**	**161,258,339**	**132,909,647**

Statement of Changes in Equity

At 12.31.2024	Balances as at 12.31.2023	Change to opening balances	Balances as at 01.01.2024	Allocation of result for the previous year	
				Reserves	Dividends and other allocations
Share capital:					
a) ordinary shares	143,946,902		143,946,902		
b) other shares	-		-		
Share premium reserve	66,277,204		66,277,204		
Reserves					
a) retained earnings	243,717,965		243,717,965	(24,304,531)	
b) other	9,706,486		9,706,486		
Valuation reserves	6,468,520		6,468,520		
Equity instruments	150,000,000		150,000,000		
Interim dividend	(54,451,025)		(54,451,025)	54,451,025	
Treasury shares	(4,377,295)		(4,377,295)		
Profit (Loss) for the financial year	131,360,488		131,360,488	(30,146,494)	(101,213,993)
Shareholders' equity	**692,649,246**		**692,649,246**	**-**	**(101,213,993)**

At 12.31.2023	Balances as at 12.31.2022	Change to opening balances	Balances as at 01.01.2023	Allocation of result for the previous year	
				Reserves	Dividends and other allocations
Share capital:					
a) ordinary shares	142,870,383		142,870,383		
b) other shares	-		-		
Share premium reserve	66,277,204		66,277,204		
Reserves					
a) retained earnings	170,208,698		170,208,698	115,408,486	
b) other	10,418,884		10,418,884		
Valuation reserves	5,421,320		5,421,320		
Equity instruments	150,000,000		150,000,000		
Interim dividend	(68,549,894)		(68,549,894)	68,549,894	
Treasury shares	(3,883,976)		(3,883,976)		
Profit (Loss) for the financial year	261,438,216		261,438,216	(183,958,380)	(77,479,836)
Shareholders' equity	**734,200,834**		**734,200,834**	**-**	**(77,479,836)**

(Values in euro units)

Changes in the financial year									Equity at 12.31.2024
Change in reserves	Equity transactions							Comprehensive income as at 12.31.2024	
	Issue of new shares	Repurchase of treasury shares	Interim dividend	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options		
	1,059,081								145,005,983
									-
									66,277,204
(10,965,120)									208,448,314
(1,110,518)							184,836		8,780,805
								1,061,919	7,530,438
									150,000,000
									-
807,370									(3,569,925)
								420	160,196,420
(11,268,268)	**1,059,081**	**-**	**-**	**-**	**-**	**-**	**184,836**	**161,258,339**	**742,669,239**

(Values in euro units)

Changes in the financial year									Equity at 12.31.2023
Change in reserves	Equity transactions							Comprehensive income 2023	
	Issue of new shares	Repurchase of treasury shares	Interim dividend	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options		
	1,076,519								143,946,902
									-
									66,277,204
(14,411,869)				(27,487,350)					243,717,965
513,734							(1,226,132)		9,706,486
(501,959)								1,549,159	6,468,520
									150,000,000
			(54,451,025)						(54,451,025)
2,301,065		(2,794,384)							(4,377,295)
								131,360,488	131,360,488
(12,099,029)	**1,076,519**	**(2,794,384)**	**(54,451,025)**	**(27,487,350)**	**-**	**-**	**(1,226,132)**	**132,909,647**	**692,649,245**

Statement of Cash Flows

Indirect method

(Values in euro units)

	Amount	
	12.31.2024	**12.31.2023**
A. OPERATING ACTIVITIES		
1. Operations	**272,870,532**	**186,601,737**
- net profit/loss for the financial year (+/-)	160,196,420	131,360,487
- gains/losses on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)	(1,466,721)	39,029
- gains/losses on hedging operations (-/+)	-	(14,313,592)
- net impairment losses/gains for credit risk (+/-)	2,268,208	3,338,344
- depreciation, amortization and net impairment losses on property, equipment and investment property and intangible assets (+/-)	12,415,946	11,691,806
- net allocations to provisions for risks and charges and other costs/income (+/-)	19,960,946	3,710,499
- taxes, duties and unpaid tax credits (+/-)	71,573,373	50,523,905
- net impairment losses/reversals of impairment losses on discontinued operations, net of the tax effect (+/-)	-	-
- other adjustments (+/-)	7,922,360	251,259
2. Cash flow generated/absorbed by financial assets	**77,772,351**	**674,613,721**
- financial assets held for trading	-	707
- financial assets designated at fair value	(19,975,552)	(73,283,900)
- other financial assets subject to mandatory fair value measurement	-	-
- financial assets measured at fair value through other comprehensive income	(104,793)	(7,347,001)
- financial assets measured at amortized cost	169,402,027	1,123,229,163
- other assets	(71,549,331)	(367,985,247)
3. Cash flow generated/absorbed by financial liabilities	**(346,192,929)**	**(1,063,904,408)**
- financial liabilities measured at amortized cost	(146,994,674)	(1,201,837,136)
- financial liabilities held for trading	-	530,344
- financial liabilities designated at fair value	-	-
- other liabilities	(199,198,256)	137,402,385
Net cash generated/absorbed by operating activities	**4,449,954**	**(202,688,949)**

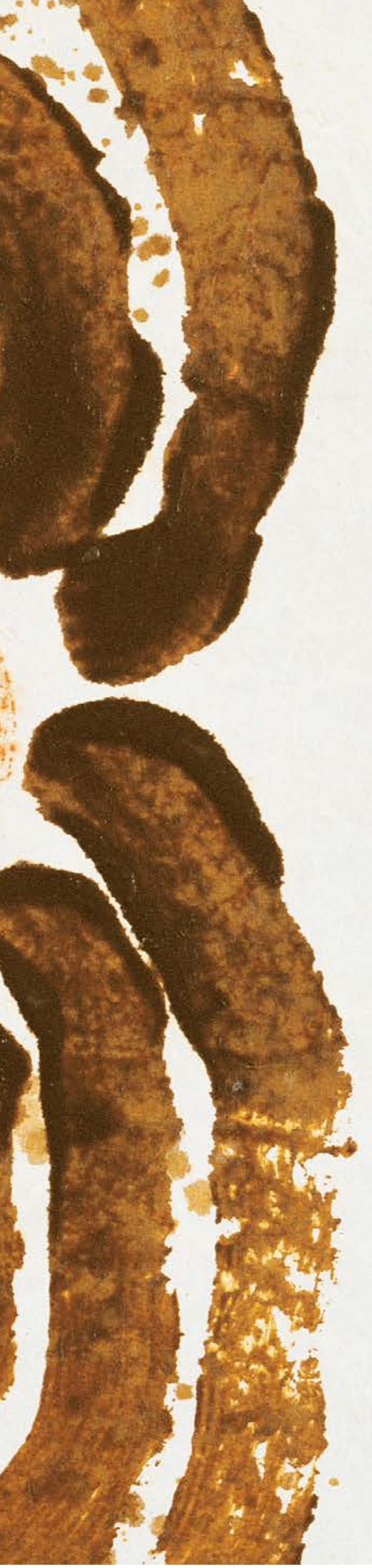
(cont'd)

(Values in euro units)

	Amount	
	12.31.2024	**12.31.2023**
B. INVESTING ACTIVITIES		
1. Liquidity generated by	-	**-**
- sales of equity investments	-	-
- dividends collected on equity investments	-	-
- sales of property, plant and equipment	-	-
- sales of intangible assets	-	-
- disposals of business units		
2. Liquidity absorbed by	**(5,002,092)**	**(19,943,582)**
- purchases of equity investments	(6,600)	(2,999,999)
- purchases of property, plant and equipment	7,366,884	(4,613,316)
- purchases of intangible assets	(12,362,377)	(12,330,266)
- purchases of business units	-	-
Net cash generated/absorbed by investing activities	**(5,002,092)**	**(19,943,582)**
C. FINANCING ACTIVITIES		
- issue / purchase of treasury shares	-	(2,794,384)
- issue/purchase of equity instruments	(1)	1
- distribution of dividends and other purposes	(101,213,993)	(159,418,211)
Net cash generated/absorbed by financing activities	**(101,213,994)**	**(162,212,594)**
NET CASH GENERATED/ABSORBED DURING THE FINANCIAL YEAR	**(101,766,132)**	**(384,845,125)**

Reconciliation

Financial statements item	Amount	
	12.31.2024	**12.31.2023**
Cash and cash equivalents at the beginning of the financial year	239,129,960	623,975,085
Total net cash generated/absorbed during the financial year	(101,766,132)	(384,845,125)
Cash and cash equivalents: effect of changes in exchange rates		
Cash and cash equivalents at end of financial year	**137,363,828**	**239,129,960**



Notes to the Separate Financial Statements

Notes to the Separate Financial Statements

Shareholders,
The Notes are broken down into the following parts:

Part A - Accounting policies
Part B - Information on the Statement of Financial Position
Part C - Information on the Income Statement
Part D - Comprehensive income
Part E - Information on risks and related hedging policies
Part F - Information on equity
Part G - Business Combinations of companies or business units
Part H - Transactions with related parties
Part I - Payment agreements based on equity instruments
Part M - Lease Reporting

Part A - Accounting policies

A.1 GENERAL

Section 1 - Statement of compliance with International Financial Reporting Standards

The financial statements as at December 31, 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the IASB, endorsed by the European Commission, as provided for by Regulation (EC) No 1606 of July 19, 2002 governing the application of IFRSs and related interpretations (IFRIC interpretations), endorsed by the European Commission and in force at the reporting date of the financial statements.

The application of IFRSs is done by observing the "systematic framework" for the preparation and presentation of financial statements (the Framework), with particular reference to the fundamental principle of substance over legal form and the concept of materiality or significance of the information.

Section 2 - Basis of presentation

The separate financial statements were prepared in accordance with the instructions provided by the Bank of Italy with Circular no. 262 of December 22, 2005 "Banks' financial statements: layout and preparation", as subsequently amended.

The separate financial statements include the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the separate financial statements, and are accompanied by the Directors' Report on Operations.

In accordance with the provisions of Article 5, paragraph 2, of Italian Legislative Decree no. 38 of February 28, 2005, the financial statements are drafted in euros, when not specified otherwise, and also show the corresponding comparisons with the previous year.

The financial statements were prepared based on the general principle of prudence and on an accruals and going concern basis, since, with reference to the operations and the financial and equity position of the Bank, and after examining the risks to which the Bank is exposed, the Directors have not identified any issues that could raise doubts on the Bank's ability to meet its obligations in the foreseeable future.

Standards, amendments and interpretations effective from 2024 or amended and not yet endorsed

As of the date of these separate financial statements, the following standards or amendments thereof have been endorsed and are applicable as of January 1, 2024:

- Amendments to IFRS 16 Leases, clarifying how to account for lease liabilities in a sale and lease-back transaction (Reg. EU 2023/2579);
- Amendments to IAS 1 - Presentation of the financial statements, clarifying the classification of liabilities as current or non-current and Non-current liabilities with covenants (Reg. EU 2023/2822);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial instruments: disclosures, governing supplier finance arrangements (Reg. EU 2024/1317).

Finally, the IASB issued the following standards and interpretations or amendments, the application of which is however still subject to the completion of the endorsement process by the competent bodies of the European Union, which has not yet been concluded and applicable as of financial statements beginning January 1, 2025:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates", governing cases in which there is a lack of exchangeability. The IASB published the document on August 15, 2023, which is expected to enter into force on January 1, 2025;
- Amendments to IFRS 9 Financial Instruments" and IFRS 7 Financial instruments: disclosure, relating to the classification of financial instruments. The IASB published the document on May 30, 2024, which is expected to enter into force on January 1, 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. The IASB published the documents on April 9, 2024 and May 9, 2024, which are expected to enter into force on January 1, 2027.

The possible effects of the future adoption of these standards, interpretations and amendments, to the extent applicable and relevant to the Bank, are reasonably estimated to be immaterial. Regarding IFRS 18, the Bank is evaluating the effects that the application of the standard will have on the presentation of financial statement items.

Change in accounting principle for properties used for business purposes

First of all, it is worth mentioning that starting from 2022, the Bank began a process of streamlining the group real estate portfolio through:

The purchase, through the dedicated vehicle BFF Immobiliare SRL (hereinafter the "Company"), of a building area and the construction of the new headquarters in Milan ("Casa BFF");

The rationalization of the Milan offices through (i) the sale of the building on Via Domenichino and (ii) the termination of the leasing contracts for the properties on Via Monte Rosa and Via Anna Maria Mozzoni, moving all employees to a single location in the city of Milan;

The sale of the offices located in Rome on Via Chianesi following also the transfer of staff to a single location in the city center on Via Bissolati;

This being stated, as at December 31, 2024, it should be noted that, compared with previous financial statements, BFF Bank has changed the measurement criterion adopted for the property, equipment and investment property classes "property used for business purposes and land" (governed by IAS 16 "Property, Plant and Equipment").

Specifically, the change involved a transition from the cost measurement model to the revaluation model (hereinafter also referred to as the "revaluation model" or "fair value") for valuation after initial recognition of properties used for business purposes and land. As at December 31, 2024, the Bank owned the property located in Rome on Via Chianesi, as the sale of the one located in Milan on Via Domenichino was formalized in December 2024.

The change in the measurement criterion for properties is a voluntary change in Accounting Policies, the treatment of which is governed by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which states that a voluntary change should be made only if, by doing so, it results in the financial statements providing reliable and more relevant information about the effects of transactions on the financial position, financial performance and cash flows. The transition from the cost method of valuation to the fair value method pursues this objective, since it allows:

- better information, ensuring a unified and up-to-date view in the valuation of the Bank's real estate assets, regardless of the historical moment: in fact, fair value permits, as compared to cost, the provision of current information that is more in line with the characteristics of the properties being valued;
- greater consistency for comparison, both of the statement of financial position and of the economic situation between successive financial years: in fact, the expression at current values improves the relevance and quality of the information, especially because of its periodic restatement;
- a constant alignment of the carrying amount of assets with values found on the market.

IAS 8 provides, as a general rule, that voluntary changes in accounting policy should be applied retrospectively from the earliest date when it is feasible to do so. This means that, according to the general principle, at the time the change takes place, the opening balances of the earliest prior comparative period and the data of the other comparative periods must also be restated. However, the general rule allows for exceptions. Specifically, IAS 8, in § 17, stipulates that, for the purpose of valuing property, plant and equipment, regulated by IAS 16, the transition from the cost criterion to the fair value criterion must be represented as if it were a new restatement of values with respect to the previous carrying amounts. This means that the initial application of the fair value criterion should be done prospectively and not retrospectively as required by the general principle stated in IAS 8.

Therefore, the change in accounting policy in the context of IAS 16, that is, for properties for business purposes and land, does not result in any adjustments to the opening balances and comparative data, or to the financial statements of interim periods preceding the date of the change. As a result, with the transition to fair value, reductions in value are recorded in the income statement while increases in value are recorded in a specific equity valuation reserve (OCI - Other Comprehensive Income), net of any decreases in the value of previously impaired properties, which are instead recorded in the income statement as reversals of impairment losses. It should also be noted that from a taxation point of view, the change in the value of properties and land as a result of the revaluation is immaterial, so deferred tax liabilities will have to be recognized on the value of the revaluation. Deferred taxes will be transferred to profit or loss (PL) in line with depreciation of properties.

In light of the above, the adjustment to current values produced economic effects, at the time of the change in accounting principle, attributable to the *revaluation loss* component of the owned property.

As of January 1, 2025, properties held for business purposes, which are valued on a revaluation basis in accordance with IAS 16, will continue to be depreciated over their useful life. The use of the new accounting model results in a different accounting representation. Specifically:

- write-downs exceeding any positive revaluation reserve are charged to the income statement. This mechanism ensures that no negative revaluation reserve is recognized.
- revaluations are charged to revaluation reserve to the extent that they exceed any previous write-downs.
- in the event the property is sold, any existing revaluation reserve is transferred to revenue reserves in equity, thus never flowing to the income statement

As analyzed in more detail, in Section 8 - Property, equipment and investment property of Part B, this change resulted in the recognition of a write-down of €3 million gross of the tax effect for the property on Via Chianesi in Rome. The write-down was recognized in the income statement for the 2024 financial year.

Methodological process adopted in estimating the fair value of real estate assets

The fair value of the properties is determined through the preparation of special appraisals by qualified and independent companies. From a methodological point of view, the so-called "Market Value" is estimated for all owned properties used for business purposes. According to the standards generally taken as a reference by real estate appraisers, Market Value is defined as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS Valuation Standard (Red Book) 2022).This value configuration (Market Value) is essentially equivalent to the fair value configuration defined in the IFRS. From an application standpoint, appraisals are conducted using the "Discounted Cash Flow" methodology for all properties in the portfolio. As part of the above methodology, the valuation parameters (primarily, lease payments and discount rates) used are estimated consistently with industry best practices and are based on market surveys of real estate contexts comparable to those subject to valuation.

Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")

The Bank recognizes late payment interest on an accruals basis rather than on a cash basis taking into account that:

- the business model and organizational structure envisage that the systematic recovery of late payment interest on receivables purchased on a non-recourse basis is a structural element of the ordinary business activities for the management of such receivables;
- late payment interest, due to its impact on the composition of results, does not constitute an ancillary element of non-recourse purchase transactions, and has been considered for a complete analysis of the prospective profitability profiles.

As from 2022, the Bank also recognizes on an accrual basis the lump-sum indemnity of €40 as debt collection expenses ("40 euros receivable" or "lump-sum indemnity"). The Bank has been claiming lump-sum indemnity since 2018, and, following the approach taken for late payment interest, has been tracking its collections since 2019 in order to establish a time-series of historical data on collections. It should also be noted that on October 20, 2022, the Bank obtained confirmation from the Court of Justice of the European Union of the right to recover at least 40 euros for each overdue invoice to the public administration, regardless of the amount and whether a certain amount of invoices are part of a single promise to pay.

Thus, for late payment interest and the 40-euros receivable, the Bank has time series data - regarding collection rates and collection times - processed using appropriate analytical tools, which are updated at least annually, when the annual financial statements are prepared, to determine the estimated recovery rates and collection times to be considered for the preparation of the financial statements. Trends in collections are analyzed on a quarterly basis to confirm recognition rates as part of the preparation of periodic reporting. If the updates bring to light significant variances, the Bank updates the estimate used for accounting purposes. The recognition rate of late payment interest and of the 40-euros receivable up until December 31, 2023 was 50%, although the average recovery rate recorded based on the time series data was higher.

It should be noted that, as is the case with Late Payment Interest, the right to receive the "40 euros" has also been considered since 2018 in the settlement agreements with debtors for the purposes of their recovery; therefore, when negotiating with debtors, the Bank treats the entire amount due as a single item on which to base the transaction and on which to apply the same discount percentages (only since 2021 in a structural manner do transactions consider discounts proportionally). So, it is considered appropriate to expect a convergence in the near future of the percentages of lump sum indemnity to those recorded on late payment interest considering it, therefore, methodologically more appropriate to use a single percentage.

During 2024, the Bank, in proceeding with the updating of the time series, implemented some refinements to the model in use, and in particular:

- critically reviewed the database, making appropriate adjustments where necessary, assessing any areas of risk, and identifying further operational improvements to continuously refine the quality of estimates;
- the reporting period of the analyses was critically analyzed, in order to make it more consistent with the mix of counterparties currently in the portfolio, with current operating methods and to ensure increased correspondence between the late payment interest and 40-euros databases. In this respect, for late payment interest the 2015-2024 time series was used, deeming the observations relating to the 2010-2014 period to be not very representative as they relate to collections that referred almost exclusively to the Italian NHS, which today represents just 31% of the overall provision.

The results of the update of the analyses confirmed that the collection percentage is at levels well above the 50% used for preparing the separate financial statements up until December 31, 2023. In particular, it highlighted that in the 2015-2024 period, the overall weighted average percentage, considering late payment interest and the 40-euros receivable, was 77.7%. Although, theoretically, under statistically "robust" conditions and with the use of long-term data, such as to consider the estimates sufficiently reliable, full alignment with the results of the model is possible without the introduction of prudential buffers, it was considered reasonable to increase the percentage of recognition of late payment interest and the 40-euros receivable from 50% to 65%, below, therefore, the evidence coming from the historical time series.

The change in estimate mentioned above is consistent with the provisions of paragraph 34 of IAS 8, which provides for the modification of an accounting estimate if there are changes in the circumstances on which the estimate was based or as a result of new information, new developments, or greater experience. By its very nature, a modification of an estimate is not related to previous years and is not the correction of an error". Specifically, and as highlighted above, the database revision activity and critical analysis of the reporting periods, has enabled the Bank to acquire new information that allows the estimation process to be refined and improved and made it more compliant with the objective of true and fair representation.

Pursuant to IAS 8.36, the change in estimate was recognized on a forward-looking basis during the year of the change and, therefore, reflected in the 2024 financial year.

Pursuant to the provisions of IAS 8.39, the impacts of the change of estimate on financial year 2024 follow below. The change in the debt collection rate of IDM and the 40-euros receivables generated a non-recurring income of €135.2 million (€96 million after tax) reported under items 10 "Interest and similar income" and 200 "Other operating income, net" in the Income Statement of the Bank for 2024.

In light of the analyses and investigations carried out during 2024, the Bank does not believe it is likely that in the foreseeable future there will be a significant change in the assumptions for estimating the collection of the carrying amounts of the assets and liabilities being estimated.

It should be noted that the late payment interest receivable and the 40-euros receivable as at December 31, 2024 are €520.5 million and €139.6 million, respectively.

Lastly, please note that the risk of uncertainty in estimation is for the most part related to the degree of recoverability and the estimated collection times for late payment interest accrued on receivables purchased without recourse and the 40-euros receivable, which are based on the analysis of multi-year business time series data that are reviewed regularly.

Finally, it should be noted that in the period between 2015 and 2024, the percentage of recovery of late payment interest and the 40 euros receivable was never lower than 70%, settling at a weighted average percentage of 77.7% - significantly above the 65% currently used. Therefore, for information purposes only, the Bank has considered that a change in the recognition percentage of the aforementioned items of +/-10% may be relevant pursuant to IAS 1.129 b): in fact, +10% would provide an indication of the effects resulting from a substantial alignment of the recognition percentage to the levels emerging from the evidence of the historical time series and, conversely, -10% would provide an indication of the effects resulting from a significant erosion of the collection percentages (%).

These changes would result in a non-recurring impact of approximately +/-€99.7 million or +/- 43% of the Bank's pre-tax result for FY2024.

Section 3 - Events after the reporting date

On January 21, 2025, the European Court of Human Rights published a ruling confirming that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including municipalities in financial distress, in the presence of judicial decisions that remain enforceable. The Bank has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

No other significant events occurred after the reporting date at December 31, 2024.

In particular, in relation to what is required under IAS 10, in the period between the end of 2024 and the date of the approval of these separate financial statements, no events took place that would require an adjustment of the data presented in the separate financial statements.

Section 4 - Other issues

It should be noted first of all that the action plan on internal governance, transmitted to the Bank of Italy and attached to the response to the Letter on the Company Situation (the "**Action Plan**"), provides that the Board of Directors, upon proposal of the Chairperson, will assign the role of "**AML Representative**" - currently held by the Bank's Chief Executive Officer - to a director other than the latter.

That being said, it should be noted that - consistent with the process set forth in the Action Plan - the Chairperson of the Board of Directors has:

- identified the directors who meet the necessary requirements - pursuant to current regulations - to serve as AML Representative, assessing their availability and collecting that of a Director;
- informed the Chairperson of the Remuneration Committee in order to allow the Committee to carry out its preparatory work to arrive at the definition of a remuneration proposal to be attributed to the new AML Representative, subject to a resolution to that effect by the Board of Directors; and
- notified the Chairperson of the Nominations Committee:

(i) to consider the possible proposal for the appointment of Mr Domenico Gammaldi as a new AML Representative (who held the positions of Chairperson of the CCR and member of ComRem); and, taking into account that following the aforementioned appointment, it became necessary to revise the composition of the Board Committees as:

a) the position of AML Representative is by its nature an "executive" position; and

b) Board committees must be composed of directors who are "all non-executive and a majority of whom are independent", in accordance with applicable laws and regulations,

(ii) to conduct their own evaluations about how to recompose the board committees themselves.

Therefore, the Board of Directors, having verified the adequacy of the proposal made by the Nominations Committee regarding the candidacy of Mr Domenico Gammaldi as AML Representative, on the basis of the requirements set forth by the rules and regulations in force, resolved to recompose, as from January 1, 2025, the board committees as follows:

CONTROL AND RISKS COMMITTEE

NAME	QUALIFICATIONS
Alexia Ackermann	Independent director
Mimi Kung	Independent director
Piotr Stepniak	Non-executive director

NOMINATIONS COMMITTEE

NAME	QUALIFICATIONS
Mimi Kung	Independent director
Susana Mac Eachen	Independent director
Piotr Stepniak	Non-executive director

REMUNERATION COMMITTEE

NAME	QUALIFICATIONS
Guido Cutillo	Independent director
Mimi Kung	Independent director
Susana Mac Eachen	Independent director

RPT COMMITTEE

NAME	QUALIFICATIONS
Anna Kunkl	Independent director
Guido Cutillo	Independent director
Alexia Ackermann	Independent director

Board renewal process

On April 18, 2024, the Shareholders' Meeting elected the new Board of Directors as well as the new Board of Statutory Auditors, the latter entirely appointed at the proposal of investors. Both bodies will remain in office until the approval of the separate financial statements for the year ending December 31, 2026.

Inspection of the Bank of Italy

Between September 11, 2023 and January 12, 2024, the Bank of Italy carried out an inspection at BFF.

The Supervisory Authority submitted the results of the above-mentioned assessments to the Bank's Board of Directors on April 29, 2024, simultaneously communicating that the sanctioning procedure had been initiated.

In the Supervisory Letter, the Bank of Italy identified certain critical issues and submitted compliance findings on i) Chief Executive Officer remuneration mechanisms, ii) corporate governance mechanisms and iii) the classification of public receivables based on the indications set forth in EBA guidelines. In particular, this last finding regards the application of the suspension of the calculation of late payment days for the purpose of the prudential classification of the credit exposure in default.

The Bank responded to the Supervisory Authority on July 11, 2024 in order to promptly resolve the findings received. Specifically, the Bank reclassified the loan portfolio for prudential purposes, increasing the past due exposure at June 30, 2024 by around €1,429 million, which generated additional RWAs of around €1,801 million and IFRS 9 provisions of €0.7 million. The application of the "prudential backstop" will begin at the end of the second year as of the date of classification of the positions as Past Due, i.e. after June 2026.

The Bank does not expect any significant increase in the credit risk on those exposures and continues to focus on optimizing RWAs, by strengthening the collection process and evaluating the application of other mitigation factors, after consulting with the Supervisory Authority.

Please recall that impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Group exposures) are treated differently. The actual credit risk profile assumed by the BFF Group is limited, as it has been assumed primarily with respect to public bodies not subject to procedures resulting in the risk of a loss of principal and the classification described above could result in significant distortions in the representation of the group's accounting, prudential and capital strength information. This is also supported by very limited credit losses. In addition, given the complexity and sensitivity of the issues raised by the Bank of Italy, on July 15, 2024, the Bank sent to the Bank of Italy (i) the responses containing the corrective actions undertaken and to be undertaken to resolve the compliance findings specified in the Inspection Report, (ii) a letter containing its counter-arguments in relation to the individual claims raised by the Bank of Italy in the sanction proceedings.

Authorization to repurchase treasury shares

The treasury share purchase aims to equip the Bank with sufficient financial instruments in order to meet the requirements of the remuneration and incentive systems as per the current "Remuneration and incentive policy of the Banking Group".

The Bank's Ordinary Shareholders' Meeting of April 18, 2024 approved revoking the previous authorization granted by the Shareholders' Meeting of April 13, 2023, for the part not yet executed, and authorizing the Board of Directors to proceed with the purchase of BFF ordinary shares, on one or more occasions and for a period of 18 months from the date of the Shareholders' Meeting, in pursuit of the purposes set out in the illustrative report on the authorization to purchase and dispose of treasury shares; the maximum number of shares to be purchased is 8,868,516, representative of 5% of the 187,218,044 shares without a nominal amount representing the entire subscribed and paid-up share capital of the Bank, amounting to €144,157,893.80 (taking into account the treasury shares already in stock on the date of publication of that Illustrative Report).

Please note that, as set forth in the press release of May 9, 2024, the Bank withdrew its request to purchase treasury shares disclosed to the market on October 6, 2023 and submitted to the Bank of Italy on October 12, 2023.

Shareholder Resolutions

On April 18, 2024, the Ordinary Shareholders' Meeting of the Bank resolved:

- to set aside €52,303,766 for the distribution to Shareholders of the distributable part of the profit for the year;
- to approve the distribution in cash in favor of the shareholders of a dividend of €101,213,994, of which €52,303,766 from a portion of the Bank's stated profit and €48,910,228 from a portion of the retained earnings. The dividend balance, before legal withholding tax, is therefore €0.541 for each of the 187,218,044 ordinary shares outstanding at the coupon date (no. 9) of April 22, 2024 (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 date of April 23, 2024 (record date);
- to approve the new "2024 Remuneration and Incentive Policy for the members of the Strategic Supervision, Management and Control Bodies and the Personnel of the BFF Banking Group" included in Section I of the Board of Directors' Report;
- to approve the policies for determining compensation in the event of early termination of office or termination of employment, including limits on such compensation;
- to approve the second section of the Annual Report on the Remuneration Policy and Compensation Paid pursuant to Article 123-ter, paragraph 6 of Italian Legislative Decree no. 58/1998;
- to appoint nine directors in compliance with the gender balance guidance of current laws and regulations, who will remain in office for the period 2024-2026. The Ordinary Shareholders' Meeting appointed Ranieri de Marchis as Chairman of the Board of Directors and confirmed Massimiliano Belingheri as Chief Executive Officer;
- with regard to the composition of the Board of Statutory Auditors, to appoint the new members of the Board of Statutory Auditors and their Chair, who will remain in office for the period 2024-2026;

- to revoke the previous authorization to repurchase and dispose of treasury shares of the Bank granted by the Shareholders' Meeting of April 13, 2023 for the part not executed by the date of this resolution and therefore without prejudice to the transactions carried out in the meantime, and to authorize the Board of Directors – pursuant to and for the purposes of Art. 2357 of the Italian Civil Code – to repurchase up to 8,868,516 ordinary shares of the Bank, taking into account the shares already in stock.

On April 18, 2024, the Extraordinary Shareholders' Meeting of the Bank resolved to:

- approve the proposal by the Board of Directors to modify articles 15 (fifteen), 18 (eighteen), 20 (twenty), and 25 (twenty-five) of the By-laws, approving those changes in the text provided in the illustrative report, for the reasons set forth therein.

Risks, uncertainties and impacts of the Russia/Ukraine conflict and the Israel/Palestine war

During the financial year ended December 31, 2024, the continuation of tensions in the global geopolitical environment arising from the conflict between Russia and Ukraine, which erupted in early 2022, should still be noted, although the related repercussions on the European and global macroeconomic situation appear to be contained to date also in relation to a lower tension on the price of gas and consequently on inflation, which seems to be back under control, an aspect reinforced by the policy of cutting interest rates undertaken by the ECB.

However, it should be noted that, also looking ahead, the conflict could represent a factor of instability that, in general, can significantly affect the macroeconomic landscapes of the countries that BFF operates in and their growth prospects.

- With regard to the credit risk arising from impacts on financed enterprises that have significant commercial operations with Russia, Belarus, or Ukraine, no customers with significant commercial operations with Russia, Belarus, or Ukraine have been identified.
- With regard to securities trading, the Bank does not hold securities issued by issuers particularly exposed to risks arising from the current geo-political environment and conflict.
- With regard to profitability, note that custodian bank fees are calculated on the basis of the funds' AuM, and therefore the depreciation of these securities in the funds' portfolio had an insignificant impact compared to, for example, normal market volatilities.
- With regard to operational risks related to cyberattacks, note that the Bank has not recorded any directly associated attacks of this nature, and moreover there are no operations in the countries affected by the conflict.

Moreover, the Compliance & AML Function, with the involvement and support of the competent functions, continuously (i) monitors regulatory developments with regard to the restrictive and sanctioning regime applied at the EU level to subjects, entities and banks in Russia and Belarus involved in the conflict; (ii) disseminates information alerts to the various BUs whenever there are updates and (iii) supports the various BUs in analyzing the compliance of specific operational requirements.

In light of the Bank's business model and the nature of its risk counterparties, the Russia/Ukraine conflict did not entail changes to the model for determining expected losses. However, with the annual update of the macroeconomic scenarios, the Group Risk Management Function monitors the trend of risk parameters against the evolution of the conflict in order to understand any impact on the determination of expected losses (for more details see the section "IFRS 9 - Update to reflect the financial crisis due to the Russia/Ukraine conflict and the impact of the Israel/Palestine conflict").

Following is information on topics and measures already undertaken in prior years with a view to continuity also during 2024:

- Commercial aspects: with regard to the Factoring and Lending BU, it is worth noting that the overall trend in factoring and customer financing volumes is in line with last year, despite a lower performance in Italy and Portugal.
- The Securities Services BU continued to record good performance due to good market trends and specialized services offered to institutional customers.
- The Payments BU also performed positively in general, with greater emphasis on electronic/digital payments. The Cheques and Bills segment, on the other hand, follows the downward trend recorded system-wide, due to the gradual abandonment of the related payment instruments by citizens and businesses (a trend that can be found in the periodic statistics on the Payment System published by Bank of Italy).
- Liquidity: the current macroeconomic scenario is characterized by a high degree of uncertainty, influenced by the continuation of the Russia/Ukraine conflict, the Israel/Palestine conflict and tensions at international level, with repercussions on the credit system as well. In this context, the Bank focused its attention on the oversight mechanisms required to monitor the liquidity position, and in particular:
  - when deemed necessary, reserves the right to perform stress analyses that are more frequent and more detailed as well as with increasing and variable impacts,
  - maintains a significant share of assets available to meet unforeseen liquidity needs;
  - monitors the markets, including through continuous comparison with market operators and related banks; and
  - continues to closely monitor the collection trends of Public Administration debtors.

Furthermore, the consequences of the Israel/Palestine war have not had a particular impact on lease contracts (IFRS 16), actuarial gains/losses related to post-employment benefits (IAS 19) and the vesting conditions of share-based payments (IFRS 2).

Climate-Related Issues

In preparing the Financial Statements, the BFF Group considered the recommendations of ESMA, contained in the document "European common enforcement priorities for 2024 annual financial reports" published in October 2024. In particular, with regard to climate-related issues, ESMA has stressed the importance of reflecting these issues in financial statements to the extent that they have a material impact, also recalling indications provided by the IASB, which has highlighted examples of potential financial implications arising from climate-related risks.

ESMA's priorities include the need to facilitate investors in identifying information on climate-related aspects, promote consistency between financial and non-financial disclosures (prepared in accordance with Legislative Decree No. 125/24 and the new ESRS standards), and finally, where deemed appropriate, report relevant financial information on climate-related aspects in financial statements as well as how climate-related risks have been integrated into the accounting estimates carried out.

Given the growing relevance of ESG risks, and in particular climate-related risks, the BFF Group pays constant attention to these issues, both in the context of its overall risk management framework and in the analysis of potentially affected items in the financial statements.

In particular, the EBA's Guidelines on the management of environmental, social and governance (ESG) risks have introduced specific requirements regarding the integration of ESG risks into the internal processes and risk management to be adopted in compliance with the Capital Requirements Directive (CRD VI). In fact, they specify the content of the plans that banking institutions must prepare in order to monitor and address financial risks arising from ESG factors, including those arising from the process of adaptation toward the goal of achieving climate neutrality in the EU by 2050.

In particular, regarding Large institutions, which include BFF, the requirement to conduct a Materiality Assessment on an annual basis remains. In addition, new risk drivers were introduced, with a focus on non-climate-related environmental risks, such as biodiversity. Another important focus concerns data management and IT processes, with the aim of ensuring consistency of ESG data, even when it comes from external providers, ensuring that the data used is clear and understandable, including the underlying methodology and the construction of any scores. A list of specific data points has also been defined, in line with those established in the context of the CSRD (e.g. the definition and calculation of GHG emissions).

The approach to identifying risks follows a holistic model already adopted by BFF, which is based on four main drivers of analysis: exposure, portfolio, sector, and scenario.

In this context, also in line with the Bankit plan, the Risk Management Function has planned a specific project (for its areas of responsibility) for 2025 that includes alignment with relevant regulations (e.g. Bank of Italy plan, EBA Guidelines, CRR).

Part E of the report examines in detail how the Group's risk management framework includes a materiality assessment, implementation of specific controls in the Risk Appetite Framework (RAF), performance of scenario analyses, and monitoring of ESG risks broken down into different risk categories (e.g. credit, market, and liquidity).

Furthermore, the Group recognizes the need to develop increasingly accurate tools to identify how and to what extent environmental risks, particularly climate-related risks, may translate into financial risks; to this end, they are being progressively integrated into valuation models.

This approach reflects the BFF Group's commitment to adapting to a changing regulatory and market context, responding with appropriate tools to the challenges posed by ESG and climate-related risks.

The main risk to which the Bank is subject is credit risk, therefore, it was decided to carry out specific stress tests using internal valuation models by including the presence of elements related to the "ESG" and climate-related areas that, at the moment, do not appear to have an appreciable effect on the assessments made by them.

Statutory audit

The Shareholders' Meeting of BFF Bank S.p.A. held on April 2, 2020 appointed the independent auditors KPMG S.p.A. to audit the financial statements from 2021 to 2029, pursuant to the provisions of Article 2409-bis of the Italian Civil Code and Italian Legislative Decree No. 39/2010.

A.2 - MAIN ITEMS OF THE SEPARATE FINANCIAL STATEMENTS

The following describes the accounting policies adopted to prepare the separate financial statements at December 31, 2024, in accordance with IAS 1 and the instructions contained in Bank of Italy Circular no. 262 of December 22, 2005, as amended.

These accounting policies include the main criteria for recognizing, classifying, measuring and derecognizing the main assets and liabilities as well as for recognizing revenue and costs, along with other information.

Financial assets

IFRS 9 divides financial assets into three categories:

- Financial assets measured at fair value through profit or loss;
- Financial assets measured at fair value through other comprehensive income;
- Financial assets measured at amortized cost.

1 - Financial assets measured at fair value through profit or loss

Classification criteria

This category includes financial assets other than those classified as financial assets measured at fair value through other comprehensive income or as financial assets measured at amortized cost. Specifically, this item includes:

- financial assets held for trading;
- financial assets with obligatory fair value measurement, represented by the financial assets that do not meet the requirements for measurement at amortized cost or fair value through other comprehensive income. These are financial assets whose contractual terms do not exclusively provide for solely payments of principal and interest on the principal amount outstanding, or which are not held in connection with a "Hold-to-Collect" business model, or whose objective is a "Hold-to-Collect-and-Sell" business model;
- financial assets designated at fair value, namely financial assets defined in this way at the time of initial recognition and where the requirements are met. In such cases, on recognition an entity can irrevocably designate a financial asset as being measured at fair value through profit or loss if and only if by so doing it would eliminate or significantly reduce a recognition inconsistency.

This item therefore includes:

- debt instruments and loans that are included in another/trading model (therefore not related to the "hold-to-collect" or "hold-to-collect-and-sell" business models) or that fail the contractual characteristics test (SPPI test);
- equity instruments – which cannot be qualified as controlling or connected – for which the designation at fair value through other comprehensive income has not been made upon initial recognition;
- UCI units.

The item also includes derivatives, recognized among financial assets held for trading, which are represented as assets if the fair value is positive.

In accordance with the general rules in IFRS 9 regarding the reclassification of financial assets (except for equity securities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be very infrequent, the financial assets may be reclassified from the category of assets measured at fair value through profit or loss to one of the other two categories permitted by IFRS 9 (Financial assets measured at amortized cost or Financial assets measured at fair value through other comprehensive income). The transfer value is the fair value measured at the reclassification date, and the effects of reclassification apply prospectively from said date. In this case, the effective interest rate of the reclassified financial asset is determined on the basis of its fair value on the reclassification date. That date is taken to be the date of initial recognition, for credit risk stage assignment for impairment purposes.

Recognition criteria

The initial recognition of financial assets takes place on the date of settlement for debt instruments and equity instruments, on the date of disbursement for loans, and on the date of subscription for derivatives.

Financial assets at fair value through profit or loss are initially recorded at fair value, normally presented by the price of the transaction, without considering the costs or income of the transaction directly attributable to the instrument itself.

Measurement criteria

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The effects of applying this measurement criterion are charged to the income statement.

To determine the fair value of financial instruments listed on an active market, market prices are used. In the absence of an active market, commonly adopted estimation and valuation models are used. These take into account all the risk factors related to the instruments and are based on observable market data such as: the valuation of listed instruments with similar characteristics, discounted cash flow calculations, option pricing models, the recorded values of recent comparable transactions, etc.

For equity instruments and derivatives not quoted on an active market, the cost criterion is used to estimate the fair value only on a residual basis and in a limited number of circumstances, namely if none of the above valuation methods can be applied or if there is a wide range of possible fair value valuations, within which the cost is the most significant estimate.

Derecognition criteria

Financial assets or parts of financial assets are derecognized if and only if disposal entails the substantial transfer of all the related risks and benefits.

Specifically, financial assets sold are derecognized when the entity retains the contractual rights to receive the cash flows of the asset but enters into a simultaneous obligation to pay those cash flows and only those cash flows to third parties, without significant delays.

2 - Financial assets measured at fair value through other comprehensive income

Classification criteria

According to IFRS 9, a financial asset is included in this category if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (HTC&S business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (meeting the SPPI test).

In particular, this item includes:

- debt instruments that are included in a Hold to Collect and Sell Business Model and that pass the contractual characteristics test (SPPI test);
- equity instruments, which cannot be qualified as controlling, associated or jointly controlled and which are not held for trading, for which the option for designation at fair value through other comprehensive income has been exercised.

In addition, equity instruments for which the Bank has decided to use the FVOCI (Fair Value through Other Comprehensive Income) option are also measured at fair value through OCI. The FVOCI option provides for the recognition in OCI of all income components relating to these instruments, without any impact (even in the event of disposals) on profit or loss.

The Bank has decided to use the FVOCI option for the equity instruments held, whose amount is not significant.

HTC&S business model

Financial assets classified in the HTC&S business model are held to collect contractual cash flows and to sell the financial assets. Sales are therefore more frequent and significant compared to a hold to collect business model. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

These assets can be held for an indefinite period of time and can fulfill the need to access liquidity or respond to fluctuations in interest rates, exchange rates or prices.

Therefore, unlike in the case of financial assets measured at amortized cost (HTC), IFRS 9 does not require defining thresholds in terms of frequency and significance of sales for the HTC&S business model.

That said, taking a prudent approach, the Bank defined a maximum annual turnover ratio for the securities portfolio allowing to distinguish this business model from the Other model (i.e., assets held for trading), calculated as the ratio of the total value of sales to the average stock for the year ((*opening stock + closing stock)/2*).

As far as the reclassification of financial assets is concerned (excluding equity securities, which are not eligible for reclassification), IFRS 9 allows an entity to reclassify its financial assets to other categories of financial assets if and only if the business model for managing those assets changes.

In such cases, which are expected to be very infrequent according to the standard, financial assets can be reclassified from FVOCI to one of the other two categories provided for by IFRS 9 (financial assets measured at amortized cost or financial assets measured at fair value through profit or loss).

The transfer value is the fair value measured at the reclassification date, and the effects of reclassification apply prospectively from said date. More specifically, if a financial asset is reclassified to amortized cost, its fair value at the reclassification date is adjusted to reflect the accumulated gains (losses) recognized in the valuation reserve. On the contrary, if a financial asset is reclassified to FVPL, the accumulated gains (losses) previously recognized in the valuation reserve are reclassified from equity to profit (loss) for the period.

Reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which should be highly infrequent, financial assets can be reclassified from FVOCI to one of the other two categories provided for by IFRS 9 (financial assets measured at amortized cost or financial assets measured at fair value through profit or loss [FVPL]). The transfer value is the fair value measured at the reclassification date, and the effects apply prospectively from said date with the following impacts:

- if a financial asset is reclassified to amortized cost, its fair value at the reclassification date is adjusted to reflect the accumulated gains (losses) recognized in the revaluation reserve;
- on the contrary, if a financial asset is reclassified to FVPL, the accumulated gains (losses) previously recognized in the valuation reserve are reclassified from equity to profit (loss) for the period.

Recognition criteria

The initial recognition of financial assets takes place on the date of settlement for debt and equity instruments.

On initial recognition, the assets are measured at fair value, including transaction costs or income directly attributable to the instrument.

Measurement criteria

With regard to debt securities, these assets are subsequently measured at fair value, recording interest in the income statement, using the amortized cost method under item 10 "Interest and similar income." Gains and losses arising from changes in fair value are recognized in equity under item 110 "valuation reserves" except for impairment, which is recognized under item 130 "Net impairment losses/gains for credit risk associated with: b) financial assets measured at fair value through OCI".

Gains and losses are recorded in Valuation reserves until the financial asset is disposed of, at which time the cumulative gains and losses are recorded in the Income statement under item 100 "Gains (losses) on disposal or repurchase of: b) financial assets measured at fair value through profit or loss".

Fair value changes recognized under item 110 "valuation reserves" are also reported in the statement of comprehensive income.

Equity instruments (shares) not traded in an active market, whose fair value cannot be determined reliably due to the lack or unreliability of information needed fair value measurement, are measured at the last reliably measured fair value.

Equity instruments that were classified in this category are valued at fair value and the amounts recognized as a balancing entry under equity (other comprehensive income) must not then be transferred to the income statement, not even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the purposes of IFRS 9, the impairment of financial assets included in these categories is recognized in three different stages based on the relevant credit risk level.

More specifically, for Stage 1 instruments (financial assets that are not credit-impaired on initial recognition and instruments without significant increase in credit risk since initial recognition), 12-month expected credit losses are recognized at the initial recognition date and at each subsequent reporting date.

For Stage 2 instruments (assets with significant increase in credit risk since initial recognition but not credit-impaired) and Stage 3 instruments (credit-impaired exposures), lifetime expected credit losses are recognized instead.

For debt instruments, any circumstances indicating that the borrower or issuer is experiencing financial difficulties such as to prejudice the collection of principal or interest constitute evidence of impairment.

If there is objective evidence of impairment, the cumulative loss that was initially recognized in equity under item 110 "Valuation reserves" is transferred to the income statement under item 130 "Net impairment losses/gains for credit risk associated with: b) financial assets measured at fair value through OCI". The amount transferred to the income statement is equal to the difference between the asset's carrying amount (value at initial measurement net of any previous impairment losses already recognized in the income statement) and its current fair value.

If the fair value of a debt instrument increases and such increase can be objectively attributable to an event relating to the improvement in the debtor's creditworthiness, occurring in a period subsequent to the recognition of impairment in the income statement, the impairment gain is recognized and the amount of the gain is recognized in the same income statement item. This does not apply to equity securities, which are not tested for impairment.

After the reinstatement, the carrying amount cannot in any case exceed measurement at amortized cost had the impairment loss not been recognized.

Impairment losses/gains are recognized according to the staging allocation criteria and the following risk parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD) – defined in accordance with the subsequent paragraph "Measurement of impairment losses on financial assets".

Equity securities are not subjected to the impairment process.

Derecognition criteria

Financial Assets measured at fair value through profit or loss are derecognized when the contractual rights expire and when, following disposal, substantially all of the risks and rewards relating to the financial asset sold are transferred. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognized in the financial statements, even if legally their ownership has been effectively transferred.

3 - Financial assets measured at amortized cost

Classification criteria

According to IFRS 9, a financial asset is included in this category if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (HTC business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (meeting the SPPI test).

On the basis of the accounting statements provided for by the Bank of Italy's Circular no. 262 of December 22, 2005, as amended, this financial statement item includes:

- loans and receivables with banks in the various technical forms;
- loans and receivables with customers, in the various technical forms, which also include debt securities classified in the HTC business model and that passed the SPPI test.

Loans and receivables with banks relate essentially to ordinary current accounts and loans with banking counterparties in the various technical forms.

Loans and receivables with customers are primarily comprised of debt securities, receivables due from debtors relating to factoring activities and late payment interest, computed based on receivables purchased on a non-recourse basis in accordance with laws in force (Italian Legislative Decree 231/2002 "Implementation of Directive 2000/35/EC on combating late payments in commercial transactions"), as well as loans to customers in the various technical forms.

BFF's receivables from factoring transactions almost exclusively refer to non-recourse purchase transactions involving the full transfer of all the risks and rewards relating to receivables.

HTC business model

Financial assets measured at amortized cost are held within a business model whose objective is to obtain contractual cash flows by collecting payments over the lifetime of the instrument.

Not all assets shall necessarily be held to maturity. IFRS 9 provides the following examples of cases in which the sale of financial assets may be consistent with the HTC business model:

- Sales are attributable to the increased credit risk of a financial asset;
- sales are infrequent (even if significant in terms of amount) or insignificant at an individual level and in aggregate form (even if frequent);
- Sales take place close to the maturity of the financial asset and revenue from the sales are close to the amount of the remaining contractual cash flows.

The Bank identified thresholds of significance for frequency and volumes of sales, required to analyze whether the HTC business model has been maintained.

Therefore, in the event of sales (consistently with the business model concerned), by virtue of common market practice, a percentage of significance for annual sales volumes has been defined, determined as the sum of the value of sales made during the year/the carrying amount of the HTC portfolio at the beginning of the year.

With respect to the frequency of sales, BFF has defined a monthly threshold, as set out in the (RAF) Risk Appetite Framework, which, in line with the maximum acceptable risk, defines the business model and the strategic plan - risk appetite, tolerance thresholds, risk limits, risk governance policies and the processes of reference for designing and implementing them.

As far as the reclassification of financial assets is concerned, IFRS 9 allows an entity to reclassify its financial assets to other categories of financial assets if and only if the business model for managing those assets changes.

In such cases, which are expected to be very infrequent according to the standard, financial assets can be reclassified from amortized cost to one of the other two categories provided for by IFRS 9 (FVOCI or FVPL).

The transfer value is the fair value measured at the reclassification date, and the effects of reclassification apply prospectively from said date. Gains or losses arising from the difference between the amortized cost of a financial asset and its fair value are recognized in the income statement in the case of a reclassification to financial assets measured at fair value through profit or loss (FVPL), or in equity, as part of the specific valuation reserve, in the case of a reclassification to financial assets measured at fair value through other comprehensive income (FVOCI).

Recognition criteria

With respect to receivables from factoring transactions, such assets are initially recognized at fair value, which usually corresponds to the consideration paid, including transaction costs and income which are directly attributable to the acquisition and provision of the financial asset, although not yet settled.

Specifically, non-recourse receivables:

- purchased on a non-recourse basis, with substantial transfer of all risks and rewards as well as cash flows, are initially recognized at fair value, represented by the nominal amount of the receivable net of fees and commissions charged to the assignor;

- if purchased for amounts below the nominal value, are recognized for the amount actually paid at the time of purchase.

As for financial assets related to loans originated by the Bank, they are initially recognized at the loan date. These assets are initially recognized at fair value inclusive of the sums disbursed, including of transaction costs or income directly attributable to the instrument. With reference to loans in particular, the date of disbursement is usually the date on which the contract is signed. If this is not the case, when the contract is signed a commitment will be included to disburse funds, and this commitment ends on the date the loan is drawn down.

HTC debt securities have fixed or determinable payments and a fixed maturity and may be used for repurchase agreements, loans or other temporary refinancing operations.

These assets are initially recognized at fair value on the settlement date. This amount usually corresponds to the consideration paid, including transaction costs and income.

Measurement criteria

Following initial recognition, financial assets are measured at amortized cost, which is equal to the value originally recorded, less principal repayments and impairment losses, and increased by any impairment gains and amortization, calculated using the effective interest rate method, taking into account the difference between the amount disbursed and the amount repayable at maturity, attributable to the ancillary costs/ income charged directly to the individual asset.

Specifically, non-recourse receivables purchased as part of the factoring activities carried out are measured at amortized cost, determined based on the present value of estimated future cash flows, with reference to both the principal and the late payment interest accruing as from the due date of the receivable and deemed recoverable.

The new maturity of these receivables, given the nature of the receivables, is to be identified with the date of expected collection, determined at the time of listing and formalized with the assignor in the assignment contract.

Interest income (including late payment interest) is recognized in the income statement only if it is probable that positive cash flows will be generated for the entity and their amount can be estimated reliably. In the case in question, consistently with the "Bank of Italy/Consob/Ivass Document no. 7 of November 9, 2016" on the "Treatment in the financial statements of late payment interest under Italian Legislative Decree No. 231/2002 on non-recourse purchases of performing receivables", BFF also included the estimate of recoverable late payment interest in the calculation of amortized cost, taking into account that:

- the business model and organizational structure envisage that the systematic recovery of late payment interest on non-impaired receivables purchased on a non-recourse basis is a structural element of the ordinary business activities for the management of such receivables;
- such late payment interest, due to its impact on the composition of results, does not constitute an ancillary element of non-recourse purchase transactions, and has been considered for a complete analysis of the prospective profitability profiles.

Moreover, BFF Bank has time series of data concerning collection percentages and times – acquired through sui le analysis tools – enabling it to judge that the estimate of late payment interest included in the calculation of amortized cost is sufficiently reliable and complies with the recognition requirements established by IFRS 15.

Such time series are updated on at least an annual basis when the financial statements are prepared, in order to determine the estimated collection percentages and times to be used to calculate late payment interest. The change in collections is then analyzed on a quarterly basis to confirm such percentages in periodic reporting. If the updates bring to light significant variances, the Bank updates the estimate used for accounting purposes.

Please recall that to take into consideration the collection timing of the entire provision for late payment interest, the estimate of days to collection remained at 2100 days, the value updated when the 2022 Financial Statements were drafted.

As is the case with late payment interest, the right to receive the 40-euros receivable has also been considered since 2018 in the settlement agreements with debtors for the purpose of their recovery and, therefore, when negotiating with debtors, the entire amount due is considered as a single item on which to base the transaction and on which to apply the same discount percentages (only since 2021 in a structural manner do transactions consider discounts proportionally). Thus, it is considered appropriate to expect a convergence in the near future of the percentages of lump-sum indemnity to those recorded for late payment interest, and it is therefore considered methodologically more appropriate to consider a single percentage for both.

As stated in the section "Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")" within these "Accounting Policies," the percentage of recognition of late payment interest and the 40-euros receivable has been increased from 50% to 65% in the course of 2024.

After initial recognition at fair value, HTC securities are measured at amortized cost using the effective interest rate method. The result from the application of this methodology is charged to the income statement under item 10 "Interest and similar income".

The Bank carries out the analysis of the receivable and HTC security portfolio to identify any impairment of its financial assets. For the financial assets included in this item of the financial statements, IFRS 9 introduced the concept of expected credit losses. These are a probability-weighted estimate of credit losses over the expected life of the financial instrument. According to this concept, a loss does not necessarily have to occur before it is recognized in the financial statements; therefore, generally all financial assets will entail the recognition of a provision.

The approach adopted is represented by the general deterioration model, which envisages a three-stage classification. These stages reflect the deterioration of the credit quality of the financial instruments included within the scope of application of IFRS 9.

At each annual or interim reporting date, the entity assesses whether there has been a significant change in credit risk compared to initial recognition. If so, this will result in a change of stage: the model is symmetrical, and assets can move between different stages.

For assets classified in Stage 1, the loss allowance relating to each individual financial asset is determined on the basis of 12-month expected credit losses (contractual cash flow shortfalls estimated by taking into account potential default in the following 12 months), while for assets classified in Stages 2 and 3 calculations are based on lifetime expected credit losses (contractual cash flow shortfalls estimated by taking into account the potential default over the residual life of the financial instrument).

For non-performing exposures (stage 3) classified as UTP or Non-performing loans (with the exception of financial distress), at each preparation of the financial statements or interim financial situations, the Bank determines the possible specific value adjustments to be made to individual credit exposures through internal assessments and, where necessary, also with the support of external legal opinions.

Regarding non-performing exposures (stage 3) classified as Past Due or Non-performing due to financial distress, at each preparation of the financial statements or interim financial situations, a specific value adjustment is made calculated on a collective basis, using a probability of default that can vary between that for performing exposures in stage 2 and 100%. This probability of default is identified on the basis of a specific/individual assessment (so-called case-by-case assessment) carried out by the credit evaluation function and, if the calculated value adjustment is not adequate, either by defect or by excess, it can be specifically assigned by the same. If the case-by-case assessment is not adopted, which in any case cannot lead to a lower coverage rate than that envisaged for stage 2 exposures, the final level of adjustment attributed will be equal to the value of the impairment returned by the collective calculation model.

The amount of the loss is determined on the basis of an individual assessment and then individually attributed to each position, accounting for forward-looking information and potential alternative recovery scenarios. Impaired assets include financial instruments that have been given non-performing status, unlikely to pay or overrun/past-due for more than 90 days according to the Bank of Italy regulations, in line with the IAS/IFRS and European regulations. The expected cash flows take into account the expected recovery times and the presumed realization value of any guarantees.

When recognizing impairment, the carrying amount of the asset is reduced accordingly and the loss is recognized in the income statement under item 130 "Net impairment losses/gains for credit risk associated with: a) financial assets measured at amortized cost".

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be objectively attributable to an event relating to the improvement in the debtor's creditworthiness occurring after recognition of impairment, an impairment gain is recognised. After the gain, the carrying amount cannot in any case exceed measurement at amortized cost had the impairment loss not been recognized. The amount of the gain is recognized in the same income statement item.

Impairment losses/gains are recognized according to the staging allocation criteria and the following risk parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD) – defined in accordance with the subsequent paragraph "Measurement of impairment losses on financial assets".

Derecognition criteria

Derecognition of a financial asset occurs when the contractual rights on cash flows deriving from the financial asset expire or if the entity transfers the financial asset and such transfer meets the eligibility criteria for derecognition.

Receivables sold are derecognized only if all the risks and rewards relating to such receivables were transferred.

On the other hand, if the risks and rewards are retained, the receivables sold will continue to be recognized in the financial statements, even though legal title to these assets is effectively transferred.

5 - Equity investments

Classification criteria

The term equity investment refers to investments in the capital of other companies, generally represented by shares or units and classified as investments in subsidiaries and associates. Specifically:

- Subsidiary: an enterprise over which the Bank exercises "dominant control", i.e. the power to determine administrative and operational choices and to obtain the relative benefits;
- Associate company: an enterprise over which the investor has significant influence and which is neither a subsidiary nor a joint venture for the investor.

The possession – direct or indirect through subsidiaries – of 20% or more of the votes exercisable in the shareholders' meeting of the investee is a prerequisite for significant influence.

Measurement criteria

Equity investments in non-consolidated subsidiaries are measured at cost, adjusted as necessary for impairment losses.

If there is objective evidence that the value of an equity investment may have been reduced, the recoverable amount of the equity investment will be estimated taking into account the present value of the future cash flows that the equity investment could generate, including the final disposal value, or considering the market multiples methodology as an alternative to the future cash flows (impairment test).

If it is not possible to gather sufficient information, the value to be used is considered the value of the company's equity.

If the recoverable amount is less than the carrying amount, the difference is recognized in the income statement under item 220 "Profits (Losses) from equity investments".

If the reasons for the impairment cease to apply as a result of a subsequent event occurring after the recognition of the impairment loss, the related impairment gains are allocated to the same item in the income statement but within the limit of the cost of the investment prior to the write-backs.

Dividends of investees are accounted for in the year in which they are resolved in item 70 "Dividends and similar income".

Derecognition criteria

Equity investments are derecognized when the contractual rights to the cash flows deriving from the assets expire, or when the investment is sold with a substantial transfer of all the related risks and benefits.

6 - Property, equipment and investment property

Classification criteria

Property, equipment and investment property include land, instrumental properties, technical plants, furniture, furnishings and equipment of any type.

They also include right-of-use assets and the use of an item of property and equipment (for lessees), assets granted under an operating lease (for lessors), as well as improvements and incremental expense incurred on owned assets and right-of-use assets.

Improvements and incremental expenses incurred on third-party assets deriving from lease agreements pursuant to IFRS 16 from which future benefits are expected, the following are recognized:

- if independently identifiable and separable, in item "80. Property, equipment and investment property", in the most appropriate category;
- if not independently identifiable and separable, in item "80. Property, equipment and investment property", as an increase in usage rights, recognized in accordance with the provisions of IFRS 16, to which they relate.

Improvements and incremental expense incurred on third-party assets other than those mentioned above are recognized:

- if independently identifiable and separable, in item "80. Property, equipment and investment property", in the most appropriate category;
- if not independently identifiable and separable, in item "120. Other assets".

Instrumental properties are those owned properties (or properties held under a finance lease) used in production and the provision of services or for administrative purposes, with a useful life exceeding one year.

Recognition criteria

Property, equipment and investment property are initially recognized at cost, which includes all costs necessary to bring the asset to working condition for its intended use (transaction costs, professional fees, direct delivery costs incurred to bring the asset to the assigned location, installation costs, dismantling costs).

Costs incurred subsequently are added to the asset's carrying amount or recognized as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be measured reliably (e.g., extraordinary maintenance costs). Other expense incurred subsequently (e.g., ordinary maintenance costs) are recognized, in the period incurred, in the income statement under item 160 b) "other administrative expense," if they refer to assets used in the Group's business activities.

This item also includes assets used by the Bank as the lessee in lease agreements - "Right-of-Use assets" (RoU) (IFRS 16).

At the commencement date, the Bank, as lessee, shall recognize the "right-of-use (RoU) asset" at cost, which shall comprise: a) the amount of the initial measurement of the lease liability; b) any lease payments made at or before the commencement date, less any lease incentives received; c) any initial direct costs incurred by the lessee, i.e. incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained, except for costs incurred by a manufacturer or dealer lessor in connection with a lease; and d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories".

The RoU asset referring to leases outstanding at the date of initial application of IFRS 16 was recognized under the "Modified Retrospective Approach".

The Bank does not consider VAT as a component of lease payments for the purposes of calculating IFRS 16 measures (RoU Asset and Lease Liability, for which reference should be made to the line item Financial liabilities measured at amortized cost).

Measurement criteria

Subsequent to initial recognition, property, equipment and investment property are carried at cost, net of accumulated depreciation and impairment losses, if any. As from December 31, 2024, land and buildings, subsequent to their initial recognition, are valued using the revaluation method. In this regard, please refer to that which is described in Part "A1 General Part" of this document.

Depreciation begins as of the date on which the property, equipment and investment property are ready for the use intended by the management.

Such assets are depreciated on a straight-line basis over their estimated useful lives, understood as the period during which an asset or property is expected to contribute to company operations, adopting the straight-line method as the depreciation criterion. The estimate of the useful life is shown below:

- buildings: 33 years;
- furniture: 9 years;
- plants: 5 years;
- machines: 3 years;
- other: 4 years.

Land and buildings are treated separately for accounting purposes, even if purchased together.

The depreciable value is represented by the cost of the assets or the restated net value if the method adopted for valuation is fair value. Buildings are depreciated by an amount deemed appropriate to represent the depreciation of the assets over time as a result of their use, taking into account maintenance expenses of an extraordinary nature, which are added to increase the value of the assets.

The estimated useful life of property, equipment and investment property is reviewed at the end of each annual reporting period, taking into account the conditions of use of the assets, maintenance conditions, expected obsolescence etc., and, if expectations differ from previous estimates, the depreciation expense for the current and subsequent periods is adjusted.

Artistic assets are not depreciated as their useful life cannot be estimated and their value typically does not decrease over time.

For land and buildings used for business purposes subject to valuation according to the restatement method:

- if the carrying amount has increased as a result of a restatement of value, the increase should be recognized in other comprehensive income and accumulated in equity under the item of revaluation reserve; on the other hand, if it reverses a previously recognized impairment loss in the income statement, the reversal should be recognized as income;
- if the carrying amount has decreased as a result of the revaluation, the decrease should be recognized in the statement of other comprehensive income to the extent that there are any credit balances in the revaluation reserve, otherwise said decrease should be recognized in the income statement.

Revaluations must be made on a regular basis to ensure that the carrying amount does not differ significantly from that which would have been determined using fair value at the reporting date. Revaluation is carried out by scenario analysis (market trend analysis) every year and by a new appraisal every three years. If particularly large changes (+/- 10%) are found from the scenario analysis, timely and updated appraisals need to be conducted to adjust the fair value of the asset to real estate market valuations.

Similarly to financial instruments, those non-financial assets and liabilities measured at fair value level 3 are subject to sensitivity analysis for which, based on the valuation model in use to determine fair value, it can be performed and whose results are significant. The sensitivity analysis, for the properties used for business purposes owned by the Group, was conducted by identifying the most relevant variables under the valuation model used as at December 31, 2024, represented by the discounted cash flow method. In particular, the parameters characterized by greater volatility/variability were taken into account, such as, for properties used for business purposes, the net capitalization rate (yield) and the average medium-/long-term inflation rate. For the purposes of the analysis, variation ranges consistent with potential market dynamics at the reporting date were used. Specifically, a variation of +/- 25 basis points was assumed for the net capitalization rate and of -/+15 basis points for the inflation rate. No significant changes in fair value were noted against these changes.

If there is objective evidence that an asset has been impaired, the asset's carrying amount is compared with its recoverable amount, equal to the higher of its fair value less costs of disposal and its value in use, i.e., the present value of the future cash flows expected to be derived from the asset. Any adjustments to the carrying amount of the asset are recognized in the income statement under item 180 "Depreciation and net impairment losses on property, equipment and investment property".

If an impairment loss is reversed, the new carrying amount cannot exceed the net carrying amount that would have been attributed to the asset if no impairment loss had been recognized in prior years.

At each annual or interim reporting date, the Bank evaluates whether there is any indication of impairment of its property, equipment and investment property. If a loss is identified, the carrying amount is compared with the recoverable amount understood as the higher between fair value and value in use.

Property, equipment and investment property represented by right-of-use assets under lease contracts

Under IFRS 16, a lease is a contract or part of a contract that transfers the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A financial lease essentially transfers all the risks and rewards arising from ownership of the asset to the lessee (user). Otherwise, the contract is classified as an operating lease. The inception of a lease is the date from which the lessee is authorized to exercise its right to use the leased asset. It coincides with the date of initial recognition of the lease and even includes rent-free periods, i.e. contractual periods when the lessee uses the asset free of charge. At the inception of a contract, the lessee recognizes:

- an asset consisting of the right to use of the asset underlying the lease contract. The asset is recognized at cost, calculated as the sum of:
  - the lease liability;
  - lease payments made on or before the effective date of inception of the lease (net of lease incentives already received);
  - initial direct costs, and
  - any (estimated) costs to dispose of or restore the asset underlying the lease;
- a financial liability arising from the lease contract (lease liability) corresponding to the present value of payments due for the lease. The discount rate used is the implicit interest rate, if determinable; otherwise, the marginal financing interest rate of the lessee is used.

Where a lease contract contains "non-lease components" (e.g., the provision of services, such as routine maintenance, to be accounted for in accordance with IFRS 15), the lessee must separately account for "lease components" and "non-lease components" and distribute the contract price between the various components on the basis of their respective prices.

The lessee may choose to recognize lease payments:

- directly by expensing them to the income statement, on a straight-line basis throughout the term of the lease contract;
- according to another systematic method representative of the way in which the economic benefits are received, in the case of short-term leases (equal to or less than 12 months) that do not include an option for the lessee to purchase the leased asset and of leases where the underlying asset is of low value.

The lease term is determined taking into account:

- periods covered by an extension option, where the exercise of the extension option is reasonably certain;
- periods covered by an option to terminate the lease, if the exercise of the termination option is reasonably certain.

During the term of the lease contract, the lessee must:

- measure the right-of.use asset at cost, net of accumulated depreciation and accumulated impairment losses determined and accounted for in accordance with the provisions of IAS 36 - Impairment of Assets, adjusted to take account of any restatement of lease liabilities;
- increase the liability arising from the lease transaction following the accruals of interest expense calculated at the implicit interest rate of the lease, or alternatively at the marginal financing rate and reduce it for payments of principal and interest.

In the event of changes in lease payments, the liability must be restated; the impact of the restatement of the liability is accounted for as a balancing entry to the right-of-use asset.

Derecognition criteria

Property, equipment and investment property are derecognized when disposed of or when future economic benefits are no longer expected from their use or disposal.

The right-of-use asset deriving from lease contracts is derecognized at the end of the lease.

7 - Intangible assets

Classification criteria

Intangible assets are identifiable non-monetary assets without physical substance that are expected to be used for more than one year, controlled by the Bank, and from which future economic benefits are likely to flow.

In the absence of one of the aforementioned characteristics, the cost to acquire or generate the asset internally is recorded as a cost in the period in which it was incurred.

Intangible assets mainly consist of software for long-term use and goodwill, resulting from contracts or new acquisitions.

Recognition criteria

Intangible assets are recognized in the annual or interim separate financial statements at acquisition cost, including direct costs incurred to bring the asset into use and increased with any costs incurred subsequently to increase initial economic functions, net of accumulated amortization and impairment losses, if any.

Measurement criteria

Intangible assets with a finite useful life are systematically amortized on a straight-line basis according to their estimated useful lives. Useful lives are normally estimated as follows:

- software: maximum 5 years;
- other intangible assets: up to 10 years.

If there is objective evidence that an asset has been impaired, the asset's carrying amount is compared with its recoverable amount, equal to the higher of its fair value less costs of disposal and its value in use, i.e., the present value of the future cash flows expected to be derived from the asset. Any impairment of the asset is recognized in the income statement under item 190 "Amortization and net impairment losses on intangible assets".

If an impairment gain is recognized, the new carrying amount cannot exceed the carrying amount that would have been attributed to the asset if no impairment loss had been recognized in prior years.

Derecognition criteria

An intangible asset is derecognized upon its disposal or when no further future economic benefits are expected from its use or sale, and any difference between the sale proceeds or recoverable amount and the carrying amount is recognized in the income statement under item 250 "Gains (losses) on disposal of investments".

8 - Non-current assets held for sale or discontinued operations

The asset item 110 "Non-current assets held for sale or discontinued operations" and liability item "Liabilities linked to assets held for sale" include non-current assets or groups of assets/liabilities for which a disposal process has been initiated and the sale of which is deemed highly likely. These assets/liabilities are measured at the lower of their carrying value and their fair value less costs to sell, except for certain types of assets (e.g. financial assets within the scope of IFRS 9) for which IFRS 5 specifically states that the valuation criteria of the relevant accounting standard must be applied.

9 - Current and deferred taxes

Income taxes are computed in accordance with the tax legislation in force in the different countries where the Bank operates.

The tax charge consists of the total amount of current and deferred taxes included in the determination of the profit or loss for the year.

Current tax assets and liabilities include the net balance of the Bank's tax positions in respect of the tax authorities. In particular, these items include the net balance of current tax liabilities for the financial year, calculated according to a prudential estimate of the tax charge due for the financial year, determined on the basis of the current tax code, and current tax assets represented by prepayments made in the course of the financial year. Current taxes correspond to the amount of income taxes due for the year.

Deferred tax liabilities correspond to the amount of income taxes due in future periods and refer to taxable temporary differences, which arose in the period or in previous periods. Deferred tax assets correspond to the amount of income taxes recoverable in future periods and refer to deductible temporary differences which arose in the period or in previous periods.

The tax amount of an asset or a liability is the value attributed to that asset or liability according to the tax legislation in force. A deferred tax liability is recognized on all taxable temporary differences in accordance with IAS 12. A deferred tax asset is recognized on all deductible temporary differences in accordance with IAS 12 only to the extent that it is probable that there will be future taxable income against which the deductible temporary difference can be offset.

Deferred tax assets are recorded under item 100 b) of assets. Deferred tax liabilities are recorded under item 60 b) of liabilities. Deferred tax assets and liabilities are constantly monitored and are recorded by applying the tax rates that it is expected will be applicable in the period in which the tax asset will be realized or the tax liability will be extinguished, on the basis of the tax rates and the tax law established by provisions in force.

The accounting contra entry for both current and deferred tax assets and liabilities consists normally of the income statement item 270 "Income taxes on profit (loss) from continuing operations".

In cases where deferred tax assets and liabilities concern transactions that directly concerned equity without impacting profit or loss (such as the adjustments resulting from the first-time adoption of the IFRS, and the measurements of financial instruments at fair value through OCI or cash flow hedging derivatives), these are recognized through equity, impacting any relevant reserves (e.g. valuation reserves).

The size of the provision for taxes is adjusted to meet charges that might arise from any assessments already communicated or in any case from outstanding disputes with tax authorities.

10 - Provisions for risks and charges

Registration/classification criteria

Provisions for risks and charges cover costs and expense of a determinate nature, the existence of which is certain or probable, which, at the end of the year, are uncertain as to amount or timing.

Accruals to the provisions for risks and charges are recognized only when:

- a present obligation has arisen as a result of a past event;
- upon its manifestation, the obligation is onerous;
- a reliable estimate can be made of the amount of the obligation.

Provisions for risks and charges for commitments and guarantees provided

This item includes provisions for credit risk set aside for loan commitments and guarantees provided that fall within the scope of the impairment rules in IFRS 9. In this case the Group adopts the same methods for allocating items to the credit risk stages and calculating expected credit losses as the ones described for financial assets measured at amortized cost or at fair value through OCI.

Post-employment benefits and similar obligations

Post-employment benefits are formed in implementation of company agreements and are qualified as defined benefit plans. The liabilities relating to such plans and the relative current service cost are determined on the basis of actuarial assumptions by applying the Projected Unit Credit Method actuarial method, which involves projecting future outlays on the basis of statistical historical analyses and the demographic curve, as well as the financial discounting of such flows on the basis of a market interest rate. Contributions made in each year are considered to be separate units, recognized and valued individually in order to determine the final obligation. The discount rate is determined on the basis of market returns relating to the valuation dates of leading corporate bonds, taking into account the residual average duration of the liability. The present value of the obligation at the reporting date is also adjusted by the fair value of any assets serving the plan.

Actuarial gains and losses (or changes in the present value of the obligation deriving from changes in actuarial assumptions and adjustments based on past experience) are presented in the statement of comprehensive income.

As required by IAS 19, the provisions for risks and charges include the measurement of post-employment benefit obligations.

The measurement of such obligations in the separate financial statements is made, when necessary, based on actuarial calculations, by determining the charge at the measurement date based on demographic and financial assumptions.

Other provisions

Provisions for risks and charges are liabilities with an uncertain amount or maturity recognized in the separate financial statements as:

- there is a present obligation (legal or implicit) due to a past event;
- an outlay of financial resources is likely in order to meet the obligation;
- it is possible to reliably estimate the likely future outlay.

Such provisions include amounts set aside against presumed losses in legal proceedings against the Bank.

When the time element is relevant, the provisions are discounted using current market rates. The provision and increases due to the time factor are recognized in the income statement. In particular, when the present value of the provision has been recognized, the increase in the carrying amount of the provision recorded in the separate financial statements in each year to reflect the passing of time is recognized under interest expense.

The provisions recognized, as well as contingent liabilities, are reviewed at each annual or interim reporting date and adjusted to reflect the best current estimate. If the need to use resources to meet the obligation is no longer likely, the provision is reversed with a balancing entry in the income statement.

The provisions for risks and charges include also the provisions for credit risk set aside for loan commitments and guarantees provided that fall within the scope of the impairment rules in IFRS 9. Under IFRS 9, expected credit losses on commitments and guarantees provided shall be determined based on the initial credit risk of the commitment, starting from the date on which such commitment was made. As a general rule, in this case the Group adopts the same methods for allocating items to the three credit risk stages and calculating expected credit losses as the ones described for financial assets measured at amortized cost or at fair value through OCI.

The relevant loss allowance shall be recognized as a statement of financial position liability under item “100: Provisions for risks and charges: a) commitments and guarantees given”.

Derecognition criteria

Derecognition occurs when the obligation or contingent liability that generated the recognition of a provision is extinguished.

11 - Financial liabilities measured at amortized cost

Classification criteria

An issued financial instrument is classified as a liability when, on the basis of the substance of the contractual agreement, there is a contractual obligation to provide money or another financial asset to another party.

This item includes "Due to banks", "Due to customers" and "Debt securities issued". Financial instruments (other than trading liabilities and those measured at fair value) representing the different forms of third-party funding are allocated to these items.

In addition, the payables incurred by the Bank as lessee under leases are also included.

Interest expense is recorded in the income statement under item 20 "Interest and similar expense".

Recognition criteria

Such liabilities are initially recognized at fair value on the settlement date. This amount usually corresponds to the consideration received less transaction costs directly attributable to the financial liability. Structured securities are broken down into their basic elements, which are recorded separately, when the derivative components implicit in them are of an economic nature and present risks different from those of the underlying securities and can be configured as autonomous derivatives.

This line item includes also the payables relating to the assets used by the Bank as lessee under leases—the so-called "Lease Liability" (IFRS 16), which comprises the following payments for the right to use the underlying asset: a) fixed payments, less any lease incentives receivable; b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; c) amounts expected to be payable by the Bank under residual value guarantees; d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Interest is recorded in income statement item 20 "Interest and similar expense".

Measurement criteria

Amounts due to banks and customers and debt securities issued are measured at amortized cost using the effective interest method.

Debt securities issued are measured at amortized cost using the effective interest method.

During the period of use of the asset, the carrying amount of the Lease Liability is increased by the interest expense accrued and decreased by the payments made to the lessor.

Derecognition criteria

Financial liabilities are derecognized when the obligation specified in the contract is extinguished or following a substantial change in the contractual terms of the liability.

The derecognition of debt securities issued also occurs in the event of repurchase of securities previously issued, even if they are intended for subsequent resale. The gains or losses on the recognition of the repurchase as an extinguishment are recognized in the income statement when the repurchase price of the bonds is higher or lower than their carrying amount. Subsequent disposals of own bonds on the market are treated as the placement of new debt.

12 - Financial liabilities held for trading

Recognition criteria

Recognition and measurement criteria are similar to those described for "Financial assets classified as held for trading".

Classification criteria

Financial liabilities held for trading include derivative contracts held for trading with negative values and liabilities related to technical overdrafts on securities.

All trading liabilities are measured at fair value with the allocation of the result of the measurement to the income statement.

Derecognition criteria

Financial liabilities are derecognized when the obligation specified in the contract is extinguished or following a substantial change in the contractual terms of the liability.

14 - Foreign currency transactions

Recognition criteria

Transactions in foreign currency are translated upon initial recognition into the functional currency by applying the exchange rate in force on the date of the transaction to the amount in foreign currency.

Measurement criteria

At each reporting date, Statement of Financial Position items in foreign currency are measured as follows:

- monetary items are translated at the current exchange rate at the closing date;
- non-monetary items measured at historical cost are translated at the exchange rate on the transaction date;
- non-monetary items measured at fair value are translated using the exchange rate in effect on the date the fair value was determined.

The exchange differences deriving from the settlement of monetary elements or from the translation of monetary elements at rates other than those of initial translation, or of translation the previous financial statements, are recognized in the Income Statement of the period in which they arise, while those relating to non-monetary elements are recorded in Equity or in the Income Statement in line with the method of recording the profits or losses that include this component.

Costs and revenue in foreign currencies are recognized at the exchange rate when they are accounted for, or, where in the process of accruing, at the exchange rate in effect at the reporting date.

15 - Other information

Treasury shares

The treasury shares held are deducted from equity at the value at which they were repurchased the market. Similarly, their original cost and the gains or losses from their subsequent sale shall be recognized as changes in equity.

At the time of assignment to employees or directors, the Treasury share reserve is reduced by an amount calculated at the average price for the acquisition of the various tranches, with a balancing entry in financial instrument reserves recognized in the financial statements based on variable remuneration agreements and the "share premium" reserve.

Post-employment benefits

As a result of the legislative framework introduced by Italian Law no. 296 of 2006, the post-employment benefits accrued up to December 31, 2024 (which remain with the Bank) under item 90 of liabilities, are computed by estimating the remaining length of the employment relationship, for individual persons or homogeneous groups, based on demographic assumptions:

- by projecting the accrued post-employment benefits, using demographic assumptions, to estimate the time of termination of employment;
- by discounting to present value, at the measurement date, the amount of the accrued benefits at December 31, 2024, based on financial assumptions.

IAS 19 (revised) requires actuarial gains and losses to be recognized in other comprehensive income in the year/period they are accrued. Because post-employment benefits vesting starting on January 1, 2007 must be transferred to the Italian social security institute (INPS) or to supplemental pension funds, they qualify as a "defined contribution plan", since the employer's obligation ceases once payment is made and the contribution is recorded in the income statement on an accrual basis.

The costs for servicing the plan are recorded under personnel expense, item 160 "Administrative expense: a) personnel expense" as the net total of contributions paid, contributions accrued in previous periods and not yet recorded and expected revenue from assets servicing the plan. Actuarial gains and losses, as envisaged by IAS 19, are recorded in a valuation reserve in equity.

Revenue recognition criterion

The general criterion for the recognition of revenue components is the accruals basis, also taking into account the correlation between costs and revenue.

Revenue

Revenue is gross flows of economic benefits deriving from the performance of ordinary business activities, when such flows cause increases in equity other than increases deriving from shareholder contributions.

Revenue deriving from contractual obligations with customers is recognized in the financial statements only if all of the following criteria are met:

- the parties to the contract have approved the contract and have undertaken to meet their respective obligations;
- the entity can identify the rights of each of the parties as regards the goods or services to be transferred;
- the entity can identify the conditions of payment of the goods or services to be transferred;
- the contract has commercial substance (or the risk, timing or amount of the future cash flows of the entity are destined to change following the contract);
- it is likely that the entity will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating the likelihood of receiving the amount of the consideration, the entity must take into account only the capacity and intention of the customer to pay the amount of the consideration when it will be due.

Interest income and expense

Interest income and expense and similar income and expense relate to interest deriving from factoring activity, cash and cash equivalents and non-derivative financial assets and liabilities held for trading, measured at fair value through other comprehensive income and measured at amortized cost.

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost, using the effective interest rate method.

More specifically:

- fees and commissions charged to the assignor for the purchase of non-recourse receivables are recognized as transaction revenue and are therefore part of the effective return on the receivable recognized at amortized cost;
- according to IFRS 15, revenue shall be recognized only when its amount can be reliably estimated when total "control" on the exchanged goods or services is transferred. In the case in question, consistently with the "Bank of Italy/Consob/Ivass Document no. 7 of November 9, 2016" on the "Treatment in the financial statements of late payment interest under Italian Legislative Decree 231/2002 on non-recourse purchases of performing receivables", BFF also included the estimate of recoverable late payment interest, including that claimed from tax authorities. In fact, BFF has time series of data concerning collection percentages and times – acquired through analysis tools – enabling it to judge that the estimate of late payment interest included in the calculation of amortized cost is sufficiently reliable and complies with the recognition requirements established by IFRS 15. Such time series data are updated at least on an annual basis when the separate financial statements are prepared, in order to determine the estimated collection percentages and times to be used for the purposes of accounting for the relevant items. The change in collections is then analyzed on a quarterly basis in order to monitor the relative trends and check the stability of the model.

In relation to the estimated total late payment interest that is expected to be collected by BFF Bank, the new update of the time series determined an estimated recovery percentage much higher than 78.4%. The percentage used to prepare the 2024 financial statements is 65%, with estimated collection days of 2100.

With regard to late payment interest on tax assets, given the particular nature of such interest and the counterparty, as well as the precise evidence obtained, it is believed that the conditions exist to recognize such interest in full.

Compound interest, where applicable, is always accounted for on-statement of financial position.

Interest income on debt securities in portfolio and interest expense on securities issued by BFF are recognized at amortized cost, i.e., by applying to the nominal amount of the securities the effective interest rate of return (IRR), determined as the difference between the coupon rate of interest and the purchase price of the same security and taking into account any issue discount.

The interest thus computed is recognized in the income statement pro-rated over the duration of the financial asset or liability.

Fees and commissions

Fees and commissions, which primarily derive from the activities carried out by the Securities Services and Payments Business Units and debt collection management activities on behalf of third parties, are recognized when the service is provided. These are primarily revenue linked to periodic fees that could include the provision of multiple services, transaction fees and one-off revenue.

Fees and commissions considered in amortized cost in order to determine the effective interest rate are excluded, as they are recognized as interest.

Starting from the end of 2020, when legal costs incurred for the collection of the receivables acquired without recourse are recognized, the Bank recognizes revenue equal to their estimated percentage of recovery based on time series developed internally. Indeed, the above-mentioned legal costs are in part recovered from customers either when bankruptcy proceedings are completed or when settlement agreements are finalized, and therefore they do not fully impact the separate financial statements. Therefore, this accounting treatment results in a greater alignment between costs and revenue, on an accruals basis.

Fees and commissions for receivables managed on behalf of assignors are recognized in two successive steps in relation to the timing and nature of the service rendered:

- when the receivables are entrusted for management (fees and commissions on acceptance, and handling expense);
- when the receivables are collected (collection fees and commissions).

Dividends

Dividends are recognized in the income statement when their distribution is approved.

Costs and other comprehensive income

Costs are recognized when they are incurred in compliance with the criterion of correlation between costs and revenue deriving directly and jointly from the same transactions or events. Costs that cannot be associated with revenue are recognized immediately in the Income statement.

Costs directly linked to financial instruments measured at amortized cost and which may be determined from their origin, irrespective of when they are paid, are recognized in the Income statement with the application of the effective interest rate.

Impairment losses are recognized in the Income statement in the year in which they are identified.

Share-based payment arrangements

The share-based personnel remuneration plans (stock option plans) are recognised in the accounts according to the provisions of IFRS 2. They are recognised by charging to the income statement, with a corresponding increase in equity, a cost set on the basis of the fair value of the financial instruments allocated on the assignment date and divided over the plan's vesting period. The fair value of any options is calculated using a model which considers – besides information such as the exercise price and duration of the option, the current price of the shares and their expected volatility, the expected dividends, and the risk-free interest rate – the specific characteristics of the current plan. In the valuation model, the option and the probability of realization of the conditions under which the options were assigned are assessed separately. The combination of the two values provides the fair value of the assigned instrument.

Any reduction in the number of financial instruments allocated shall be accounted for as cancellation of part of them. This derecognition will have no impact on the income statement, but will take place with a balancing entry in the retained earnings.

In compliance with the provisions as set out in the First Part, Title IV, Chapter 2, Section III, paragraph 2.1. 3 of Bank of Italy's Circular no. 285, Art. 8.4 of the "Remuneration and incentive policy for members of the bodies with strategic supervision, management and control, and personnel of BFF" establishes that at least 50% of variable remuneration of so-called "Key Personnel" (Risk Takers) must be paid in financial instruments, specifically:

- (i) BFF's shares and related instruments, including the stock option plan; and
- (ii) where possible, the other instruments identified in Delegated Regulation (EU) No. 527 of March 12, 2014.

The definition of "variable remuneration" includes payments which, for various reasons, are connected to and dependent on the activities/performance of the recipients or on other parameters (e.g., length of service) and which may be due in the future from BFF to the Risk Takers:

- (i) both pursuant to the incentive system based on company and individual objectives (so- called "MBO");
- (ii) and in order to meet any payment obligations pursuant to non-competition agreements ("NCAs"), should in the future Risk Takers who have signed such agreements leave the Bank.

As of December 31, 2024, the option rights relating to the stock option plans in place amounted to 10,169,450 options assigned and not yet exercised, of which 6,011,950 could be exercised.

2016 Stock-Option Plan of the Banca Farmafactoring Banking Group

On December 5, 2016, the Bank's Ordinary Shareholders' Meeting approved the adoption of a stock option plan for employees and members of the corporate boards. The plan has the following features:

- *Purpose:* the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe newly issued ordinary shares of the Bank or shares that have already been issued and are included in the Bank's portfolio when the option is exercised;
- *Beneficiaries:* the identification of beneficiaries and the granting of options are decided by:
  a) The Board of Directors, after consulting with the Remuneration Committee, with reference to directors, senior executives and executives directly reporting to the Chief Executive Officer;

b) The Chief Executive Officer, within the limits of his/her powers, with reference to other beneficiaries whose remuneration falls within his/her duties;

- *Type of exercise:* ordinary or cashless exercise. On March 28, 2019 the Ordinary Shareholders' Meeting approved the introduction of an alternative method for exercising options under the plan, in addition to the ordinary option (so-called cashless). According to the new exercise option, authorized beneficiaries who requested it can be allocated a number of shares determined based on the market value of the shares at the exercise date, with no obligation for them to pay the exercise price.

As at December 31, 2024, a quantity of 2,000 had been assigned and were still exercisable as they had completed the vesting period, which represent all shares of the plan still in existence. The number of options outstanding and exercisable as at December 31, 2023 was 96,000.

2020 Stock-Option Plan of the Banca Farmafactoring Banking Group

On April 2, 2020, the Ordinary Shareholders' Meeting approved a new Stock Option Plan ("2020 Plan") for employees and directors holding executive positions in the Bank and/or its subsidiaries, having the following characteristics:

- *Purpose:* the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe newly issued ordinary shares of the Bank or shares that have already been issued and are included in the Bank's portfolio when the option is exercised;
- *Recipients:* the beneficiaries are identified by the Board of Directors and/or the CEO at their sole discretion – within the limits envisaged by the applicable legislation and the plan – among the employees and/or Directors with executive positions in the Bank and/or its subsidiaries;
- *Type of exercise:* ordinary or cashless exercise.

As of December 31, 2024, the number of stock options granted and not exercised is 2,763,450, of which 2,485,450 have vested and are exercisable. The number of options outstanding as at December 31, 2023, was 5,461,400 options, of these 2,227,700 had vested and were exercisable.

BFF Banking Group 2022 Long-Term Incentive Plan

On March 31, 2022, the Ordinary Shareholders' Meeting approved a new "2022 Long-Term Incentive Plan" for employees and directors holding executive positions in the Company and/or its subsidiaries, having the following characteristics.

- *Subject:* the plan provides for the allocation of a maximum of 9,700,000 options divided into three tranches assignable by December 31, 2024. The options can be of two types: (i) Class A options, which grant the right to receive newly issued ordinary shares of the Bank, "equity settled", and (ii) Class B options, which grant the right to receive phantom shares, to be converted into cash in accordance with the provisions of the plan, "cash settled".
- *Vesting conditions (exercise):* options granted under each tranche vest upon completion of the three-year period from the relevant grant date. Vesting is also subject to the fulfilment of the following conditions: (i) continuation of employment with the Group and/or office in the Board of Directors and absence of notice of resignation or dismissal; and (ii) achievement of KPIs (i.e. company performance indicators), without prejudice to the deferral and lock-up provisions applicable to the most significant personnel (i.e. Risk Takers) of the Bank and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

As at December 31, 2024, 7,404,000 options had been granted (of which 3,246,500 are equity settled and cash-less and 4,157,500 are cash settled/phantom shares), none of which yet exercisable. In 2023, 7,664,500 options had been granted (of which 3,439,500 equity settled and cash-less and 4,225,000 cash settled/phantom shares), none of which yet exercisable. The third tranche, having not been assigned by December 31, 2024, is to be considered no longer assignable.

Use of estimates and assumptions in the preparation of financial reporting

As part of the preparation of the separate financial statements, the Bank had to make valuations and estimates that influence the application of accounting policies and the amounts of assets, liabilities, costs and revenue recognized in the financial statements.

The significant assessments of the Bank in the application of the accounting policies and the main sources of estimation uncertainty are unchanged from those already illustrated in the Bank's last annual separate financial statements.

In accordance with IFRS, the elaboration of estimates by management is a prerequisite for the preparation of the separate financial statements at December 31, 2024. This process involves the use of available information and subjective assessments, also based on historical experience, in order to formulate reasonable assumptions for the analysis of operations. These estimates and assumptions may vary from one period to the next, and therefore it cannot be ruled out that in subsequent periods, including in light of the current emergency situation deriving from the Russia/Ukraine conflict, the current values recognized in the financial statements at December 31, 2024 may differ – even significantly – owing to a change in the subjective assessments.

Estimates and assumptions are reviewed on a regular basis. Any changes resulting from such reviews are recognized in the period in which the review is made, provided that the review involves only that period. Should the review involve both current and future periods, the change is recognized in the period in which the review is made, and in the related future periods.

The risk of uncertainty in the estimate is essentially related to:

- The degree of recoverability and estimated collection times for late payment interest accrued on non-recourse trade receivables due to BFF, based on an analysis of historical multi-year company data;
- impairment losses on loans and receivables and other financial assets in general;
- The fair value of financial instruments used for financial disclosure purposes;
- the fair value of financial instruments not traded in active markets, determined with measurement models;
- Expense recorded on the basis of provisional values that are not definitive at the date on which these separate financial statements were prepared;
- employee benefits based on actuarial assumptions, and provisions for risks and charges;
- The recoverability of deferred tax assets;
- Any impairment of equity investments, goodwill and intangible assets: in light of the results as of December 31, 2024, there are no trigger events that could impact the valuation of equity investments and goodwill and intangible assets with a finite useful life recorded as of December 31, 2024.

Measurement of impairment losses on financial assets

At each annual or interim reporting date, in accordance with IFRS 9, financial assets other than those measured at fair value through profit or loss are tested to assess whether there is evidence that the carrying amount of the assets may not be fully recoverable. A similar analysis is conducted also for loan commitments and guarantees provided they fall within the scope subject to impairment in accordance with IFRS 9. If such evidence exists (so-called "evidence of impairment"), the financial assets concerned—consistently with any remaining assets of the same counterparty – are considered to be impaired and classified in Stage 3. The Group shall recognize adjustments equal to lifetime expected credit losses for these exposures, consisting in financial assets classified as non-performing loans, unlikely to pay, and past due exposures and/or in arrears as per the Bank of Italy's Circular no. 262/2005.

The impairment model is characterized by:

- The allocation of the transactions in the portfolio to different stages, based on an assessment of the increase in the level of exposure/counterparty risk, considering the "staging allocation criteria";
- The use of multi-period risk parameters (e.g., lifetime PD, LGD and EAD) to quantify expected credit losses (ECL) for financial instruments subject to a significant increase in credit risk since initial recognition.

In the fourth quarter of 2023, the Bank revised the methodological set-up of the staging allocation, establishing criteria more representative of the deterioration of credit risk with respect to the Bank's business and the methodology of forward-looking and point in time components relating to Probability of Default, which is more aligned with market best practices and the specific nature of the business.

Staging Allocation Criteria

In the case of financial assets for which there is no evidence of impairment (performing financial instruments), the Bank shall assess whether there is an indication that the credit risk of the individual transaction has increased significantly since initial recognition.

Such assessment has the following consequences in terms of classification (or, more appropriately, staging) and measurement:

- If such an indication does not exist, the financial asset is classified in Stage 1. In this case, in accordance with the IFRS and even in the absence of apparent impairment losses, the bank shall recognize 12-month expected credit losses on the specific financial instrument. These adjustments shall be reviewed at each subsequent reporting date to regularly assess whether they are consistent with the constantly updated loss estimates as well as account for the change in the forecast horizon for expected credit losses in the event there is an indication that credit risk has "increased significantly";
- If such an indication exists, the financial asset is classified in Stage 2. In this case, in accordance with the IFRS and even in the absence of apparent impairment losses, the bank shall recognize adjustments equal to lifetime expected credit losses. These adjustments shall be reviewed at each subsequent reporting date to regularly assess whether they are consistent with the constantly updated loss estimates as well as account for the change in the forecast horizon for expected credit losses in the event there is no longer an indication that credit risk has "increased significantly".

Therefore, the allocation of an asset to Stage 1 rather than Stage 2 is not linked to absolute risk (in terms of probability of default), but rather to the (positive or negative) change in credit risk since initial recognition.

To allocate exposures subject to impairment in stages, the Bank has adopted the following method, which can be summarized in three fundamental criteria:

- quantitative criterion: definition of a "delta rating" threshold for transfer to stage 2;
- qualitative criterion: use of transfer logic triggers, i.e., identification of events triggering transfers between stages;
- practical expedients: use of the Low Credit Risk Exemption (LCRE) and 30 days of non-payment.

The qualitative criterion takes precedence over the quantitative criterion and establishes that the following positions are allocated to stage 2:

- positions with forbearance measures;
- in Watchlist: or positions under monitoring for which an assessment of a significant increase in credit risk has been made.

As far as the quantitative criterion is concerned:

- for Italian Municipality and Province counterparties, the internal PRA (Pricing Risk Adjusted) rating is considered an indicator of a possible deterioration of credit quality. In particular, a relative threshold is defined which has the aim of measuring the downgrade in the PRA rating between the origination date and the reporting date and classifying in stage 2 if the notching down of the defined risk categories is equal to or greater than 1;
- a relative threshold is defined, which has the purpose of measuring the ECAI rating downgrade (at the reporting date with respect to the date of origin) for each transaction. If the number of downgrades is higher than what has been established by the threshold (differentiated according to the master rating scale used), the position is allocated to Stage 2. The relative threshold depends on the number of rating classes considered for each segment and is equal to 1 for those segments to which the Sovereign and Financial Institutions external matrices apply (which have 7 rating classes), while it is equal to 2 for the counterparties pertaining to the segments for which the Corporate matrix is used (which has 21 rating classes).

Lastly, as concerns the practical expedients:

- the "Low Credit Risk Exemption" exempts transactions referring to counterparties with investment grade ratings at the date of analysis from the verification of significant deterioration using a relative threshold. Positions defined as low credit risk are not subject to the control of a rating downgrade between the date of analysis and the date of origin of the transaction. In the absence of qualitative triggers, these positions are allocated directly to Stage 1. This exception applies for counterparties referring to the Public Administration and Municipalities, to the technical forms of Repurchase Agreements by virtue of their guaranteed nature and very short-term reciprocal accounts. It is excluded for private counterparties;
- for exposures originating from Factoring activities, if days continuously past due, calculated according to the criteria adopted by the Bank on the definition of default, exceed 30, then the counterparty is classified in Stage 2; for exposures originating from Lending activities, days past due are calculated at individual transaction level, comparing the reporting date with the maturity date: in this case, if the difference is greater than 30, then the transaction is allocated to Stage 2. For other technical forms, including those deriving from Custodian Bank activities, days past due are calculated considering the overdraft in relation to the credit line attributed to the counterparty: in this case, if days past due exceed 30, then the transaction is allocated to Stage 2;
- for unrated counterparties in the portfolio, the staging allocation is carried out by applying only qualitative criteria, and the watchlist flag was introduced precisely in order to overcome the lack of rating and therefore the application of quantitative criteria.

Impairment Criteria

The key concepts introduced by IFRS 9 and required for the purpose of calculating impairment are as follows:

- a forward-looking model, allowing the immediate recognition of all expected losses over the life of the instrument. Under IFRS 9, losses shall be recognized based on supportable information that is available without undue cost or effort and includes historical, current and forward-looking data;
- ECL recalculated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument;
- ECL measured by incorporating point-in-time and forward-looking information as well as macroeconomic factors;
- Introduction of an additional status with respect to the binary classification of performing and non-performing counterparties, to take account of the increase in credit risk.

The ECL calculation model requires a quantitative assessment of future cash flows and assumes that they can be reliably estimated. This requires the identification of certain elements, namely:

- Probability of default (PD) models and assumptions about the forward distribution of default events, for the calculation of multi-period PDs used to determine the lifetime expected credit loss;
- a multi-period LGD model;
- a deterministic and stochastic EAD model allowing to define a multi-period distribution as well as a 12-month horizon.

In addition, at the reporting date, ECLs shall be discounted using the effective interest rate ("EIR") of the transaction as at the date of initial recognition.

Probability of Default (PD)

The multi-period PD parameter is interpreted by the Group by estimating a term structure of the probability of default starting from a recalibration of internal PD matrices provided by the rating agencies on long-term internal default rates (Long Run Average Default Rate or Central Tendency), the latter appropriately differentiated according to the relevant risk drivers. PD estimates include the effects deriving from the introduction of the New Definition of Default pursuant to Article 178 of Regulation (EU) No. 575/2013 in force as of January 1, 2021. As of December 31, 2024 these also include the effects deriving from the reclassification of the Loan Portfolio which occurred in June 2024. The multi-period PD also incorporates Point-In-Time conversion adjustments and forward-looking information.

The forward-looking requirement means that each of the transactions in the portfolio involving the same counterparty is assigned a probability of default beginning on the reporting date. To this end, the Group defines PD as the likelihood, over a particular time horizon, that a counterparty will be classified as in default.

In order to develop PDs according to IFRS 9, the Group uses the matrices of rating agencies (ECAI) relating to the Sovereign, Corporate and Financial Institutions segments. With reference to the Group portfolio:

- the Sovereign matrix was associated with public counterparties;
- the Corporate and Financial Institutions matrices were associated with non-public counterparties (the Corporate and Financial Institutions segments, respectively).

After identifying the matrices listed above, the following approach was followed to estimate the PD:

1. estimation of the 12-month TTC PD by recalibrating the ECAI external migration matrices for the loan portfolio of BFF Bank S.p.A.. This approach makes it possible to refine the PD estimates by making them more compliant with the company's business characteristics;
2. estimate of the lifetime TTC PD through the Markov approach based on assumptions of uniformity and the absence of memory which makes it possible to estimate the transition matrix until year "n" by raising the matrix at 1 year to the n-th power;
3. estimation of PIT and Forward Looking PD through ex-post adjustments of TTC multi-period PDs on the initial years, considering the point-in-time and forward-looking information given by forecasts on default rates.

With a view to applying this adjustment, the specific methodological approach is broken down into the following steps:

- macroeconomic model: definition of the macroeconomic scenarios to be applied (i.e., baseline, adverse and positive); in particular, the model defined by the Group calls for the conditioning of the TTC matrix by means of the application of 3 macroeconomic scenarios (i.e., projections of macroeconomic variables selected as regressors of the satellite model);
- satellite model: use of regression models for the estimate of forecast default rates; the satellite models used are differentiated by legal entity, one for BFF (including branches and FOSs) and Spain and one for Poland and by counterparty segment (Public Sector, Non-Public and Financial Intermediaries);
- conditioning model: in order to estimate a PD measurement inclusive of point-in-time and forward-looking components (i.e., PIT FLI PD), the TTC matrix is conditioned using the Merton - Vasicek methodology, a widespread market practice amongst banking institutions of similar size;
- multi-scenario model: from the PIT FLI marginal migration matrices over the projection horizon, cumulative curves are estimated up to 3 years, applying an appropriate non-homogeneous Markovian stochastic process, or with time-dependent migration matrices that vary over time. This makes it possible to obtain the PIT FLI cumulative migration matrix at projection years for each scenario and weighted with the relative likelihood of occurrence.

Loss Given Default (LGD)

In quantifying expected loss, the LGD parameter measures the expected loss in the event of counterparty default. Therefore, LGD is a significant component for calculating the expected loss according to IFRS 9, both for positions classified in Stage 1 (1-year time horizon), and for those that have undergone a significant increase in credit risk and were therefore classified in Stage 2 and assessed on a lifetime basis.

The calculation of impairment losses for non-performing positions (stage 3) relating to public counterparties whose supervisory classification may not be unambiguously indicative of a substantial increased credit risk (e.g. Italian regional or local authorities in a state of financial distress, past due), is done in a completely analogous manner to stage 2 exposures, considering a PD equal to 100% and the same (prudential) LGDs as for performing, given the predominantly public nature of the debtors and considering that in the case of past due, in factoring, late payment does not in itself imply a deterioration in the creditworthiness of the counterparty as for other financing products and nature of counterparties, and/or a diminished ability of the Group itself to recover the credit exposure claimed against counterparties classified in the above status.

However, this approach does not provide an exemption to the competent structures of the bank from performing a precise / individual assessment ("case-by-case assessment") of positions classified as past due if the adjustment calculated is not adequate. If the case-by-case assessment is not adopted (which in any case may not result in coverage below stage 2 coverage), the final level of provision attributed is equal to the value of the impairment provided by the model.

In order to estimate the LGD parameter, as no internal models are available, the Group has decided to use the LGD grids obtained from a specific calculation tool provided by the external infoprovider.

The Group assigns an LGD value to each transaction on the basis of appropriate portfolio segmentation, taking into account the following risk factors: the probability of default associated with the counterparty, the reference economic sector, and factors specific to the transaction (e.g., type of financing and positioning of the financing within the capital structure). In addition, only for the non-recourse factoring portfolio of BFF Bank S.p.A., given the specific features of the recovery process for that technical form compared to those of other product types, the Group has refined the LGD parameter estimation analysis by calibrating the external grids on long-term internal rates of recovery. This choice was justified by (i) the presence of a sufficiently robust time series depth for the estimation of an LGD model; (ii) the desire to correct ECAI source LGD estimates based on recoveries, in the majority of the cases complete, historically experienced by the Group. The calibration methodology is based on the calculation of a differentiated Central Tendency by customer macro-segment and the subsequent recalibration of the external grids using the constrained optimization Ordinary Least Squares (OLS) model.

Exposure at Default (EAD)

When defining and modeling the parameters to be used over multiple periods to measure credit risk, the Group considers also the Exposure at Default (EAD).

Similarly to what has already been defined in Basel models, to calculate ECL with credit risk parameters, EAD under IFRS 9 allows the definition of the exposure that a creditor will have at the time of default at a specific time over the life of the financial instrument.

Therefore, the EAD parameter must be aligned with the lifetime forecast horizon envisaged by the impairment model, to allow for the calculation of the allowance also for transactions for which the standard requires lifetime recognition.

The Group has identified the following factors for the computation of lifetime EAD:

- type of exposure;
- due date.

From these distinguishing factors for Exposure at Default modeling, the following cases have been defined:

- exposures with a deterministic repayment plan (cash flows);
- exposures without a repayment plan (no cash flows).

With reference to the exposures with deterministic repayment plans, the lifetime EAD is defined using the repayment plan and its effective cash flows. Stochastic modeling is therefore not necessary for these transactions.

On the other hand, as concerns exposures with unknown cash flows and/or due date (or exposures with no repayment plan), they are broken down by means of two estimation methodologies to determine the due date:

- a qualitative methodology, based on which the due date is determined on the basis of the conditions of the contract or the review by the Credit Evaluation O.U.;
- a quantitative methodology based on a behavioral model.

The calculation of impairment losses for non-performing positions relating to public counterparties whose supervisory classification may not be unambiguously indicative of a substantial increased credit risk (e.g. Italian regional or local authorities in a state of financial distress, past due), is done in a completely analogous manner to stage 2 exposures, considering a PD equal to 100% and the same (prudential) LGDs as for performing, given the predominantly public nature of the debtors and considering that in the case of past due, in factoring, late payment does not in itself imply a deterioration in the creditworthiness of the counterparty as for other financing products and nature of counterparties, and/or a diminished ability of the Group itself to recover the credit exposure claimed against counterparties classified in the above status. However, this approach does not provide an exemption to the competent structures of the bank from performing a precise / individual assessment ("case-by-case assessment") of positions classified as non-performing if the adjustment calculated is not adequate. If the case-by-case assessment is not adopted (which in any case may not result in coverage below stage 2 coverage), the final level of provision attributed is equal to the value of the impairment provided by the model.

IFRS 9 - Update to reflect the financial crisis due to the Russia/Ukraine conflict and the impacts of the Israel/Palestine conflict

As mentioned above, the Risk Management Function updated the macroeconomic scenarios for prospective conditioning of the PD.

The forecast scenario assumes that, albeit in a context of high uncertainty, particularly over the trade policies of the new US administration and the ongoing geopolitical tensions in Europe (Russian-Ukrainian war), the growth of foreign demand will consolidate, but at values significantly lower than the average values of the two decades preceding the pandemic. Based on futures contracts, oil prices would decline over the three-year period and natural gas prices would remain stable overall.

Employment would continue to grow, albeit at a slower rate than output. The unemployment rate is expected to remain stable overall over the three-year period 2025-27.

However, macroeconomic uncertainty remains high and stems mainly from the international scenario with lingering tensions related to ongoing conflicts that could negatively impact foreign sales and, through a worsening of household and business confidence, domestic demand. Higher price dynamics could result from further increases in the prices of raw materials and other imported goods.

As regards the Israel/Palestine conflict that began in late 2023, considering the results of the analyses performed by the Bank, at the moment no critical elements have been identified that would require the implementation of additional activities to monitor the risks of the above-mentioned conflict.

A4 - INFORMATION ON FAIR VALUE

Qualitative information

The IFRS require that financial instruments classified as "Financial assets measured at fair value through profit or loss", "Financial assets measured at fair value through other comprehensive income" and "Financial liabilities held for trading" be measured at fair value.

The fair value is the price that would be received for a sale of an asset or which would be paid for the transfer of a liability in a normal transaction between market operators (in other words, not a forced liquidation or sale below cost) on the measurement date. The fair value is a market measurement criterion not specific to the entity. An entity needs to assess the fair value of an asset or liability by adopting the assumptions that the market operators would use when determining the price of the asset or liability, assuming that the market operators act to satisfy their own economic interests in the best possible way.

In determining the fair value of a financial instrument, IFRS 13 establishes a hierarchy of criteria in terms of the reliability of the fair value according to the degree of discretion applied by entities, giving priority to the use of observable market parameters that reflect the assumptions that market participants would use in valuing (pricing) an asset/liability. Three different input levels are identified:

- Level 1: inputs represented by (unmodified) quoted prices in active markets for identical assets or liabilities, which can be accessed on the measurement date;
- Level 2: inputs other than quoted prices included in Level 1 that are directly (as in the case of prices) or indirectly (i.e. as derived from prices) observable for the assets or liabilities to be measured;
- Level 3: unobservable inputs for the asset or liability.

The choice between the aforementioned methods is not optional since they must be applied in hierarchical order. Absolute priority is given to the official prices available in active markets for the assets and liabilities to be measured (Level 1) or for assets and liabilities measured using valuation techniques based on observable market parameters other than the prices of the financial instrument (Level 2), and lower priority is given to assets and liabilities whose fair value is calculated using valuation techniques based on parameters that are not observable in the market and are therefore more discretionary (Level 3).

In compliance with the rules described above, the market price recorded at the end of the reporting period is used for instruments quoted in active markets (Level 1). The fair value of financial instruments not listed on active markets has been determined by using valuation techniques based mainly on the discounting of cash flows. The valuation techniques used incorporate all the factors considered by the market when setting the price and are based mainly on observable market inputs (Level 2).

Specifically:

- bonds are measured by discounting the future cash flows envisaged in the contractual plan of the security, using the market rates adjusted for counterparty risk;
- derivative contracts, consisting of overnight interest rate swaps (OISs), are measured based on market valuation models using market rates as the prevailing parameters, adjusted for counterparty risk. Where relevant, this risk includes both changes in the counterparty's creditworthiness and changes in the issuer's creditworthiness (own credit risk);

- for equities, there is a hierarchy and an order of application of measurement methods that considers, first of all, any transactions in the security recorded over a sufficiently short period of time compared to the valuation period, comparable transactions of companies operating in the same sector and the application of analytical financial, income-based and equity-based valuation methods. The measurement method for a financial instrument is adopted on a continuing basis, and is only changed if there are significant variations in the market or subjective conditions of the issuer of the financial instrument. The Bank does not hold any Level 3 financial instruments, except for those of an immaterial value.

A.4.1 Fair value levels 2 and 3: valuation techniques and input used

The valuation techniques used are adapted to the specific characteristics of the assets and liabilities being valued. The choice of inputs is aimed at maximizing the use of those that can be observed directly on the market, minimizing the use of internal estimates.

With regard to Level 2 financial instruments, mainly represented by SWAPS and loans and receivables with customers and banks measured at amortized cost, the valuations as at December 31, 2024 were based on interest rates and volatility factors derived from the market. In view of the Bank's limited dealings in the over-the-counter derivatives segment and its dealings mainly with the most relevant counterparties based on risk-mitigating collateralization agreements, the adjustments made to the measurement of Level 2 instruments to incorporate counterparty risk were not significant.

With regard to Level 2 UCI units, the value is determined using the official NAV.

A.4.2 Processes and sensitivity of valuations

At December 31, 2024 the Bank does not own financial instruments classified in fair value level 3.

A.4.3 Fair value hierarchy

At December 31, 2024, as in 2023, there were no transfers between Level 1, Level 2 and Level 3.

A.4.5 Fair value hierarchy

Quantitative information

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by levels of fair value

(Values in thousand euros)

Financial assets / liabilities measured at fair value	12.31.2024			12.31.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	1	180,396		6	166,986	
a) financial assets held for trading	1	1,805	-	6	1,161	
b) financial assets designated at fair value	-	-	-			
c) other assets subject to mandatory fair-value valuation	-	178,591	-		165,846	-
2. Financial assets measured at fair value through other comprehensive income	13,211	128,231	-	9,366	128,153	-
3. Hedging derivatives	-	-	-			
4. Property, equipment and investment property	-	-	-			
5. Intangible assets	-	-	-			
Total	**13,213**	**308,627**	**-**	**9,372**	**295,160**	**-**
1. Financial liabilities held for trading		139			1,215	
2. Financial liabilities measured at fair value			-			
3. Hedging derivatives			-		14,314	
Total	**-**	**139**	**-**		**1,215**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by levels of fair value

(Values in thousand euros)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	12.31.2024				12.31.2023			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortized cost	10,353,293	4,585,397		5,758,449	10,599,963	4,891,959		5,642,781
2. Investment property								
3. Non-current assets held for sale and discontinued operations								
Total	**10,353,293**	**4,585,397**		**5,758,449**	**10,599,963**	**4,891,959**		**5,642,781**
1. Financial liabilities measured at amortized cost	10,617,859	613,716		10,007,946	10,731,370			10,731,370
2. Liabilities linked to assets held for sale								
Total	**10,617,859**	**613,716**		**10,007,946**	**10,731,370**	**-**		**10,731,370**

Key:
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.5 INFORMATION ON THE "DAY ONE PROFIT/LOSS"

The Bank does not hold, nor has it held, any financial assets to which this disclosure is applicable, pursuant to IFRS 7, paragraph 28.

Part B - Information on the statement of financial position

ASSETS

Section 1 - Cash and cash equivalents - Item 10

€137,364 thousand

1.1 Cash and cash equivalents: breakdown

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
a) Cash	183	204
b) Current accounts and sight deposits at Central Banks	10,486	157,536
c) Current accounts and sight deposits at banks	126,695	81,959
Total	**137,364**	**239,130**

As of December 31, 2024, this item mainly includes unrestricted deposits with the Bank of Italy, amounting to €10.5 million (compared to €157.5 million as of December 31, 2023), as well as current accounts held by the Bank at third-party banks as of December 31, 2024, amounting to €126.7 million.

Section 2 - Financial assets measured at fair value through profit or loss - Item 20

€180,397 thousand

This item is broken down as follows:

- Financial assets held for trading of €1.8 million, which primarily includes the positive fair value of derivative instruments classified as trading assets but used for the operational hedges of exchange rate risk that the Bank is exposed to;
- Other financial assets subject to mandatory fair value measurement of €178.6 million, which mainly include the "UCI units" managed in part by the "Italian SGR Investment Fund" and, to a lesser extent, by the "Atlante Fund" and, as of 2022, by the Ingenii Fund, with units subscribed by the Bank for a value of €149 million at December 31, 2024. The value of UCI units recognized in the separate financial statements has been updated to the latest available NAV made available by these funds. The item also includes the value of the notes of the securitization vehicle Dioniso, which the Bank subscribed in 2024, amounting to €5.4 million.

2.1 Financial assets held for trading: breakdown by type

(Values in thousand euros)

Items/values	Total 12.31.2024			Total 12.31.2023		
	L1	L2	L3	L1	L2	L3
A. On-statement of financial position assets						
1. Debt securities	-			5		
1.1 Structured securities						
1.2 Other debt securities				5		
2. Equity securities	1			1		
3. UCI units						
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total (A)	**1**	**-**	**-**	**6**	**-**	**-**
B. Derivatives						
1. Financial derivatives		1,805			1,140	
1.1 held for trading		1,805			1,140	-
1.2 connected to the fair value option						
1.3 others						
2. Credit derivatives						
2.1 held for trading					21	
2.2 connected to the fair value option						
2.3 others						
Total (B)	**-**	**1,805**	**-**	**-**	**1,161**	**-**
Total (A+B)	**1**	**1,805**	**-**	**6**	**1,161**	**-**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

2.2 Financial assets held for trading: breakdown by borrower/issuer/counterparty

(Values in thousand euros)

Items/values	Total 12.31.2024	Total 12.31.2023
A. On-statement of financial position assets		
1. Debt securities	-	5
a) Central Banks		
b) Public administrations		2
c) Banks		3
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
2. Equity securities	1	1
a) Banks		
b) Other financial companies:		
of which: insurance companies		
c) Non-financial companies	1	1
d) Other issuers		
3. UCI units		
4. Loans	-	-
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
f) Households		
Total A	**1**	**6**
B. Derivatives	**1,805**	**1,161**
a) Central counterparties		
b) Others	1,805	1,161
Total B	**1,805**	**1,161**
Total (A+B)	**1,806**	**1,167**

2.5 Other financial assets subject to mandatory fair value measurement: breakdown by type

(Values in thousand euros)

Items/values	Total 12.31.2024			Total 12.31.2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities		5,372				
2. Equity securities			-			
3. UCI units		**173,219**			**165,846**	
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total	-	**178,591**	-	-	**165,846**	-

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

2.6 Other financial assets subject to mandatory fair value measurement: breakdown by borrower/ issuer

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Equity securities		
of which: banks		
of which: other financial companies		
of which: other non-financial companies		
2. Debt securities		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies	5,372	
of which: insurance companies		
e) Non-financial companies		
3. UCI units	**173,219**	**165,846**
4. Loans		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
f) Households		
Total	**178,591**	**165,846**

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

€141,442 thousand

At December 31, 2024 this item included:

- the stake in the Bank of Italy of €125 million;
- other minor investments worth approximately €16.4 million.

The change compared to December 31, 2023 is mostly due to the adjustment to fair value of the equity investments of €3.0 million and the increase in the shareholding in General Finance S.p.A. for €430 thousand.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

(Values in thousand euros)

Items/values	Total 12.31.2024			Total 12.31.2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities	13,211	128,231		9,366	128,153	-
3. Loans						
Total	**13,211**	**128,231**	**-**	**9,366**	**128,153**	**-**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by borrower/issuer

(Values in thousand euros)

Items/values	Total 12.31.2024	Total 12.31.2023
1. Debt securities		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
2. Equity securities	**141,442**	**137,520**
a) Banks	125,598	125,534
b) Other issuers:	15,844	11,985
- other financial companies	13,874	10,698
of which: insurance companies		
- non-financial companies	1,970	1,287
- others		
3. Loans		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
f) Households		
Total	**141,442**	**137,520**

Section 4 - Financial assets measured at amortized cost - Item 40

€10,353,293 thousand

This item is broken down as follows:

- Loans and receivables with banks of €602,651 thousand;
- loans and receivables with customers of €9,750,642 thousand also include the Held to Collect (HTC) securities portfolio amounting to €4,594,843 thousand.

Loans and receivables with banks

€602,651 thousand

4.1. Financial assets measured at amortized cost: breakdown by type of loans and receivables with banks

(Values in thousand euros)

Type of operations/Values	Total 12.31.2024						Total 12.31.2023					
	Carrying Amount			Fair Value			Carrying Amount			Fair Value		
	Stage one and Stage two	Stage three	Purchased or originated credit impaired	L1	L2	L3	Stage one and Stage two	Stage three	Purchased or originated credit impaired	L1	L2	L3
A. Loans and receivables with Central Banks	**32,051**					**32,051**	**203,963**					**203,963**
1. Time deposits	16,153			X	X	X	14,757			X	X	X
2. Mandatory reserve	189,206			X	X	X	173,635			X	X	X
3. Repurchase agreements (REPO)				X	X	X				X	X	X
4. Others				X	X	X				X	X	X
B. Loans and receivables with banks	**570,600**					**570,600**	**389,598**					**389,598**
1. Loans	570,600					570,600	389,598					389,598
1.1. Current accounts				X	X	X				X	X	X
1.2. Time deposits	22,500			X	X	X	15,966			X	X	X
1.3. Other loans:	548,100			X	X	X	373,632			X	X	X
- Reverse repurchase agreements	405,474			X	X	X	299,776			X	X	X
- Loans for leases				X	X	X	-			X	X	X
- Others	73,856			X	X	X	105,950			X	X	X
2. Debt securities												
2.1. Structured securities												
2.2. Other debt securities												
Total	**602,651**	**-**	**-**	**-**	**-**	**602,651**	**593,561**	**-**		**-**	**-**	**593,561**

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

As of December 31, 2024, the item "Loans and receivables with Central Banks - Mandatory Reserve," amounting to €15.9 million, also includes the amounts deposited in compliance with the reserve requirement of client banks, for which the Bank provides the service indirectly, while "Time deposits" include the balance of the amount deposited with the National Bank of Poland (Narodowy Bank Polski) for the funding made by the Polish branch through "Lokata Facto," amounting to €16,153 thousand.

"Loans and receivables with banks - time deposits" referred for €22,500 thousand to the amount deposited with Banco de España as CRM (Coeficiente de Reservas Mínimas), in relation to the funding carried out by the Bank's Spanish branch through "Cuenta Facto."

The item "Loans and receivables with banks – Reverse repurchase agreements," amounting to €405.5 million, refers to contracts governed by Global Master Repurchase Agreements (GMRAs) with other banks.

"Loans and receivables with banks – Others" consist mainly of trade receivables, i.e. trade receivables for transactions connected to the provision of services, and in particular of daily positions connected to the provision of payment card settlement services.

This item does not include any impaired assets.

Loans and receivables with customers

€9,750,642 thousand, including Held to Collect securities of €4,594,843 thousand

This item mainly includes loans to customers of €5,155.8 million and €4,594.8 million in debt securities in the HTC portfolio.

BFF's receivables due from customers are measured at amortized cost, determined based on the present value of estimated future cash flows.

The non-recourse receivables include both principal and late payment interest accruing as from the due date of the receivable. In order to compute amortized cost, including late payment interest recognized on an accrual basis, BFF Bank updates the time series data regarding the late payment interest collection percentages and times at least on an annual basis, when the financial statements are prepared, and the evolution of collections is analyzed quarterly, to confirm the recognition percentages when periodic reporting is prepared.

In the course of 2024, the Bank, in making that update, refined several aspects of the model being used: in particular: (i) the database was critically reviewed, (ii) the time series were updated, including collections recorded in December 2023 and (iii) their reference period was critically analyzed, in order to make it more uniform with the mix of counterparties currently in the portfolio, current operating methods and increased correspondence between the late payment interest and 40 euros databases. In this respect, for late payment interest the 2015-2024 time series was used, deeming the observations relating to the 2010-2014 period to be not very representative as they relate to collections that referred almost exclusively to the Italian NHS, which today represents just 31% of the overall provision. In compliance with the requirement set out in IAS 8.34, which calls for the adjustment of estimates when there are changes in the circumstances on which the estimate was based or when new information is obtained, the Bank increased the percentage of recognition of late payment interest and 40 euros, from 50% to 65%.

The total net amount of impaired exposures for BFF Banking Group is €1644.1 million. Of this amount, €95.2 million relates to bad loans (including €94.8 million relating to municipalities and provincial governments in financial distress, of which €3.0 million was purchased already impaired) and €2.5 million to unlikely-to-pay exposures. Past due exposures amounted to €1,546.4 million, of which 95.1% relating to public counterparties. As noted previously, this item was significantly impacted by the portfolio reclassification carried out as at June 30, 2024 in order to respond to the compliance finding on the previous classification of public receivables carried out by the Bank, without however corresponding to an effective deterioration of the underlying credit quality.

Please recall that the European Court of Human Rights confirmed in its ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including failing municipalities, in the presence of judicial decisions that remain enforceable. The Bank has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

This item also includes collection expense ("40 euros"). Italian Legislative Decree no. 231 of 10/9/2002, implementing Directive 2000/35/EC on combating late payment in commercial transactions, establishes on compensation for collection expenses that "*The creditor is due, without any placement in default being required, a lump-sum amount of €40 by way of compensation for damages*. This is without prejudice to proof of higher damages, which may include debt collection assistance costs".

BFF's interpretation has been confirmed by the recent ruling won by the Bank at the Court of Justice of the European Union on October 20, 2022, which constitutes the binding interpretation for the national rulings of all Member States as well, and confirmed the right to recover at least €40 for each past-due invoice with respect to the Public Administration, irrespective of the amount and whether a certain amount of invoices are part of a single payment agreement.

The Bank therefore tracked the collections of collection expenses to develop a time series which currently has a depth of 6 years. Considering recent case law, the rising collection trend and growing collection percentages aligned with those of late payment interest, starting from December 31, 2022 the Bank made the decision to include this type of revenue in the separate financial statements by modifying the method for estimating revenue.

Also with respect to collection expenses, the time series update noted previously increased the percentage of recognition from 50% to 65%.

Pursuant to IAS 8.36, the change in estimate was recognized on a forward-looking basis during the year of the change and, therefore, reflected in the year 2024.

In 2024, the change in the recovery rate generated €135.2 million in higher receivables and non-recurring revenues (€96.0 million after tax).

Debt securities classified in the HTC portfolio, equal to €4,594.8 million, are measured at amortized cost. The relevant interest is therefore recognized in the income statement using the effective rate of return.

At December 31, 2024, this portfolio consists primarily of government securities purchased to hedge liquidity risk and to optimize the cost of money. It has a total nominal amount of €4,607 million and fair value of €4,585 million, with a negative difference (before taxes) of around €9.4 million compared to the carrying amount on the same date, not recognized in the separate financial statements.

4.2 Financial assets measured at amortized cost: breakdown by type of loans and receivables with customers

€9,750,642 thousand

(Values in thousand euros)

Type of transactions/ Values	Total 12.31.2024						Total 12.31.2023					
	Carrying Amount			Fair value			Carrying Amount			Fair value		
	Stage one and Stage two	Stage three	Purchased or originated credit impaired	L1	L2	L3	Stage one and Stage two	Stage three	purchased or originated credit impaired	L1	L2	L3
1. Loans	**3,511,655**	**1,641,147**	**2,996**			**5,155,798**	**4,747,906**	**295,731**	**5,584**			**5,255,082**
1.1. Current accounts	503,933	460		X	X	X	285,612	447		X	X	X
1.2. Reverse Repurchase agreements	54,656			X	X	X	52,424			X	X	X
1.3. Mortgages	-			X	X	X				X	X	X
1.4. Credit cards and personal loans, including salary-backed loans	17			X	X	X				X	X	X
1.5. Loans for leases				X	X	X				X	X	X
1.6. Factoring	1,483,819	1,384,497	2,996	X	X	X	2,544,768	259,792	5,584	X	X	X
1.7. Other loans	1,469,230	256,190		X	X	X	1,865,041	35,491		X	X	X
2. Debt securities	**4,594,843**			**4,585,397**			**4,957,182**			**4,891,959**		
2.1. Structured securities												
2.2. Other debt securities	4,594,843			4,585,397			4,957,182			4,891,959		
Total	**8,106,498**	**1,641,147**	**2,996**	**4,585,397**	**-**	**5,155,798**	**9,705,088**	**295,731**	**5,584**	**4,891,959**	**-**	**5,255,082**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

This item breaks down as follows:

- performing factoring loans amounted to a total of €1,483,819 thousand:
  - this included non-recourse trade receivables purchased as performing, registered under the name of the assigned debtor, with the conditions for "derecognition", and measured at "amortized cost", worth a total of €1,475,639 thousand;
  - the right to accrued and accruing late payment interest on them and the right to collection expense when they fall due are acquired upon purchase;
  - trade receivables purchased below nominal amount totaled €3,840 thousand in relation to late payment interest and €153 thousand for collection expense.

- other performing loans due from customers amounted to €1,469,230 thousand. They mainly include:
  - receivables for accrued late payment interest of about €107,295 thousand; this amount has already been recognized in the income statement in the current and prior years and refers only to late payment interest accrued. Therefore, of the €519.9 million in late payment interest recognized in the income statement, and referring to the provision existing at December 31, 2024, €107.3 million refers to the item under review, while the remaining amount of €271.6 million was recognized under "factoring" and €141.0 million under receivables in other loans past due;
  - Collection expense of €42,274 thousand; this amount, along with the €94,055 thousand classified under impaired loans, has already been transferred to the income statement and refers to collection expense already accrued on receivables purchased outright;
  - intercompany loans granted to the subsidiary BFF Finance Iberia and the BFF Polska Group for a total of €885,817 thousand;
  - Security deposits of approximately €190,520 thousand for settlement activities related to the transactions typical of the Securities Services and Banking Payments business areas;
  - security deposits for transactions in place with Cassa Compensazione e Garanzia for €157,687 thousand.
- Reverse repurchase agreements amounting to €54,656 thousand. These are exposures arising from contracts with customers regulated by the Global Master Repurchase Agreement (GMRA).
- Current account credit facilities amounting to €503,933 thousand are mainly represented by intercompany current account overdrafts in favor of BFF Central Europe (€199,503 thousand), BFF Finance Iberia (€296,192 thousand) and BFF Immobiliare (€6,924 thousand) and on a residual basis by the use of lines of credit granted for servicing requirements to funds and asset management companies using the custodian bank services (as part of the services offered by the Securities Services business unit) or by corporate customers to whom collection and payment services are provided (as part of the services provided by the Banking Payments Department).
- BFF's net "Impaired assets" amounted to a total of €1,644,143 thousand, compared to €301,314 thousand as at December 31, 2023. The increase was mainly caused by impaired past due exposures: this item was significantly impacted by the portfolio reclassification carried out as of June 30, 2024 in order to respond to the compliance finding of the Bank of Italy on the definition of past due receivables, without however corresponding to an effective deterioration of the underlying credit quality. They include:
  - Non-performing loans consisting of exposures to parties that are in a state of insolvency or in basically similar situations, regardless of any loss projections made by the Bank. At December 31, 2024, the overall total of non-performing loans, net of impairment, amounted to €95,203 thousand, of which €2,996 thousand purchased already impaired. Net non-performing loans relating to Italian municipalities and provincial governments in financial distress amounted to €94,796 thousand (€92,644 thousand at December 31, 2023), accounting for 99.6% of the total. This case is classified as non-performing in accordance with the indications given by the Supervisory Authority, despite the fact that BFF is entitled to receive 100% of principal and late payment interest at the end of the insolvency procedure. The portion of the allowance for late payment interest relating to non-performing exposures, recognized at the time of the change in estimate in 2014, was equal to €768 thousand, entirely impaired. Taking account of this amount, too, gross non-performing loans amounted to €97,952 thousand and relevant adjustments totaled €2,748 thousand.
  - Unlikely-to-pay positions reflect the judgment made by the intermediary about the unlikelihood that – excluding such actions as the enforcement of guarantees – the debtor will fully meet (for principal and/or interest) its credit obligations. This assessment should be arrived at independently of the existence of any past due and unpaid amounts (or installments). At December 31, 2024, gross exposures classified

as unlikely to pay amounted to €4,310 thousand, written down by €1,773 thousand. The net exposure therefore amounts to €2,537 thousand.

– The Bank's net past due exposures amounted to €1,546,403 thousand. 95.1% of these exposures relate to public counterparties. This category increased sharply compared to December 31, 2023 following the portfolio reclassification carried out as at June 30, 2024, to respond to the compliance findings on the previous classification of public receivables carried out by the Bank, contained in the Bank of Italy inspection report delivered on April 29, 2024 and to which BFF responded on July 11, 2024.

Please recall that impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Bank exposures) are treated differently. The actual credit risk profile assumed by the Bank is limited, as it has been assumed with respect to public bodies, and the classification described above could result in significant distortions in the representation of the Bank's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

Fair value

The financial statements item "Loans and receivables with customers" mainly refers to non-recourse trade receivables, for which an active and liquid market is not available. In particular, these are past due trade receivables due from public administration agencies, for which the price in a hypothetically independent transaction cannot be easily determined, partly due to difficulties in reasonably assessing the liquidity risk that would be accepted by the market for such transactions.

Consequently, the carrying amount (determined based on the amortized cost and taking into account any individual and collective impairment), in relation to the nature, type, duration of such assets and related collection projections, was deemed to be substantially representative of the fair value of these trade receivables on the reporting date.

4.3 Financial assets measured at amortized cost: breakdown by borrower/issuer of loans to customers

(Values in thousand euros)

Type of operations/Values	Total 12.31.2024			Total 12.31.2023		
	Stage one and Stage two	Stage three	Purchased or originated credit impaired	Stage one and Stage two	Stage three	Purchased or originated credit impaired
1. Debt securities	**4,594,843**			**4,957,182**		
a) Public administrations	4,587,702			4,950,043		
b) Other financial companies	7,141			7,140		
of which: insurance companies						
c) Non-financial companies						
2. Loans to:	**3,511,655**	**1,641,147**	**2,996**	**4,747,906**	**295,731**	**5,584**
a) Public administrations	1,638,226	1,561,754	2,996	2,714,988	280,852	5,584
b) Other financial companies	1,751,239	1,243		1,743,420	447	
of which: insurance companies				1		
c) Non-financial companies	121,719	24,924		244,840	8,725	
d) Households	471	53,225		44,659	5,706	
Total	**8,106,498**	**1,641,147**	**2,996**	**9,705,088**	**295,731**	**5,584**

The exposures to financial companies relate mainly to loans granted to the subsidiaries BFF Finance Iberia and BFF Polska Group (for a total of €1,382 million) and Cassa di Compensazione e Garanzia for €157.7 million.

4.4 Financial assets measured at amortized cost: gross amount and total adjustments

(Values in thousand euros)

	Gross amount					Total adjustments				Total partial write-offs (*)
	Stage One	of which: Instruments with low credit risk	Stage two	Stage three	Purchased or originated credit impaired	Stage one	Stage two	Stage three	Purchased or originated credit impaired	
Debt securities	4,596,717					1,873				
Loans	4,098,847		16,944	1,646,962	3,192	1,438	47	5,815	197	
Total 12.31.2024	**8,695,563**	**-**	**16,944**	**1,646,962**	**3,192**	**3,311**	**47**	**5,815**	**197**	**-**
Total 12.31.2023	**10,040,210**	**-**	**261,856**	**300,070**	**5,785**	**3,245**	**172**	**4,339**	**201**	**-**

(*) Value presented for informative purposes

Section 7 - Equity investments - Item 70

€229,882 thousand

The item totaled €230 million and consisted of investments in BFF Polska Group, BFF Finance Iberia, BFF Immobiliare S.r.l. (established in January 2022) and BFF Techlab S.r.l. (acquired in October 2022), all exclusively controlled by the Bank BFF Bank which holds 100% of the capital, as well as Unione Fiduciaria, with an equity investment amounting to 24% of the shares issued and resulting from the merger of DEPObank in March 2021, recognized in the separate financial statements for €8.6 million. During 2024, the Bank subscribed for a 33% equity investment (worth €7 thousand) in an Italian law firm. Compared with the prior financial year, the item increased significantly as a result of the capital increase carried out by the Bank for the benefit of its subsidiary BFF Immobiliare.

All investments are recorded in the separate financial statements according to the cost method.

7.1 Equity investments: information on shareholding relationships

Names	Registered Office	Operational headquarters	Equity interest %	Voting rights %
A. Exclusively controlled companies				
1. BFF Finance Iberia, S.A.	Madrid (Spain)	Madrid (Spain)	100%	100%
2. BFF Polska S.A.	Łodz (Poland)	Łódź (Poland)	100%	100%
3. BFF Immobiliare S.r.l.	Milan (Italy)	Milan (Italy)	100%	100%
4. BFF TechLab S.r.l.	Brescia (Italy)	Brescia (Italy)	100%	100%
B. Jointly controlled companies				
C. Companies over which significant influence is exercised				
1. Unione Fiduciaria	Milan (Italy)	Milan (Italy)	24%	24%

In November 2024, the Bank subscribed 33% of the share capital, amounting to €6,600, of the new law firm "*PB & Partners Società tra Avvocati* a *responsabilità limitata*". As at December 31, 2024, the law firm is not yet operational, as the process of authorization by the Bar Council has not yet been completed.

7.5 Equity investments: annual changes

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
A. Opening balance	**154,876**	**151,876**
B. Increases		
B.1 Purchases	7	3,000
B.2 Impairment gains		
B.3 Revaluations		
B.4 Other changes	75,000	-
C. Decreases		
C.1 Sales		
C.2 Impairment losses		
C.3 Impairment		
C.4 Other changes		
D. Closing balance	**229,882**	**154,876**
E. Total revaluations		
F. Total adjustments		

Increases mainly refer to the capital increase executed by the Bank for the benefit of its subsidiary BFF Immobiliare.

Section 8 - Property, equipment and investment property - Item 80

€52,385 thousand

8.1 Property and equipment with functional use: breakdown of assets measured at cost

(Values in thousand euros)

Assets/Values	Total 12.31.2024	Total 12.31.2023
1. Proprietary assets		
a) land	660	2,640
b) buildings	2,640	3,984
c) furniture	2,049	266
d) electronic systems	1,161	624
e) others	579	1,111
2. Right-of-use assets		
a) land		
b) buildings	44,877	11,238
c) furniture		
d) electronic systems	5	5
e) others	419	509
Total	**52,385**	**20,377**
of which: obtained by enforcement of guarantees received		

8.6 Property and equipment with functional use: yearly changes

(Values in thousand euros)

	Land	Buildings	Furnishings	Electronic system	Others	Total
A. Gross opening balances	**2,640**	**30,038**	**3,103**	**11,853**	**8,471**	**56,105**
A.1 Total net impairment losses		(14,816)	(2,837)	(11,223)	(6,851)	(35,727)
A.2 Opening net balances	**2,640**	**15,222**	**266**	**630**	**1,620**	**20,377**
B. Increases:	-	**42,936**	**1,812**	**930**	**526**	**46,204**
B.1 Purchases			1,812	930	526	**3,268**
B.2 Capitalized leasehold improvements						-
B.3 Reversals of impairment losses						-
B.4 Increases in fair value charged to:						
a) equity						
b) profit or loss						-
B.5 Exchange rate gains						-
B.6 Transfers from investment property			X	X	X	-
B.7 Other changes		42,936				**42,936**
C. Decreases:	**(1,980)**	**(10,641)**	**(29)**	**(399)**	**(1,148)**	**(14,196)**
C.1 Sales				(3)		(3)
C.2 Depreciation		(1,924)	(29)	(396)	(1,073)	(3,422)
C.3 Impairment losses impairment charged to:						-
a) equity						-
b) profit or loss						-
C.4 Decreases in fair value through:	(1,980)	(1,003)				(2,983)
a) equity						
b) profit or loss	(1,980)	(1,003)				(2,983)
C.5 Exchange rate losses						
C.6 Transfers to:						
a) investment property			X	X	X	-
b) non-current assets held for sale and discontinued operations						-
C.7 Other changes		(7,715)			(75)	(7,790)
D. Closing net balances	**660**	**47,517**	**2,049**	**1,161**	**998**	**52,385**
D.1 Total net impairment losses		(25,457)	(2,866)	(11,619)	(7,999)	**(47,942)**
D.2 Closing Gross Amount	660	72,974	4,915	12,780	8,997	**100,326**
E. Measurement at cost	660	72,974	4,915	12,780	8,997	**100,326**

As at December 31, 2024, the item "Property, equipment and investment property" amounted to a total of €52,385 thousand and was mainly composed of:

- Land amounting to €660 thousand arising from the land on which the owned property in Rome is located;
- Buildings amounting to €2,640 thousand, relating to the building owned in Rome at Via Elio Chianesi, 110/d;
- Right-of-use assets relating to the application of IFRS 16 on leases of €45,296 thousand, of which €44,877 thousand relating to assets leased by the Bank and its foreign branches. For further information on this topic, please refer to Section M of the Notes.

Other increases and decreases relate mainly to renegotiations and early closures that occurred during the year on leasing contracts (IFRS 16).

Regarding the category "buildings," the increases mainly refer to the entry into operation of "Casa BFF" leased to the Bank by its subsidiary BFF Immobiliare, the value of which was annexed into the scope of real estate leases in accordance with IFRS 16.

In addition, in line with the revaluation method, adopted at the Group level, as of December 2024, it should be noted that the building in Rome and the adjoining land, located in Via Chianesi, have been subject to impairment, based on an appraisal done by an independent company.

The impairment loss of €3 million was recognised in item 200 "Other operating income, net" in the Income Statement. For further details, please refer to that which is already fully described in Part A "Accounting Policies" of these Separate Financial Statements.

Section 9 - Intangible assets - Item 90

€44,103 thousand

9.1 Intangible assets: breakdown by type of asset

(Values in thousand euros)

Assets/Values	Total 12.31.2024		Total 12.31.2023	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X		X	
A.2 Other intangible assets	**44,103**		**40,734**	
of which: software	17,560		13,797	
A.2.1 Assets measured at cost:				
a) intangible assets created internally				
b) other assets	44,103		40,734	
A.2.2 Assets measured at fair value:				
a) intangible assets created internally				
b) other assets				
Total	**44,103**	**-**	**40,734**	**-**

9.2 Intangible assets: annual changes

(Values in thousand euros)

	Goodwill	Other intangible assets: generated internally		Other intangible assets: others		Total
		FIN	INDEF	FIN	INDEF	
A. Opening balance		-	-	**52,936**	-	**52,936**
A.1 Total net impairment losses		-	-	12,202	-	**12,202**
A.2 Opening net balances		-	-	40,734	-	**40,734**
B. Increases				**12,819**		**12,819**
B.1 Purchases				12,819		12,819
B.2 Increases internally-generated intangible assets	X					
B.3 Reversals of impairment losses	X					
B.4 Increases in fair value						
- to equity	X					
- in profit or loss	X					
B.5 Exchange rate gains						
B.6 Other changes						
C. Decreases				**(9,450)**		(9,450)
C.1 Sales						
C.2 Impairment losses						
- Amortization	X			(8,994)		(8,994)
- Impairment						
+ Equity	X					
+ Profit or loss						
C.3 Decreases in fair value						
- to equity	X					
- in profit or loss	X					
C.4 Transfers to non-current assets held for sale						
C.5 Exchange rate losses						
C.6 Other changes				(456)		(456)
D. Closing net balances	-	-	-	**44,103**	-	**44,103**
D.1 Total net impairment losses				(21,653)		(21,653)
E. Closing gross balances	-	-	-	**65,756**	-	**65,756**
F. Measurement at cost	-	-	-	**65,756**	-	**65,756**

Key
DEF: finite useful life
INDEF: indefinite useful life

Intangible assets are recognized at cost, net of amortization, calculated based on their estimated useful life.

In accordance with IAS 38, paragraph 118, letter a), the amortization rates applied are based on the estimated useful lives of the intangible assets.

Aside from customer contracts, which account for €16,429 thousand, the item also includes other intangible assets with a finite life that refer to investments in new multi-year programs and software, amortized on a straight-line basis over their estimated useful lives (4 years).

Lastly, no trigger events were identified relating to other intangible assets with a finite useful life. Therefore, consistent with the requirements of IAS 36, no impairment test was performed.

Section 10 - Tax assets and tax liabilities - Item 100 of assets and Item 60 of liabilities

As at December 31, 2024 current tax assets and liabilities amount to €94,753 thousand and €159,337 thousand, respectively, and include the net balance of the Bank's tax positions with respect to tax authorities, in accordance with the provisions of IAS 12. In particular, these items include the net balance of current tax liabilities for the year, calculated according to a prudential estimate of the tax charge due for the year, determined on the basis of the current tax code, and current tax assets represented by prepayments made in the course of the year. Current taxes correspond to the amount of income taxes due for the year.

10.1 Deferred tax assets: breakdown

€56,494 thousand

The main components of deferred tax assets include the portion of amounts deductible in future years of adjustments to loans and receivables, the accruals for deferred benefit employee obligations, and depreciation and amortization the recognition of which is deferred for tax purposes.

10.2 Deferred tax liabilities: breakdown

€159,337 thousand

Deferred tax liabilities mainly refer to the taxes on BFF Bank's late payment interest, recognized in the separate financial statements on an accrual basis but which will form part of the taxable profit in future years subsequent to collection, in accordance with Article 109, paragraph 7 of Presidential Decree No. 917 of 1986, as well as loss allowances relating to previous years.

10.3 Changes in deferred tax assets (through profit or loss)

€56,259 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**52,861**	**54,840**
2. Increases	**8,031**	**3,303**
2.1 Deferred tax assets recognized during the year	8,031	3,303
a) relating to previous years		
b) due to changes in accounting criteria		
c) reversals of impairment losses		
d) others	8,031	3,303
2.2 New taxes or increases in tax rates		
2.3 Other increases	-	-
3. Decreases	**(4,633)**	**(4,320)**
3.1 Deferred tax assets canceled during the year	(4,633)	(4,320)
a) reversals	(4,633)	(4,320)
b) impairment of non-recoverable items		
c) changes in accounting criteria		
d) others		
3.2 Reductions in tax rates		
3.3 Other reductions:		
a) transformation into tax credits pursuant to Italian Law No. 214/2011		
b) other		(962)
4. Final amount	**56,259**	**52,861**

10.3 bis Changes in deferred tax assets pursuant to Law no. 214/2011
€10,616 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**12,897**	**15,187**
2. Increases	-	-
3. Decreases	**(2,282)**	**(2,290)**
3.1 Reversals	(2,282)	(2,290)
3.2 Transformation into tax credits		
a) deriving from losses for the year		
b) deriving from tax losses		
3.3 Other reductions		
4. Final amount	**10,616**	**12,897**

10.4 Changes in deferred tax liabilities (through profit or loss)
€158,670 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**120,449**	**106,180**
2. Increases	**43,608**	**16,388**
2.1 Deferred tax liabilities recognized during the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) others	43,608	16,388
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**(5,388)**	**(2,119)**
3.1 Deferred tax liabilities canceled during the year	(5,388)	-
a) reversals	(5,388)	(2,119)
b) due to changes in accounting criteria		
c) other		
3.2 Reductions in tax rates		
3.3 Other reductions		
4. Final amount	**158,670**	**120,449**

10.5 Changes in deferred tax assets (recorded in equity)
€235 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**244**	**403**
2. Increases	**-**	**181**
2.1 Deferred tax assets recognized during the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		181
3. Decreases	**(8)**	**(341)**
3.1 Deferred tax assets canceled during the year		
a) reversals		
b) impairment of non-recoverable items		
c) due to changes in accounting criteria		
d) others	-	-
3.2 Reductions in tax rates		
3.3 Other reductions	(8)	(341)
4. Final amount	**235**	**244**

10.6 Changes in deferred tax liabilities (recorded in equity)

€667 thousand

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
1. Initial amount	**869**	**112**
2. Increases	**178**	**759**
2.1 Deferred tax liabilities recognized during the year		
a) relating to previous years	178	
b) due to changes in accounting criteria		
c) others	178	
2.2 New taxes or increases in tax rates		
2.3 Other increases		759
3. Decreases	**(380)**	**(2)**
3.1 Deferred tax liabilities canceled during the year	(380)	(2)
a) reversals		
b) due to changes in accounting criteria		
c) others	(380)	(2)
3.2 Reductions in tax rates		
3.3 Other reductions		
4. Final amount	**667**	**869**

Section 11 - Non-current assets held for sale and discontinued operations and associated liabilities - Asset item 110 and Liability item 70

11.1 Non-current assets held for sale and discontinued operations: breakdown by type of asset

€0

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
A. Assets held for sale		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property, equipment and investment property	-	8,046
of which: obtained by enforcement of guarantees received		
A.4 Intangible assets		
A.5 Other non-current assets		
Total (A)	**-**	**8,046**
of which measured at cost	-	8,046
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss		
- financial assets held for trading		
- financial assets designated at fair value		
- other financial assets subject to mandatory fair value measurement		
B.2 Financial assets measured at fair value through other comprehensive income		
B.3 Financial assets measured at amortized cost		
B.4 Equity investments		
B.5 Property, equipment and investment property		
of which: obtained through the enforcement of guarantees received		
B.6 Intangible assets		
B.7 Other assets		
Total (B)	**-**	**-**

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
of which measured at cost		
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		
C. Liabilities linked to assets held for sale		
C.1 Liabilities		
C.2 Securities		
C.3 Other liabilities		
Total (C)	-	-
of which measured at cost		
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		
D. Liabilities linked to discontinued operations		
D.1 Financial liabilities measured at amortized cost		
D.2 Financial liabilities held for trading		
D.3 Financial liabilities designated at fair value		
D.4 Provisions		
D.5 Other liabilities		
Total (D)	-	-
of which measured at cost		
of which measured at fair value level 1		
of which measured at fair value level 2		
of which measured at fair value level 3		

In accordance with the provisions of IFRS 5, after the sale agreement was signed for the property located at via Domenichino 5, owned by the Bank, at December 31, 2023 its carrying amount of €8,046 thousand was reclassified from the item in question to asset item 120 in the statement of financial position "Non-current assets and discontinued operations". During December 2024, the sale transaction was finalized and the property was sold at a price of €12 million. Following the sale, the Bank realized a capital gain in the separate financial statements of approximately €3.9 million, which was recognized in item 250 "Gains (Losses) on disposal of investments" in the income statement.

Section 12 - Other assets - Item 120

12.1 Other assets: breakdown

€689,456 thousand

(Values in thousand euros)

Breakdown	12.31.2024	12.31.2023
Security Deposits	2,651	4,040
Invoices issued and to be issued	20,970	12,654
Warehouse		
Payment flows to be credited	117,373	128,613
Other exposures	63,700	63,951
Accrued income and prepaid expense	21,150	21,117
Ecobonus tax assets	463,612	414,092
Total	**689,456**	**644,466**

The "Payment flows to be credited" refer to suspense accounts with a debit balance that fall within the scope of bank payment intermediation and include settlements that were suspended in the first business days after the reporting date of these separate financial statements.

Accrued income and prepaid expense mainly refer to the deferral of costs relating to administrative expense. Other assets refer primarily to non-trade receivables due from sundry debtors, pending items, and legal fees to be recovered.

At December 31, 2024, the item ecobonus tax assets, amounting to €463.6 million, includes both receivables acquired through factoring transactions according to the HTC Business Model of €251.6 million and €212.0 million according to the Trading Business Model. Specifically, the "Ecobonus tax assets purchased according to the HTC model", relate to receivables purchased by the Bank with non-recourse factoring transactions and deriving from existing tax incentives. As set forth by tax regulations in force, these tax assets in question are used to offset the payment of taxes and contributions and are classified in Asset item 120 "Other assets" in line with what has been defined by the Bank of Italy in the Bank of Italy/Consob/Ivass Document no. 9: "Coordination table between Bank of Italy, Consob and Ivass on the application of IAS/IFRS".

LIABILITIES

Section 1 - Financial liabilities measured at amortized cost - Item 10

€10,617,858 thousand

This item is broken down as follows at December 31, 2024:

- due to banks of €1,342,119 thousand;
- due to customers of €8,665,827 thousand;
- debt securities issued of €609,913 thousand.

Due to banks

€1,342,119 thousand

1.1 Financial liabilities measured at amortized cost: breakdown by type of amounts due to banks

(Values in thousand euros)

Type of transactions/Values	Total 12.31.2024				Total 12.31.2023			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
1. Amounts due to central banks	**2,401**	**X**	**X**	**X**	**3,582**	**X**	**X**	**X**
2. Due to banks	**1,339,718**	**X**	**X**	**X**	**2,264,440**	**X**	**X**	**X**
2.1 Current accounts and sight deposits	716,161	X	X	X	919,933	X	X	X
2.2 Time deposits	177,651	X	X	X	181,081	X	X	X
2.3 Loans	212,849	X	X	X	1,089,129	X	X	X
2.3.1 Repurchase agreements - payable	212,849	X	X	X	1,089,129	X	X	X
2.3.2 Others		X	X	X		X	X	X
2.4 Debts for commitments to repurchase equity instruments		X	X	X		X	X	X
2.5 Lease liabilities		X	X	X		X	X	X
2.6 Other Payables	233,057	X	X	X	74,298	X	X	X
Total	**1,342,119**			**1,342,119**	**2,268,022**			**2,268,022**

Key
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item mainly consists of "current accounts and sight deposits" of about €716.2 million, deriving especially from payment service operations, and includes the balances of accounts of bank customers. The item also includes the amount of Repo contracts with bank counterparties for roughly €213 million.

The item also includes "Time deposits", which are mainly related to deposits required for the services rendered to client banks, such as indirect compliance with mandatory reserve requirements.

Amounts due to customers

€8,665,827 thousand

1.2 Financial liabilities measured at amortized cost: breakdown by type of amounts due to customers

(Values in thousand euros)

Type of transactions/Values	Total 12.31.2024				Total 12.31.2023			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and sight deposits	4,117,213	X	X	X	4,299,415	X	X	X
2. Time deposits	2,491,556	X	X	X	2,711,140	X	X	X
3. Loans	1,385,814	X	X	X	717,120	X	X	X
3.1 repurchase agreements	1,349,472	X	X	X	568,796	X	X	X
3.2 Others	36,342	X	X	X	148,323	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	45,458	X	X	X	12,068	X	X	X
6. Other liabilities	625,785	X	X	X	723,606	X	X	X
Total	**8,665,827**				**8,463,347**			

Key
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

As at December 31, 2024, the item mainly consisted of "current accounts and sight deposits" for an amount of €4,117 million relating to balances on operational current accounts, i.e. accounts opened for relevant corporate customers (e.g. funds, asset management companies, corporate customers and other institutions) related to the custodian bank core business and loans from "repurchase agreement" transactions for €1,349 million.

The item includes €2,763 million for online deposit accounts ("conto facto") offered in Italy, Spain, Germany, the Netherlands, Ireland and Poland (restricted deposits and current accounts), compared to €2,746 million at December 31, 2023.

Other liabilities mainly refer to collections of managed exposures due to clients, as well as outstanding cashier's checks issued as part of the service that allows affiliated banks to make available credit instruments issued by BFF Bank as a custodian bank to their customers on the basis of a mandate agreement.

Lease liabilities, totaling €45.5 million, refer to the recognition of lease liabilities arising from right-of-use assets, included under line item 80 "Property, equipment and investment property" in the Statement of Financial Position assets, following the application of the new IFRS 16 effective January 1, 2019.

The amount mainly includes the effect of the application of the standard on the leases of the properties leased by the Bank, and the lease contracts have a duration between 3 and 6 years. For more information see Part M - "Lease reporting" of the Notes to the separate financial statements.

Debt securities issued

€609,913 thousand

1.3 Financial liabilities at amortized cost: breakdown by type of securities issued

(Values in thousand euros)

Type of securities/Values	Total 12.31.2024				Total 12.31.2023			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	609,913	613,716			-			
1.1 structured	609,913	613,716			-			
1.2 others								
2. other securities								
2.1 structured								
2.2 others								
Total	**609,913**	**613,716**	**-**	**-**	**-**	**-**	**-**	**-**

Key
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

The securities issued represent bonds issued by the Bank under the €2.5 billion Medium Term Note (EMTN) Program, established by the Issuer, and intended only for eligible institutional investors in Italy and abroad, pursuant to Regulation S of the United States Securities Act of 1933, as amended. Consistent with the Bank's funding plan, these issues were carried out with a view toward MREL requirements, compulsory for BFF as of January 1, 2025.

Specifically, the balance as at December 31, 2024 relates to the following bonds:

- social unsecured senior preferred - total nominal value of €300 million, placed on April 8, 2024 with a fixed-rate coupon of 4.750% per annum payable annually, maturing on March 20, 2029 and an option for early redemption in the fourth year, on March 20, 2028, placed at a reoffer yield of 4.775% (corresponding to a spread of 190 basis points over the benchmark mid-swap rate);
- social unsecured senior preferred - total nominal value of €300 million, placed on October 22, 2024 with a fixed-rate coupon of 4.875% per annum payable annually, maturing on March 30, 2028 and an option for early redemption on March 30, 2027, placed at a reoffer yield of 4.95% (corresponding to a spread of 262.2 basis points over the benchmark mid-swap rate).

Section 2 - Financial liabilities held for trading - Item 20

€139 thousand

2.1 Financial liabilities held for trading: breakdown by type

(Values in thousand euros)

Type of operations/Values	Total 12.31.2024					Total 12.31.2023				
	NV	Fair value			Fair value(*)	NV	Fair value			Fair value(*)
		L1	L2	L3			L1	L2	L3	
A. On-statement-of-financial-position liabilities										
1. Amounts due to banks										
2. Amounts due to customers										
3. Debt securities										
3.1 Bonds										
3.1.1 Structured					X					X
3.1.2 Other bonds					X					X
3.2 Other securities										
3.2.1 Structured					X					X
3.2.2 Others					X					X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives			139					1,215		
1.1 Held for trading	X		139		X	X		1,215		X
1.2 Connected to the fair value option	X				X	X				X
1.3 Others	X				X	X				X
2. Credit derivatives										
2.1 Held for trading	X				X	X				X
2.2 Connected to the fair value option	X				X	X				X
2.3 Others	X				X	X				X
Total (B)	**X**	**-**	**139**	**-**	**X**	**X**	**-**	**1,215**	**-**	**X**
Total (A+B)	**X**	**-**	**139**	**-**	**X**	**X**	**-**	**1,215**	**-**	**X**

Key
NV = Nominal value
L1 = Level 1
L2 = Level 2
L3 = Level 3
(*) Fair value = Fair value calculated excluding changes in value due to the change in creditworthiness of the issuer with respect to the issue date.

The item includes the negative fair value at December 31, 2024 of derivative instruments classified as trading assets but used for the operational hedges of currency risk that the Bank is exposed to.

Section 6 - Tax liabilities - Item 60

€159,337 thousand

See "Section 10 - Tax assets and liabilities - Item 100" of the statement of financial position assets.

Section 8 - Other liabilities - Item 80

€345,443 thousand

8.1 Other liabilities: breakdown

(Values in thousand euros)

Breakdown	Total 12.31.2024	Total 12.31.2023
Trade payables	15,916	7,916
Invoices to be received	30,667	27,169
Liabilities to tax authorities	8,203	15,878
Liabilities to social security and welfare bodies	2,056	2,242
Liabilities to employees	11,829	15,682
Payables for credit management	-	-
Collections pending allocation	43,585	78,855
Payment flows received to be charged	191,862	342,609
Entries pending settlement	-	-
Other liabilities	36,030	38,208
Accrued expense and deferred income	5,295	7,582
Total	**345,443**	**536,142**

"Trade payables" and "invoices to be received" refer to accounts payable for purchases of goods and services.

"Collections pending allocation" refer to payments received by December 31, 2024 but still outstanding since they had not been cleared and recorded by that date.

"Sundry liabilities" include portions of collections to be transferred, stamp duties to be paid, payables to directors and other pending items.

The "Payment flows received to be charged" refer to suspense accounts with a credit balance that fall within the scope of bank payment intermediation and include suspended settlements that were made in the first business days after the reporting date of these financial statements.

Section 9 - Post-employment benefits - Item 90

€3,209 thousand

9.1 Post-employment benefits: annual changes

(Values in thousand euros)

	Total 12.31.2024	Total 12.31.2023
A. Opening balance	**2,896**	**3,118**
B. Increases	**2,529**	**2,331**
B.1 Provision for the financial year	2,484	2,269
B.2 Other changes	45	62
C. Decreases	**(2,216)**	**(2,553)**
C.1 Payments made	(105)	(366)
C.2 Other changes	(2,111)	(2,187)
D. Closing balance	**3,209**	**2,896**
Total	**3,209**	**2,896**

The liability recorded in the separate financial statements at December 31, 2023 mainly in relation to post-employment benefits of the Bank is equal to the current value of the obligation estimated by an independent actuary on the basis of demographic and economic assumptions.

Actuarial assumptions used to determine the liability at December 31, 2024 are shown below.

Actuarial assumptions

Annual discount rate

The discount rate used to determine the present value of the obligation was calculated, in compliance with paragraph 83 of IAS 19, in relation to the iBoxx Eurozone Corporate AA 7-10 Index (in line with the duration of the items measured) and it was found to be 2.93%.

Other actuarial assumptions

Post-employment benefits increase rate equal to 3%.

In compliance with Article 2120 of the Italian Civil Code, such rate is equal to 75% of inflation plus 1.5 percentage points. The rate used for the valuation was 2%.

The demographic assumptions used are as follows:

- Death: 2022 ISTAT;
- Disability: INPS 2000 tables broken down by age and sex;
- Retirement: 100% upon reaching AGO requisites, as updated by Italian Decree-Law 4/2019.

Annual frequency of turnover and advances

Executives: 0% advance frequency and 27.0% turnover frequency;

Managers: 0.6% advance frequency and 7.3% turnover frequency;

Employees 2.1% advance frequency and 3.4% turnover frequency.

Section 10 - Provisions for risks and charges - Item 100

€54,420 thousand

10.1 Provisions for risks and charges: breakdown

(Values in thousand euros)

Items/values	Total 12.31.2024	Total 12.31.2023
1. Provisions for credit risk relating to Commitments and financial guarantees given	433	433
2. Provisions for other commitments and guarantees issued		
3. Pension and similar obligations	6,680	6,760
4. Other provisions for risks and charges		
4.1 Legal and tax disputes		
4.2 Personnel costs		
4.3 Others	47,307	27,791
Total	**54,420**	**35,104**

Starting from January 1, 2018, this item also includes provisions for credit risk associated with commitments/ financial guarantees provided by the Bank to its customers and foreign subsidiaries, based on impairment requirements provided for by IFRS 9.

The significant increase compared to December 31, 2024, attributable to the item "other provisions for risks and charges", mainly relates to extraordinary allocations to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings, against the risk of an unfavorable ruling, in the overall amount of approximately €16.2 million.

The item "Pension fund", which is in line with the previous financial year's figure, is affected by the combined effect of decreases due to uses following payments to certain categories of employees of deferred bonuses relating to objectives achieved in previous financial years, and increases due to accruals pertaining to 2024.

10.2 Provisions for risks and charges: annual changes

(Values in thousand euros)

	Provisions for other commitments and guarantees issued	Pension and similar obligations	Other provisions for risks and charges	Total
A. Opening balance	**553**	**6,760**	**27,791**	**35,104**
B. Increases	**-**	**3,074**	**20,081**	**23,156**
B.1 Provision for the year		2,830	20,081	22,911
B.2 Changes due to the passage of time		245		245
B.3 Changes due to variations in the discount rate				
B.4 Other changes				-
C. Decreases	**(120)**	**(3,154)**	**(565)**	**(3,840)**
C.1 Utilization for the year	(120)	(2,598)	(565)	(3,284)
C.2 Changes due to variations in the discount rate				-
C.3 Other changes		(556)		(556)
D. Closing balance	**433**	**6,680**	**47,307**	**54,420**

10.3 Allowances for credit risk relating to commitments and financial guarantees given

(Values in thousand euros)

	Allowances for credit risk relating to commitments and financial guarantees given				
	Stage one	Stage two	Stage three	Purchased or originated credit impaired	Total
Commitments to disburse funds	292				292
Financial guarantees given	141				141
Total	**433**	**-**	**-**	**-**	**433**

10.5 Defined-benefit pension funds

The pension fund refers mainly to the non-compete agreements entered into with BFF Bank's managers, amounting to €3.4 million and the provisions relating to the incentive and retention scheme with deferred payment envisaged for specific BFF Bank employees, amounting to €3.1 million. Both obligations to personnel are shown at their present value estimated by an independent actuary based on demographic and economic assumptions.

As of December 31, 2024, the provision in question also includes the provision for the commitment made by DEPObank to some employees who have left the Bank, amounting to €149 thousand.

Specifically, the system involving deferral of a portion of the annual bonuses envisages, for risk takers, medium-term restrictions, according to which 30% or 40% of the annual bonus will be paid between three and a maximum of six years later, provided that the Bank achieves specific targets relating to its profitability, regulatory capital requirements established by existing regulations, and the employee's continued employment at the Bank. In accordance with the provisions of IAS 19, accruals were quantified based on an actuarial calculation performed externally by a specialized firm. The Bank's obligations were computed using the "Projected Unit Credit Method", which treats each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to compute the final obligation, in accordance with paragraphs 67-69 of IAS 19. This actuarial method entails valuation aimed at determining the average present value of the Bank's obligations.

The technical demographic assumptions used are illustrated below.

10.6 Provisions for risks and charges - Other provisions

Other provisions of €47.3 million refer to:

- litigation liabilities for which the Bank has estimated a probable risk of loss for approximately €46.4 million;
- provisions related to possible damages for operational errors as per contract with customers in the amount of approximately €900 thousand.

The main assumptions made by the external firm when discounting are as follows:

Non-compete agreement

The annual discount rate used to determine the present value of the obligation is taken, in accordance with paragraph 83 of IAS 19, from the Iboxx Corporate AA index with a duration of 10+ recorded as at December 31, 2024 and equal to 3.38%. The yield with a comparable duration to that of the collective being valued was chosen for this purpose.

Death	RG48 mortality tables published by the State General Accounting Office
Retirement	100% on reaching the AGO requirements
Frequency of voluntary resignation	13.50%
Clawback frequency	0.00%
Withdrawal frequency (where envisaged)	3.00%
Frequency of revocation of mandate to CEO	0.00%
Incremento annuo retributivo per i Dirigenti	2.00%
Increase in annual remuneration	2.00%
Inflation rate	2.00%
Contribution rate (Cash and SF)	27.00%

Deferred bonus

Discount rate

The financial basis used to calculate the present value of the obligation was determined, in compliance with paragraph 83 of IAS 19, by reference to the iBoxx Eurozone Corporate AA Index (in line with the duration of the plan). Discount rate used was equal to 2.7%.

Mortality and disability

To estimate the phenomenon of mortality, the RG48 mortality table used by the Italian State General Accounting Office to estimate the retirement expense of the Italian population was used. For the probability of total and permanent disability, the tables adopted in the INPS model for the 2010 forecasts were used.

Frequency of resignations and dismissals

Equal to 14.3%.

Section 12 - Equity - Items 110, 130, 140, 150, 160, 170 and 180

€742,669 thousand

12.1 "Share capital" and "Treasury shares": breakdown

(Values in thousand euros)

Types	12.31.2024	12.31.2023
1. Share Capital	**145,006**	**143,947**
1.1 Ordinary shares	145,006	143,947
2. Treasury shares	**(3,570)**	**(4,377)**

12.2 Share capital - Number of shares: annual changes

Items/Type	Ordinary	Others
A. Shares as at the beginning of the financial year	**186,944,029**	
- fully paid-in	186,944,029	
- not fully paid-in		
A.1 Treasury shares (-)	(494,854)	
A.2 Shares outstanding: initial balance	186,449,175	
B. Increases	**1,478,857**	
B.1 New issues		
- for consideration:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- others		
- without consideration:		
- to employees	1,375,429	
- to directors		
- others		
B.2 Sales of treasury shares		
B.3 Other changes	103,428	
C. Decreases		
C.1 Cancellation		
C.2 Repurchase of treasury shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Shares outstanding: closing balance	**187,928,032**	
D.1 Treasury shares (+)	(391,426)	
D.2 Shares existing at the end of the financial year		
- fully paid-in	188,319,458	
- not fully paid-in		

12.4 Earnings-related reserves: other information

In accordance with the provisions of Article 2427, paragraph 7-bis of the Italian Civil Code, the following tables provide a breakdown of the individual components of equity according to their possibility of use, the amount available for distribution, and past use in the previous years (the three-year period before the date of preparation of these separate financial statements).

(Values in thousand euros)

	12.31.2024	Possibility of use (a)	Portion available	Portion deriving from tax on extra profits	Portion with tax suspension	Summary of use in the last three years(*)	
						To cover losses	For other reasons
Share capital	**145,006**						
Reserves	**217,229**						
- Legal reserve(**)	28,789	*B*			26,196		
- Extraordinary reserve	89	*A. B. C*	89				
- Retained earnings(***)	179,570	*A. B. C*	179,570	24,402	50,387		241,521
- Stock option and financial instrument reserves	7,552	*A*					
- Other reserves	1,229						
Valuation reserves	**7,530**						
- HTCS securities	5,699						
- Others	1,832						
Treasury share reserve	**(3,570)**						
Share premium reserve	**66,277**	*A. B. C*	66,277				
Total share capital and reserves	**432,473**		**245,936**	**24,402**	**76,583**		**241,521**

(a): Possible uses: A=for share capital increase B=to cover losses C=for distribution to shareholders

(*) Uses in the last three financial years amounting to €241,521 thousand include primarily uses for a total of €18,214 thousand for the exercise of stock options by certain beneficiaries in the course of 2022, 2023 and 2024, the use of €21,629 thousand for the payment of the interest coupon and structuring expenses relating to the Additional Tier 1 (AT1) financial instrument, as well as uses in the last three financial years relating to the payment of dividends distributed as per shareholders' resolutions in the amount of €201,678 thousand;

(**) Including €26,196 thousand in tax suspension pursuant to Article 110 of Italian Decree-Law 104/2020;

(***) Including €50,387 thousand in tax suspension pursuant to Article 110 of Italian Legislative Decree 104/2020.

Changes in reserves that make up the equity are shown below:

(Values in thousand euros)

	Legal	Retained earnings	Others	Total
A. Opening balance	**28,586**	**215,132**	**9,707**	**253,425**
B. Increases	**203**	**29,476**	**185**	**29,864**
B.1 Allocation of profits	203	24,402		24,605
B.2 Other changes		5,074	185	5,259
C. Decreases	-	**(64,950)**	**(1,111))**	**(66,060)**
C.1 Uses				
- coverage of losses				
- distribution		(48,910)		(48,910)
- transfer to share capital				
C.2 Other changes		(16,039)	**(1,111)**)	(17,150)
D. Closing balance	**28,789**	**179,659**	**8,781**	**217,229**

Retained earnings

Retained earnings increase mainly by:

- €24.4 million due to the attribution to the reserve of a share of profits for 2023, in accordance with the Shareholders' Meeting resolution of April 18, 2024;
- €5 million due to (i) the exercise of stock options or stock grants relating to the Bank's incentive system and non-competition agreement, (ii) the capital gain arising from the sale of certain securities classified as financial assets measured at fair value through other comprehensive income (HTC& S); (iii) the reclassification from valuation reserves of the First-Time Adoption reserve recorded on the property located on Via Domenichino in Milan, which was sold in December 2024.

The decreases in the earings-related reserve are mainly related to:

- €48.9 million for the distribution of reserves to shareholders resolved by the Shareholders' Meeting held on April 18, 2024;
- €16 million as a result of (i) payment of interest coupons of the "Additional Tier 1" instrument, and (ii) payment of withholding taxes on the exercise of stock options by the beneficiaries.

Other reserves

The other reserves mainly:

- increased by €0.2 million due to provisions related to the variable remuneration parts of the so-called "Key Personnel" (Risk Takers), in compliance with the provisions as set out in the First Part, Title IV, Chapter 2, Section III, paragraph 2.1, 3 of Bank of Italy Circular 285/2013, as subsequently updated, according to which a portion must be paid in financial instruments;
- decreased by €1.1 million due to exercises of stock options or share grants related to the Bank's incentive scheme and non-compete agreements.

Tax suspension restriction

As noted previously, in 2021 the Bank took advantage of the facilitation provided under Art. 110 of Italian Decree-Law no. 104 of August 14, 2020 and proceeded with the realignment between the carrying and tax amounts of the item goodwill present in the financial statements at December 31, 2019 and 2020 of DEPObank, which was merged into BFF Bank on March 5, 2021. This transaction, which was approved by the Bank's Board of Directors on June 30, 2021, entailed (i) the alignment of the item goodwill equal to roughly €79 million, (ii) the resulting payment of substitute tax equal to €2.4 million and (iii) the need to place a tax suspension restriction on the reserves of €76.6 million, equal to the difference between the aligned amount and the substitute tax, as set forth in paragraph 8 of Art. 110 of Decree-Law 104/2020.

Considering that the transaction was carried out subsequent to the approval of the financial statements for the year at December 31, 2020 of DEPObank and its merger into BFF Bank, the tax suspension restriction is placed as a "Restricted share pursuant to paragraph 8 of Art. 110 of Decree-Law 104/2020" on the following reserves:

- "Retained earnings" for €50,387 thousand;
- "Legal reserve" for €26,196 thousand.

12.5 Equity instruments: breakdown and annual changes

As of December 31, 2024 there were no changes compared to December 31, 2023. The item represents only the Additional Tier 1 Perpetual NC2027 instrument (ISIN XS2404266848) in the amount of €150 million, with a fixed-rate coupon of 5.875% per annum to be paid on a half-yearly basis.

Note that the Bank paid the accrued interest coupon of €8.8 million (gross of the tax effect).

Other information

1. Commitments and financial guarantees given (other than those designated at fair value)

(Values in thousand euros)

	Nominal amount on commitments and financial guarantees given			Total 12.31.2024	Total 12.31.2023
	Stage one	Stage two	Stage three		
1. Commitments to disburse funds	**1,344,131**	**-**	**1**	**1,344,132**	**1,080,509**
a) Central Banks					
b) Public administrations					
c) Banks	*132*			*132*	*4,994*
d) Other financial companies	*1,247,073*			*1,247,073*	*1,011,008*
e) Non-financial companies	*96,926*		*1*	*96,927*	*64,507*
f) Households					
2. Financial guarantees given	**11,198**	**-**	**5,823**	**17,021**	**26,129**
a) Central Banks					
b) Public administrations					
c) Banks					
d) Other financial companies	*251*			*251*	*906*
e) Non-financial companies	*10,947*		*5,823*	*16,769*	*25,223*
f) Households					

Commitments to disburse funds and financial guarantees given falling within stage one primarily relate to Financial Companies and mainly refer to credit lines not used by Group companies and lines of credit given by the Bank to support subsidiaries.

2. Other commitments and other guarantees provided

(value in thousand euros)

	12.31.2024	12.31.2023
Other guarantees provided	**35,857**	**35,857**
of which: impaired credit exposures	2,641	2,641
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
e) Non-financial companies	35,857	35,857
f) Households		
Other commitments	**154**	**154**
of which: impaired credit exposures	59	59
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
e) Non-financial companies	154	154
f) Households		

3. Assets given as collateral for own liabilities and commitments

(Values in thousand euros)

Portfolios	Amount 12.31.2024	Amount 12.31.2023
1. Financial assets measured at fair value through profit or loss		
2. Financial assets measured at fair value through other comprehensive income		
3. Financial assets measured at amortized cost	1,940,935	2,196,656
4. Property, equipment and investment property		
of which: Property, equipment and investment property held as inventories		

"Financial assets measured at amortized cost" consist of government securities used as collateral in operations with the ECB and repos.

5. Administration and brokerage for third parties

(Values in thousand euros)

Type of services	Amount
1. Execution of orders for customers	
a) Purchases	
1. settled	
2. not settled	
b) Sales	
1. settled	
2. not settled	
2. Portfolio management	
a) individual	
b) collective	
3. Custody and administration of securities	**108,622,185**
a) third-party securities deposited: relating to bank activities	30,255,615
custodian (excluding portfolio management)	
1. securities issued by consolidated companies	6,731
2. other securities	30,248,883
b) third-party securities deposited (excluding portfolio management): others	73,578,198
1. securities issued by consolidated companies	36,400
2. other securities	73,541,798
c) third party securities deposited with third parties	98,162,301
d) proprietary securities deposited with third parties	4,788,373
4. Other transactions	

Part C - Information on the Income Statement

All amounts in the tables are stated in thousands of euros.

Section 1 - Interest - Items 10 and 20

1.1 Interest and similar income: breakdown

€657,646 thousand (of which €640,428 thousand relating to interest income calculated using the effective interest rate method)

(Values in thousand euros)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 2024	Total 2023
1. Financial assets measured at fair value through profit or loss:					
1.1. Financial assets held for trading	-	-	-	-	**2**
1.2. Financial assets designated at fair value	-	-	-	**-**	**-**
1.3. Other financial assets mandatorily measured at fair value	453	-	-	**453**	
2. Financial assets measured at fair value through other comprehensive income	-		X	**-**	**5**
3. Financial assets measured at amortized cost					
3.1 Loans and receivables with banks	16,213	16,091	X	**32,304**	**24,936**
3.2 Loans and receivables with customers	176,080	436,316	X	**612,397**	**525,281**
4. Hedging derivatives	X	X	-	**-**	**-**
5. Other assets	X	X	12,479	**12,479**	**17,516**
6. Financial liabilities	X	X	13	**13**	**13**
Total	**192,747**	**452,407**	**12,492**	**657,646**	**567,752**
of which: interest income on impaired assets	-	-	-		
of which: interest income on finance leasing	X	-	X		

1.2 Interest and similar income: other information

Interest income relating to "Loans and receivables with banks" mainly refers to temporary credit balances in the account of the Bank, income accruing on the amount of bank drafts issued on behalf of banking customers and interest income on the average negative deposits of reciprocal current accounts held by banking customers.

Interest income on "Loans and receivables with customers" for loans amounted to €436.3 million (€344.8 million in 2023) and mostly consists of "maturity commissions" charged to the assignors for the purchase of non-recourse trade receivables, and late payment interest for the year.

With respect to the loans and receivables with customers of the Bank recognized in the separate financial statements, in the course of 2024 the Bank updated the time series and carried out certain refinements of the model in use for the recognition of receivables for late payment interest and, as described in Part A "Accounting policies" in section "Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")", increased the percentage of recognition of late payment interest from 50% to 65%, generating recognition of non-recurring income relating to the late payment interest.

No change was made to the estimates of the collection timing of the entire allownce for late payment interest, with estimated collection days amounting to 2100.

Interest income on debt securities linked to loans and receivables with customers and totaling approximately €176.1 million derive from government securities purchased by BFF Bank to hedge liquidity risk and to optimize the cost of money, relating to the HTC (Held to Collect) portfolio.

1.3 Interest and similar expenses: breakdown

€382,182 thousand

(Values in thousand euros)

Items/Technical forms	Liabilities	Securities	Other transactions	Total 12.31.2024	Total 12.31.2023
1. Financial liabilities measured at amortized cost					
1.1 Amounts due to central banks	-	X	X	-	-
1.2 Amounts due to banks	85,829	X	X	**85,829**	**125,257**
1.3 Amounts due to customers	276,963	X	X	**276,963**	**213,037**
1.4 Securities issued	X	12,777	X	**12,777**	**340**
2. Financial liabilities held for trading			-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	6,614	**6,614**	**2,172**
5. Hedging derivatives	X	X	-	-	**1,042**
6. Financial assets	X	X	X	-	-
Total	**362,792**	**12,777**	**6,614**	**382,182**	**341,848**
of which: interest expense relative to leasing liabilities	163	X	X	163	347

Interest expense went from €341.8 million for the previous year to €382.2 million for 2024. The increase is mainly attributable to higher interest rates and higher interest expenses, equal to €13 million, deriving from the senior bond issues that took place during 2024.

Interest expense on "Amounts due to central banks" refers to the interest accrued on the amounts deposited in the account with the Bank of Italy.

Interest expense on "Amounts due to banks" mainly refers to interest accruing on current accounts held with the Bank and in the name of a bank counterparty.

Interest expense pertaining to "Amounts due to customers" mainly refers to interest on the Bank's online deposit accounts ("Conto Facto" in Italy, "*Cuenta Facto*" offered in Spain by the Spanish branch of BFF Bank and "Lokata Facto" offered by the branch in Poland), interest accruing on account balances of corporate customers and interest relating to contracts governed by the Global Master Repurchase Agreement (GMRA) with Cassa di Compensazione Garanzia as the customer counterparty.

Finally, the item also includes interest expenses for "Securities issued", amounting to approximately 12,777 thousand (€340 thousand in 2023), which increased as a result of the issuance of the two senior bonds worth €600 million on April 8 and October 22, 2024. For more details on this please refer to item 10 c) of the Statement of Financial Position liabilities "Financial liabilities measured at amortized cost".

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fee and commission income: breakdown

€110,631 thousand

(Values in thousand euros)

Type of services/Values	Total 2024	Total 2023
a) Financial instruments		
1. Placement of securities		
1.1 With firm commitment and/or on the basis of an irrevocable commitment		
1.2 Without irrevocable commitment		
2. Receipt and transmission of orders and execution of orders for customers		
2.1 Receipt and transmission of orders of one or more financial instruments		
2.2 Execution of orders for customers		
3. Other commissions connected to activities linked to financial instruments		
of which: dealing on own account		
of which: individual portfolio management		
b) Corporate Finance		
1. Mergers and acquisitions consulting		
2. Treasury services		
3. Others commissions connected to corporate finance services		
c) Consulting activities related to investments	**58**	**70**
d) Clearing and settlement		
e) Collective portfolio management		
f) Custody and administration	**27,806**	**29,462**
1. Custodian bank	18,331	17,357
2. Other commissions linked to custody and administration activities	9,475	12,105
g) Central administrative services for collective portfolio management		
h) Fiduciary activities		
i) Payment services	**72,524**	**76,852**
1. Current accounts	-	-
2. Credit cards	1,647	1,548
3. Debit cards and other payment cards	7,503	16,960
4. Bank transfers and other payment orders	20,236	16,256
5. Other commissions linked to payment services	43,139	42,088
j) Distribution of third-party services		
1. Collective portfolio management		
2. Insurance products		
3. Other products		
of which: individual portfolio management		
k) Structured finance		
l) Servicing activities for securitization transactions	**20**	**7**
m) Commitments to disburse funds		
n) Financial guarantees given	**1,392**	**889**
of which: credit derivatives		
o) Lending transactions		
of which: for factoring transactions		
p) Currency trading		
q) Commodities		
r) Other fee and commission income	**8,831**	**5,075**
of which: for management of multilateral trading systems		
of which: for management of organized trading systems		
Total	**110,631**	**112,354**

The item mainly includes fees and commissions relating to the mandates for the management and collection of receivables deriving from the factoring and management of trade receivables, as well as fees and commissions for custodian banking and payment services.

2.2 Fee and commission expenses: breakdown

€28,391 thousand

(Values in thousand euros)

Service/Values	Total 2024	Total 2023
a) Financial instruments		
of which: trading in financial instruments		
of which: placement of financial instruments		
of which: individual portfolio management		
Own		
Delegated to third parties		
b) Clearing and settlement	**1,846**	**1,776**
c) Collective portfolio management		
d) Custody and administration	**4,248**	**5,268**
e) Collection and payment services	**16,559**	**24,874**
of which: credit cards, debit cards and other payment cards	3,074	11,964
f) Servicing activities for securitization transactions		
g) Commitments to receive funds		
h) Financial guarantees received	**15**	**15**
of which: credit derivatives		
i) Off-site offer of financial instruments, products and services		
j) Currency trading	**2**	**1**
k) Other fee and commission expense	**5,721**	**5,281**
Total	**28,391**	**37,215**

The item mainly includes the custody and administration fees for the custodian bank business and those paid to outsourcers for the use of infrastructure related to payment services.

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

€21,267 thousand

(Values in thousand euros)

Items/Income	Total 2024		Total 2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	6		18	
B. Other financial assets subject to mandatory fair value measurement	13,547		3,139	
C. Financial assets measured at fair value through other comprehensive income	6,292		5,740	
D. Equity investments	1,423		-	
Total	**21,267**	**-**	**8,897**	**-**

As at December 31, 2024, the item mainly included dividends received from the Bank of Italy amounting to €5.7 million (€5.7 million in 2023), whose shares subscribed by the Bank are classified under item 30 of the Assets “Financial assets measured at fair value through other comprehensive income”, and dividends received in the course of the 2024 financial year from *Fondo Italiano di Investimento*, amounting to around €2.9 million (€3.1 million in 2023) and from *Fondo Ingenii*, amounting to €10.6 million (equal to zero in 2023), whose UCI units are classified under item 20 of the Assets “Financial assets measured at fair value through profit or loss” and dividends received by Unione Fiduciaria, equal to €1.4 million (€0 million in 2023), whose shares are classified under item 70 of the Assets ”Equity Investments”.

Section 4 - Profits (losses) on trading - item 80

4.1 Profits (losses) on trading: breakdown

€4,254 thousand

(Values in thousand euros)

Transactions / Income items	Capital gains (A)	Gains from trading (B)	Capital losses (C)	Losses from trading (D)	Net profit/ loss [(A+B) -(C+D)]
1. Financial assets held for trading		**14,789**			**14,789**
1.1 Debt securities		521			521
1.2 Equity securities					
1.3 UCI units					
1.4 Loans		14,268			14,268
1.5 Others					
2. Financial liabilities held for trading					-
2.1 Debt securities					
2.2 Liabilities					
2.3 Others					
3. Financial assets and liabilities: foreign exchange differences	X	X	X	X	(10,535)
4. Derivatives					-
4.1 Financial derivatives:					
- On debt securities and interest rates					
- On equity securities and stock indices					
- On currency and gold	X	X	X	X	
- Others					
4.2 Loan derivatives					
of which: natural hedging related to the fair value option	X	X	X	X	
Total	**-**	**14,789**	**-**	**-**	**4,254**

As at December 31, 2024, this item mainly includes the positive result deriving from factoring purchases of Ecobonus tax assets falling under the Trading Business Model and classified in asset item 120 "Other assets" in the statement of financial position, for a total of €14.3 million.

The profits (losses) on trading mainly derives from the effect of exchange rate differences related to foreign exchange trading functional to treasury management, in particular to bank and customer deposits in foreign currencies.

Section 6 - Profits (losses) on disposals/repurchases - Item 100

6.1 Profits (Losses) on disposals/repurchases: breakdown

€3,331 thousand

(Values in thousand euros)

Items/Income items	Total 12.31.2024			Total 12.31.2023		
	Profits	Loss	Net profit/ loss	Profits	Loss	Net profit/ loss
Financial assets						
1. Financial assets measured at amortized cost						
1.1 Loans and receivables with banks						
1.2 Loans and receivables with customers	3,552	(221)	3,331	23,288	(1,249)	22,038
2. Financial assets measured at fair value through other comprehensive income						
2.1 Debt securities					(146)	(146)
2.2 Loans						-
Total assets (A)	**3,552**	**(221)**	**3,331**	**23,288**	**(1,395)**	**21,893**
Financial liabilities						
1. Amounts due to banks						
2. Amounts due to customers						
3. Securities issued						
Total liabilities (B)	**-**	**-**	**-**	**-**	**-**	**-**

As at December 31, 2024, the item in question amounted to €3,331 thousand, and represents the net balance of sales of debt securities for a nominal value of €230 million (€21,893 thousand in 2023 for a nominal value of €835 million) classified in asset item 40 b) "Financial assets measured at amortized cost – loans and receivables with customers".

Please note that sales always took place in compliance with the conditions imposed by the HTC business model, which the Bank adopted on the first-time application of IFRS 9 in 2018.

Section 7 - Profits (losses) on other financial assets and liabilities at fair value through profit or loss - Item 110

(€7,230 thousand)

7.2 Net change of value of other financial assets and liabilities at fair value through profit or loss: breakdown of other financial assets and liabilities subject to mandatory fair value measurement

(Values in thousand euros)

Transactions / Income items	Capital gains (A)	Realized gains (B)	Capital losses (C)	Losses on disposal (D)	Net profit/ loss [(A+B)-(C+D)]
1. Financial assets		**1**	**(7,231)**		**(7,230)**
1.1 Debt securities					
1.2 Equity securities		1			**1**
1.3 UCI units			(7,231)		**(7,231)**
1.4 Loans					
2. Financial assets in foreign currency: foreign exchange differences	X	X	X	X	
Total	**-**	**1**	**(7,231)**	**-**	**(7,230)**

The item refers to the revaluation of the UCI units held by the Bank at the last NAV made available by the relevant investment funds and the Ingenii Fund.

Section 8 - Net impairment losses/gains for credit risk - item 130

(€2,268 thousand)

8.1 Net impairment losses/gains for credit risk associated with financial assets measured at amortized cost: breakdown

(Values in thousand euros)

Transaction/Income items	Impairment losses/gains						Impairment gains				Total 2024	Total 2023
	Stage one	Stage two	Stage three		Purchased or originated credit impaired		Stage one	Stage two	Stage three	Purchased or originated credit impaired		
			write-off	Others	write-off	Others						
A. Loans and receivables with banks	**(157)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(157)**	**17**
- Loans	(157)	-	-	-	-	-	-	-	-	-	(157)	17
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	**(475)**	**-**	**(447)**	**(1,871)**	**-**	**-**	**341**	**125**	**210**	**5**	**(2,111)**	**(3,355)**
- Loans	(475)	-	(447)	(1,871)	-	-	240	125	210	5	(2,212)	(2,040)
- Debt securities	-	-	-	-	-	-	101	-	-	-	101	(1,315)
Total	**(632)**	**-**	**(447)**	**(1,871)**	**-**	**-**	**341**	**125**	**210**	**5**	**(2,268)**	**(3,338)**

As concerns Stage three, the increase in impairment losses derives mainly from the increase in impairment losses on exposures past due and on exposures due from assigning counterparties of the Bank.

Section 10 - Administrative expense - item 160

€171,911 thousand

10.1 Personnel expense: breakdown

€68,476 thousand

(Values in thousand euros)

Type of expenditure/Values	Total 2024	Total 2023
1) Employees		
a) wages and salaries	42,298	42,249
b) social security contributions	11,541	11,015
c) post-employment benefits	-	-
d) pension costs	-	-
e) provision for post-employment benefits	2,112	2,162
f) provision for pensions and similar obligations:		
- defined contribution plans	-	-
- defined benefit plans	-	
g) payments to external complementary pension funds:		
- defined contribution plans	-	
- defined benefit plans	472	347
h) costs related to share-based payments	5,816	2,943
i) other employee benefits	4,266	2,678
2) Other personnel in service	248	135
3) Directors and statutory auditors	1,723	4,887
4) Early retirement costs	-	
Total	**68,476**	**66,416**

The item "personnel expense" includes, in addition to the amount of expense and contributions paid to employees, including the provisions of the Group incentive system, expense for stock options for certain employees of the Bank for 2024, equal to approximately €5,816 thousand before taxes, with an offsetting entry in part in the related equity reserve and in part in liability item 80 "Other liabilities" in the statement of financial position.

10.2 Average number of employees per category

(Values in work units)

Categories	Average number 2024	Average number 2023
Executives/Senior Executives	24	24
Managers/Coordinators/Professionals	292	321
Specialists	291	287
Total	**607**	**632**

The number of staff shown in the previous table refers to FTE staff and it arises from a calculation based on the instructions of the Bank of Italy Circular no. 262.

10.4 Other employee benefits

The other benefits for employees amount to €4,266 thousand (€2,678 thousand in 2023), these mainly refer to expenses incurred for training, meal tickets, donations and insurance for employees of the Bank. The increase compared to 2023 is mainly due to the increase in the cost of employee insurance.

10.5 Other administrative expense: breakdown

€103,435 thousand

(Values in thousand euros)

Breakdown	Total 2024	Total 2023
Legal fees	4,849	3,681
Data processing services	15,486	13,540
External credit management services	685	754
Supervisory Body fees	27	41
Legal fees for loans and receivables under management	207	155
Notary fees	281	250
Notary fees to be recovered	896	1,639
Entertainment expense and donations	1,744	1,610
Maintenance expense	8,540	6,965
Non-deductible VAT	11,451	9,652
Other taxes	5,021	5,672
Consulting services	22,958	17,328
Head office operating expenses	4,996	4,280
Resolution Fund and FITD	5,450	10,778
Other expenses	20,842	20,590
Total	**103,435**	**96,936**

Other administrative expense for 2024 amounted to €103.4 million, up from the previous year.

The change is mainly due to non-recurring consulting costs of €4.5 million.

With regard to contributions to the Deposit Guarantee Scheme, as at December 31, 2024, a cost of about €5.5 million before taxes was recorded compared to €10.8 million in 2023. The reduction is due to contributions to the Resolution fund for which no costs were incurred in 2024 (€6.4 million in 2023). Indeed, no contribution was collected by the SRB as the target level of 1% of protected deposits held by credit institutions established in the countries participating in the Banking Union had been reached.

In 2024 the Bank paid €5.5 million to the Interbank Deposit Protection Fund (FITD) as the annual contribution, of which €2.1 million relating to the extraordinary contribution.

This amount was recognized under other administrative expenses, as indicated in the Bank of Italy note of January 19, 2016 "Contributions to Resolution Funds: treatment in the financial statements and in regulatory reporting".

"Other administrative expense" mainly include services outsourced in 2024, which are listed below:

(Values in thousand euros)

Breakdown	Total 2024
Fees paid to external company for support to Internal Audit	162
Fees paid to external companies for Data Processing	5,685
Fees paid to external companies for Credit Checks	685

Section 11 - Net accruals to provisions for risks and charges - Item 170

€19,961 thousand

11.1 Net accruals to provisions for credit risk relating to commitments to disburse funds and financial guarantees given: breakdown

(€120 thousand)

(Values in thousand euros)

Breakdown	Total 2024	Total 2023
Provision for risk on commitments and guarantees	(120)	327
Total	**(120)**	**327**

11.3 Net accruals to provisions for risks and charges: breakdown

€20,081 thousand

The accruals to the provisions, compared to the prior year, shows the following breakdown:

(Values in thousand euros)

Breakdown	Total 2024	Total 2023
Other provisions	20,081	3,383
Total	**20,081**	**3,383**

The change compared to 2023 is mainly due to the extraordinary allocation to provisions for risks for legal actions against the debtors with assignors in extraordinary proceedings in the amount of €16.2 million.

Section 12 - Depreciation and net impairment losses on property, equipment and investment property - item 180

€3,422 thousand

12.1 Depreciation and net impairment losses on property, equipment and investment property: composition

(Value in thousand euros)

Asset/Income item	Depreciation (a)	Impairment losses (b)	Impairment gains (c)	Net profit/loss (a + b - c)
A. Property and equipment				
1. Used in the business	3,422			**3,422**
- Owned	1,788			**1,788**
- Right-of-use assets	1,634			**1,634**
2. Investment property	X			
- Owned				
- Right-of-use assets				
3. Inventories				
Total	**3,422**	**-**	**-**	**3,422**

Section 13 - Amortization and net impairment losses on intangible assets - Item 190

€8,994 thousand

13.1 Amortization and net impairment losses on intangible assets: breakdown

(Value in thousand euros)

Asset/Income item	Amortization (a)	Impairment losses (b)	Impairment gains (c)	Net profit/loss (a + b - c)
A. Intangible assets				
of which: software				
A.1 Owned	8,994			**8,994**
- Generated internally by the company	-			-
- Others	8,994			**8,994**
A.2 Right-of-use assets				-
Total	**8,994**			**8,994**

The item refers to amortization for the period relating to intangible assets with finite useful lives, which also includes customer contracts.

Section 14 - Other operating income, net - Item 200

€55,046 thousand

14.1 Other operating expense: breakdown
(€7,332 thousand)

(Values in thousand euros)

Breakdown	Total 2024	Total 2023
Prior year expense	(3,255)	(1,769)
Rounding and allowances	(24)	(6)
Other charges	(361)	(70)
Deposit guarantee scheme expense	-	-
Registry tax expense	(695)	(231)
Impairment of assets	(2,996)	-
Total	**(7,332)**	**(2,076)**

The impairment assets on the assets refers to the loss recognized on the owned property located on Via Chianesi in Rome to adjust the carrying amount to market value. For more information, please refer to the section "Change in accounting principle for property used for business purposes" in Section A "Accounting Policies".

14.2 Other operating income: breakdown

€62,378 thousand

(Value in thousand euros)

Breakdown	Total 2024	Total 2023
Recovery of legal fees for purchases of non-recourse trade receivables	1,942	969
Recovery of legal fees	569	910
Other recoveries	527	727
Prior year income	4,142	5,718
Recovery of assignor notary expenses	1,598	2,061
BFF Finance Iberia royalties	561	1,500
Other income	53,039	30,297
Total	**62,378**	**42,182**

In the course of 2024 the Bank updated the time series data and carried out some refinements of the model in use for the recognition of the 40 euros receivable and, as described in the Section A "Accounting policies" in paragraph "Change in estimates relating to the percentage recognition of late payment interest and the compensation for recovery costs ("40 euros")", increased the percentage of recognition from 50% to 65%, generating recognition of non-recurring income relating to the 40-euros receivable.

As at December 31, 2024, this item included the amount for the year of €11.4 million (€15.2 million as at December 31, 2023). The reduction is mainly due to lower volumes realized in Italy.

Section 18 - Gains (losses) on disposal of investments - Item 250

€3,954 thousand

(Value in thousand euros)

Income item/Values	Total 2024	Total 2023
A. Properties	**3,954**	**-**
- Gains on disposal	3,954	-
- Losses on disposal		
B. Other assets		
- Gains on disposal		
- Losses on disposal		
Total	**3,954**	**-**

Profit from the sale of investments realized in financial year 2024 relates to the gains realized from the sale in December 2024 of the property located in Milan, Via Domenichino.

Please note that, after the sale agreement was signed for the property, as at December 31, 2023 its carrying amount of €8,046 thousand was reclassified from the item 80 "Property, equipment and investment property" to item 110 "Non-current assets held for sale and discontinued operations", as provided for by IFRS 5.

Section 19 - Income taxes for the year on continuing operations - item 270

€71,573 thousand

19.1 Income taxes for the year on continuing operations: breakdown

(Value in thousand euros)

Income items/Sectors	Total 2024	Total 2023
1. Current taxes (-)	35,273	35,725
2. Adjustment to current tax of prior years (+/-)	1,479	(487)
3. Reduction of current tax for the year (+)		
3.bis Reduction of current taxes for the year for tax credits pursuant to Italian Law no. 214/2011 (+)		
4. Change in deferred tax assets (+/-)	(3,398)	1,017
5. Change in deferred tax liabilities (+/-)	38,221	14,269
6. Taxes for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	**71,573**	**50,524**

19.2 Reconciliation of theoretical tax charge with actual tax charge

The reconciliation between the theoretical tax charge and the actual tax charge is reported below.

(Values in thousand euros)

	Proportion % of theoretical taxable profit
Income tax - theoretical tax charge	**33.07**
Increases in taxes	**1.59**
Others	1.59
Decreases in taxes	**(3.78)**
Permanent differences	(2.73)
Others	(1.05)
Actual tax charge	**30.88**

Section 22 - Earnings per share

22.1 Average number of ordinary shares with diluted capital

(Values in units)

Breakdown	Total 2024	Total 2023
Average number of shares outstanding	187,148,157	185,626,946
Average number of potentially dilutive shares	3,041,857	2,568,406
Average number of diluted shares	190,190,015	188,195,353

22.2 Other information

(Values in units, unless otherwise stated)

Breakdown	Total 2024	Total 2023
Profit for the year (in euros)	160,196,420	131,360,488
Average number of shares outstanding	187,148,157	185,626,946
Average number of potentially dilutive shares	3,041,857	2,568,406
Average number of diluted shares	190,190,015	188,195,353
Basic earnings per share (in euro units)	**0.86**	**0.71**
Diluted earnings per share (in euro units)	**0.84**	**0.70**

Part D - Comprehensive income

Comprehensive Income

(Values in thousand euros)

	Items	Total 2024	Totale 2023
10.	**Profit for the year**	**160,196**	**131,360**
	Other income components not reclassified to profit or loss	**(2,191)**	**(26)**
20.	Equity instruments designated at fair value through other comprehensive income		
	a) fair value changes		
	b) transfers to other net equity items		
30.	Financial liabilities designated at fair value through profit or loss (changes in creditworthiness):		
	a) fair value changes		
	b) transfers to other net equity items		
40.	Hedging of equity instruments designated at fair value through other comprehensive income:		
	a) fair value changes (hedged instrument)		
	b) fair value changes (hedging instrument)		
50.	Property, equipment and investment property	(2,157)	
60.	Intangible assets		
70.	Defined-benefit plans	(46)	(37)
80.	Non-current assets held for sale and discontinued operations		
90.	Share of valuation reserves connected with equity-accounted investments		
100.	Taxes on other components not reclassified to profit or loss	13	10
	Other income components reclassified to profit or loss	**3,253**	**1,576**
110.	Hedging of foreign investments:		
	a) fair value changes		
	b) reclassification through profit or loss		
	c) other changes		
120.	Foreign exchange differences:		
	a) changes in value	88	130
	b) reclassification through profit or loss		
	c) other changes		
130.	Cash flow hedges:		
	a) fair value changes	-	-
	b) reclassification through profit or loss		
	c) other changes		
	of which: result of net positions		

(cont'd)

(Values in thousand euros)

	Items	Total 2024	Totale 2023
140.	Hedging instruments (undesignated elements):		
	a) changes in value		
	b) reclassification through profit or loss		
	c) other changes		
150.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income		
	a) fair value changes	2,984	2,075
	b) reclassification through profit or loss		
	- adjustments for credit risk		
	- profits/losses on disposals		
	c) other changes		
160.	Non-current assets held for sale and disposal groups:		
	a) fair value changes		
	b) reclassification through profit or loss		
	c) other changes		
170.	Share of valuation reserves connected with equity-accounted investments:		
	a) fair value changes		
	b) reclassification through profit or loss		
	- adjustments due to impairment		
	- profits/losses on disposals		
	c) other changes		
180.	Taxes on other components reclassified to profit or loss	181	(629)
190.	**Total other comprehensive income**	**1,062**	**1,549**
200.	**Comprehensive income (Items 10+190)**	**161,258**	**132,910**

Part E - Information on risks and related hedging policies

Introduction

BFF Bank has adopted suitable corporate governance tools and adequate management and control mechanisms in order to mitigate the risks to which it is exposed. These measures are part of the governance of the organization and of the internal control system, aimed at ensuring management practices grounded in efficiency, effectiveness and fairness, covering every type of business risk, consistently with the characteristics, dimensions and complexity of the business activities carried out.

With this in mind, the Bank formalized its risk management policies and periodically reviews them to ensure their effectiveness over time. It constantly monitors the functioning of the risk management and control processes.

These policies define:

- the governance of risks and the responsibilities of the Organizational Units involved in the management process;
- The mapping of the risks to which the Bank is exposed, the measuring and stress testing methods, and the information flows that summarize the monitoring activities;
- The annual assessment process on the adequacy of internal capital and of the liquidity risk governance and management system;
- The activities for the assessment of prospective capital adequacy, associated with the strategic planning process.

The corporate governance bodies of the Bank define the risk governance and management model at the Group level, taking into account the specific types of operations and the related risk profiles characterizing all the Group's entities, with the aim of creating an integrated and consistent risk management policy.

Within this framework, the Bank's corporate bodies perform the functions entrusted to them not only with regard to their specific business activities, but also taking into account the Bank's operations as a whole and the risks to which it is exposed, and involving, as appropriate, the governance bodies of the subsidiaries in the decisions concerning risk management procedures and policies.

The Risk Management Function cooperates in the process of defining and implementing the risk governance policies through an adequate risk management process. The Function Head is not involved in the operating activities he or she has to monitor, and his or her tasks and responsibilities are governed by specific Internal Regulations.

In addition to other tasks, the Risk Management Function is responsible for:

- Cooperating with the corporate governance bodies in defining the overall risk management system and the entire reference framework relating to the assumption and control of Bank risks (Risk Appetite Framework);
- establishing adequate risk management processes through the adoption and maintenance of suit- able risk management systems, in order to map, measure, control or mitigate all relevant risks;

- Providing an assessment of the capital absorbed, also under stress conditions, and of the related present and prospective capital adequacy, by defining processes and procedures to meet every type of present and future risk, which take into account strategies and context changes; overseeing the implementation of the risk management process and ascertaining that it is being complied with;
- Overseeing the implementation of the risk management process and ascertaining that it is being complied with;
- Monitoring the adequacy and effectiveness of the actions taken to resolve any weaknesses found in the risk management system;
- Submitting periodical reports to the corporate governance bodies on the activities carried out and providing them with consulting support on risk management issues.

The organizational placement of the Risk Management Function complies with the principle of separation between Corporate Control Functions and Corporate Structures of the Bank, prescribed by current Supervisory Provisions.

To protect its independence, the Risk Management Function reports hierarchically to the Board of Directors and functionally to the Chief Executive Officer, and is organizationally separate from the Internal Audit Function and the Compliance & AML Function.

In addition, the Risk Management Function is not involved in risk-taking decision-making processes.

Section 1 - Credit Risk

Qualitative information

1. General aspects

The main activity of the Bank in this area is factoring, which is governed, in Italy, by the Italian Civil Code (Book IV - Title I, Chapter V, Articles 1260–1267) and Law No. 52 of February 21, 1991 and subsequent amendments, and which consists of a plurality of financial services that can be structured in various ways, mainly through the sale of trade receivables. The Bank mainly offers non-recourse factoring services with debtors belonging to the public administration, in addition to other lending products always with a focus on the public administration. From March 2021, with the integration of DEPObank, the Bank began to provide credit as an instrumental activity in addition to specific treasury activities (managed through the granting of operating limits) and securities services (mainly managed through the granting of account overdraft facilities).

At this time, non-recourse factoring represents approximately 56% of all the exposures to customers of the Bank excluding the securities component.

Impacts of the Ukraine-Russia crisis

In relation to the Ukraine/Russia conflict, which broke out in 2022, BFF Bank has no direct exposure to the Russian and Ukrainian markets, and there are no Russian client companies, client companies controlled by Russian companies, beneficial owners or legal representatives of Russian nationality in the client portfolio of either BFF or its foreign subsidiaries. With regard to positions held in RUB (Russian roubles) and the possible exposure to exchange rate risk following the sharp fluctuation in the exchange rate of the currency in question, the asset and liability positions denominated in that currency held by BFF are of a very limited overall amount, relating exclusively to bank account balances (balances of bank accounts with BFF of counterparties of the Transaction Services Business Line, transferred to accounts held by BFF with Bank of New York, BFF's treasurer in that currency, and Euroclear Bank, an international settlement bank, while spot transactions, maturity deposits and currency swaps in that currency have been suspended since the start of the crisis) and substantially balanced. BFF also has just one current account denominated in UAH (Ukrainian hryvnia), held with Bank of New York, which it did not use in 2024 and which has a negligible debt balance (equivalent to a few dozen euros).

Following the onset of the crisis between Russia and Ukraine, there was also an intensification of cyber warfare globally, mainly targeting infrastructure networks. In this regard, the Bank has raised the level of attention of the SOC (security operation center) and strengthened the perimeter defense rules, as well as continuing to monitor the situation through reliable sources, such as CERTFin. On the business continuity and backup front, recent updates and tests of the Disaster Recovery plan have confirmed BFF Bank's resilience. Awareness-raising campaigns on phishing and security events are provided internally. Finally, primary outsourcers and suppliers were contacted in order to ascertain whether they too had raised their level of attention on the cybersecurity front and to receive more logs from defense systems in order to carry out more extensive monitoring through SIEM (security information and event management). To date, no attacks or disruptions following the Ukraine crisis have been recorded by BFF or its outsourcers or suppliers.

2. Credit risk management policies

2.1 Organisational aspects

The assessment of a transaction, for the different products offered by the Bank, is conducted through the analysis of a number of factors, ranging from the degree of risk fragmentation to the characteristics of the commercial relationship underlying the credit quality and the customer/ debtor's ability to repay.

The guidelines and procedures to monitor and control credit risk are set forth in the current "Credit Regulation", approved by the Board of Directors on December 21, 2023, and by the "Credit Regulation" of subsidiaries. A further organizational measure tackling credit risk is provided by the internal regulation for monitoring credit quality, which describes the credit control process on the debtor and is an integral part of the aforementioned "Credit Regulation".

Credit risk is therefore monitored at various levels within the framework of the multiple operating processes.

2.2 Management, measurement and control systems

The management, measurement and control system relating to credit risk has been created to ensure control over the main types of risks belonging to the credit risk category.

For this purpose, it must be noted that the core business carried out by the Bank consists, as mentioned above, of the purchase of non-recourse trade receivables due from debtors belonging to public administration agencies, and that with regard to exposures related to the custodian bank operations, these are mainly towards banks.

Based on the above, in particular, credit risk is linked to the possibility that an unexpected change in the creditworthiness of a counterparty, towards which there is an exposure, may generate a corresponding decrease in the value of the credit position. It can be broken down as follows:

- Credit risk in the strict sense: the risk of default of counterparties to which the Bank is exposed, which is fairly limited considering the nature of the Bank's counterparties, the majority of which are not subject to bankruptcy proceedings or other procedures that could undermine their substantial solvency;
- Dilution risk: the risk that the amounts owed by the assigned debtor are reduced due to allowances or offsets arising from returns and/or disputes concerning the quality of the product or service or any other issue;
- Factorability risk: the risk related to the nature and characteristics of the commercial relationship subject to factoring/sale, affecting the ability of the trade receivable sold to self-liquidate (e.g., risk of direct payments from the debtor to the potentially insolvent assignor);
- Risk of late payment: the risk of a delay in the collection times of the receivables sold compared to those expected by the Bank.

In light of the risks detailed above, the Bank has internal regulations that describe the phases that industry regulations identify as components of the credit process:

- background check;
- Decision;
- Disbursement;

- Monitoring and review;
- Dispute.

Non-recourse factoring by its very nature represents the service that is most exposed to credit risk. For this reason, the background check for the credit line application is carried out with the utmost care.

With regard to the granting of credit to counterparties using the custodian bank service, credit risk is very low, as it is mainly concentrated on bank counterparties, asset management companies and funds.

The Bank also marginally offers the following two types of services: "receivables management only" and "recourse factoring".

In the "loans and receivables management only" service, credit risk is considerably reduced because it is limited to the Bank's exposure to the customer for payment of the agreed fees and commissions, that is, the reimbursement of legal fees incurred. The granting of a credit line for "loans and receivables management only" follows the normal procedures used in the credit process, although the credit line can be approved by a single-person body.

Recourse factoring is a residual activity for BFF Bank.

With regard to the allocation of operating limits and/or "intermediation" caps, there is no specific request from customers and the assessment is initiated at the initiative of the Finance and Treasury OU or the relevant organizational units.

As part of the management of counterparties providing retail intermediation services, specific operating limits have been established, aimed at monitoring and controlling the operations of these entities. In some cases, guarantees have been requested to mitigate the risk assumed for these activities. Exposure to the customers' credit risk is constantly monitored. The credit quality of public sector entities is analyzed within the framework of the risk of delay in repaying liabilities.

The assessment of credit risk is part of an overall analysis of the adequacy of the Bank's capital in relation to the risks connected with lending.

With this in mind, the Bank uses the "standardized" approach to measure credit risk, as governed by Regulation (EU) No. 575/2013 (CRR) and adopted by the Bank of Italy Circular No. 285 "*Supervisory provisions for banks*" and Circular No. 286 "*Instructions for the preparation of supervisory reporting by banks and securities intermediaries*," both dated December 17, 2013, and subsequent amendments. This approach involves the classification of exposures into different classes ("portfolios"), depending on the type of counterparty, and the application of diversified weighted ratios to each portfolio.

In particular, the Bank applies the following main weighting factors, envisaged by the CRR:

- 0% for exposures to government agencies and central banks with offices in a European Union member state and financed in the local currency, as well as for exposure to other public administration agencies in compliance with specific requirements of relevant supervisory provisions. This category also includes exposures to Spanish public sector entities and other local authorities as provided for by EBA lists "*EU regional governments and local authorities treated as exposures to central governments in accordance with Article 115(2) of Regulation (EU) 575/2013*" and "*EU public-sector entities treated in exceptional circumstances as exposures to the central government, regional government or local authority in whose jurisdiction they are established in accordance with Article 116(4) of Regulation (EU) 575/2013*";

- 20% for *(i)* exposures to regional government agencies and local authorities with offices in a European Union member state denominated and financed in the local currency, *(ii)* exposures to public sector entities of countries with Credit Quality Step 1, *(iii)* exposures to public sector entities and supervised intermediaries with an original duration of three months or less;
- 50% for exposures to the public administration agencies of countries with Credit Quality Step 2, which include the exposures to entities of the Polish and Slovakian public sector;
- 100% for *(i)* exposures to the public administration agencies of countries with Credit Quality Step 3, 4 and 5 (including Italy, Portugal and Greece-please note that on May 3, 2019 DBRS upgraded Greece from BH to BBL, thus improving the credit quality step from 5 to 4, but leaving the capital absorption percentage unchanged at 100%) and *(ii)* exposures to the public administration agencies of countries where government agencies are not rated and no credit quality steps are available (including Czech Republic and Croatia);
- 50% or 100% for amounts due from supervised intermediaries, according to the credit quality step of the country in which they have their offices;
- 75% for retail exposures and exposures to SMEs;
- 100% for exposures to unrated private debtors (i.e., businesses), Funds, and asset management companies; for rated private debtors, different weights are applied on the basis of the credit ratings issued by S&P Global Ratings;
- 100% for property, equipment and investment property, equity investments, collective investment undertakings and other;
- 150% for non-performing exposures, if the specific adjustments are 20% less than the non-collateralized portion, before any adjustments;
- 100% for non-performing exposures, if the specific adjustments are 20% or more than the non-collateralized portion, before any adjustments;
- 250% to deferred tax assets not deducted from own funds.

The Bank constantly maintains, as a capital requirement for credit risk, an amount of regulatory capital equal to at least 8% of the weighted exposures for credit risk. The Risk Weighted Amount is determined by the sum of the risk weighted assets of the various classes.

Based on the method described above, the capital requirement for credit and counterparty risk at December 31, 2024 is €393.2 million for the Bank.

With the entry into force of the CRR III update, from January 1, 2025, some weightings undergo some changes: the impact of these changes for the Group is not significant during 2025.

Furthermore, the credit risk management process abides by external regulations (CRR, Bank of Italy Circulars No. 285 "Supervisory provisions for banks" and No. 286 "Instructions for the preparation of supervisory reporting by banks and securities intermediaries" and subsequent amendments) regarding risk concentration.

In particular:

- "Large exposure" means any risk position equal to or greater than 10% of the eligible capital, as defined in CRR II (equal to Tier 1 capital);
- banking groups are required to contain each risk position within the limit of 25% of Eligible Capital, excluding exposures to banking entities or banking groups for which the limit is equal to the maximum value between 25% of Eligible Capital and €150 million.

Considering the fact that the Bank's exposure consists almost entirely of receivables purchased on a non-recourse basis and due from individual public administration entities, portfolio risk is considered limited, since the derecognition of receivables entails the allocation of the exposure to a higher number of counterparties (i.e., the assigned debtors), which, in the case of certain exposures, receive preferential treatment in terms of weighting for large exposures.

Credit quality assessment

The Bank performs an impairment test on the receivables portfolio, aimed at identifying any impairment of its assets, in line with the provisions of the applicable accounting standards and the prudential criteria required by supervisory regulations and the internal policies adopted by the Bank.

This assessment is based on the distinction between these two categories of exposures:

- *Exposures subject to generic adjustments ("collective impairment").*
- *Exposures subject to specific adjustments.*

Note that IFRS 9 entered into force on January 1, 2018. This standard replaces the concept of incurred losses, envisaged by IAS 39, with that of expected credit losses.

The approach adopted by the Bank is based on a prospective model that may require the recognition of expected losses over the lifetime of the receivable on the basis of supportable information that is available without undue cost or effort and includes historical, current and forward-looking data. In this context, an approach based on the use of credit risk parameters (Probability of Default – PD, Loss Given Default – LGD, Exposure at Default – EAD) has been adopted, redefined based on a multi-period perspective.

More specifically, in accordance with IFRS 9, impairment of exposures is recognized in three stages, each with different methods for calculating the losses to be recorded.

As for Stage 1, expected credit losses are measured over a 12-month period. As for Stage 2 (including financial assets whose credit risk increased significantly since initial recognition), expected credit losses are measured over the lifetime of the instrument (lifetime expected losses). Stage 3 includes all financial assets that show objective impairment at the reporting date (non-performing exposures).

2.3 Methods of measuring expected credit losses

Exposures subject to collective impairment losses ("collective impairment")

The impairment model is characterized by:

- the allocation of the transactions in the portfolio to different buckets, based on an assessment of the increase in the level of exposure/counterparty risk;

- The use of multi-period risk parameters (e.g., lifetime PD, LGD and EAD) to quantify expected credit losses (ECL) for financial instruments subject to a significant increase in credit risk since initial recognition.

For the purposes of calculating impairment, IFRS 9 sets out general requirements for calculating ECLs and designing stage allocation criteria, without providing specific guidelines on the modeling approach. Therefore, by analyzing the data provided as input, the assessment and design of the project for the conversion to IFRS 9 allowed to develop a methodological framework to accommodate the peculiarities of the Bank's business consistently with the assets it owns as well as available information, in accordance with the guidelines in the standard.

The key concepts introduced by IFRS 9 and required for the purpose of calculating impairment compared to previous accounting standards are as follows:

a) A forward-looking model, allowing the immediate recognition of all expected credit losses over the life of the exposure, thus replacing the "incurred loss" criterion. According to the latter, impairment losses were recognized only when there was evidence that they existed (based on the identification of a trigger event). Under IFRS 9, losses shall be recognized based on supportable information that is available without undue cost or effort and includes historical, current and forward-looking data;

b) ECL recalculated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument;

c) use of forward-looking information and macroeconomic factors to determine ECL;

d) Introduction of an additional status with respect to the binary classification of performing and non-performing counterparties, to take account of the increase in credit risk.

The ECL calculation model requires a quantitative assessment of future cash flows and assumes that they can be reliably estimated. This requires the identification of certain elements, namely:

- Probability of default (PD) models and assumptions about the forward distribution of default events, for the calculation of multi-period PDs used to determine the lifetime expected credit loss;
- LGD model;
- A deterministic and stochastic EAD model allowing to define a multi-period distribution as well as a 12-month horizon.

The risk parameters that should be modeled to comply with the rationale of considering the full life- time of the financial instrument are as follows:

- Multi-period PD;
- Multi-period LGD;
- Multi-period EAD.

Furthermore, in compliance with IFRS 9, the ECL calculation shall include Point-in-Time (PIT) adjustments and Forward-Looking Information (FLI).

Exposures subject to specific impairment losses ("individual impairment")

As required by IFRS 9 and in line with current supervisory provisions, the Bank carried out a review of the assets classified as impaired in order to identify any objective impairment of individual positions.

Regarding non-performing exposures (stage 3) classified as Past Due or Non-performing due to financial distress, at each preparation of the separate financial statements or interim financial situations, a specific adjustment is made calculated on a collective basis, using a probability of default that can vary between that for performing exposures in stage 2 and 100%. This probability of default is identified on the basis of a specific/individual assessment (so-called case-by-case assessment) carried out by the credit evaluation function and, if the calculated adjustment is not adequate, either by defect or by excess, it can be specifically assigned by the same. If the case-by-case assessment is not adopted, which in any case cannot lead to a lower coverage rate than that envisaged for stage 2 exposures, the final level of adjustment attributed will be equal to the value of the impairment returned by the collective calculation model.

BFF's impaired exposures consist of non-performing loans, unlikely to pay and past due exposures, for a total of €1,644,143 thousand – net of individual impairment – and are broken down as follows:

- non-performing loans of €95,203 thousand (gross exposure in the separate financial statements of €97,183 thousand with an adjustment of €1,980 thousand);
- unlikely-to-pay exposures amounting to €2,537 thousand (gross exposure in the separate financial statements equal to €4,310 thousand with adjustments equal to €1,773 thousand);
- impaired past due exposures of €1,546,403 thousand (gross exposure in the separate financial statements of €1,548,661 thousand with an adjustment of €2,258 thousand).

Measuring expected credit losses

During the second half of 2024, the IFRS 9 framework underwent changes in relation to: (i) the resolution of the Bank of Italy's finding present in the inspection report received by the Bank on 04/29/2024 in which the Supervisory Authority highlighted the need to recalibrate the PD parameter bearing in mind the correct sizing of the past due category resulting from the reclassification implemented on the accounting date of June 30, 2024, (ii) the updating of the time series underlying the estimation of the risk parameters, and (iii) the updating of the macroeconomic scenario reflected in the forward looking component of the lifetime PD curves.

The forecast scenario assumes that, albeit in a context of high uncertainty, particularly over the trade policies of the new US administration and the ongoing geopolitical tensions in Europe (Russian-Ukrainian war), the growth of foreign demand will consolidate, but at values significantly lower than the average values of the two decades preceding the pandemic. Based on futures contracts, oil prices would decline over the three-year period and natural gas prices would remain stable overall. Employment would continue to grow, albeit at a slower rate than output. The unemployment rate is expected to remain stable overall over the three-year period 2025-27.

The uncertainty of the macroeconomic situation remains high and is mainly due to the international scenario with ongoing tensions connected to ongoing conflicts. As regards the Israel/Palestine conflict that began in late 2023, considering the results of the analyses performed by the Bank, at the moment no critical elements have been identified that would require the implementation of additional activities to monitor the risks of the above-mentioned conflict.

2.4 Credit risk mitigation techniques

In order to make non-recourse exposures compatible with the derecognition principle, the risk mitigation clauses that could in some way invalidate the effective transfer of risks and rewards were eliminated from the respective contracts.

With regard to exposures to counterparties to which treasury and security services are offered, risk mitigation techniques also include netting (ISDA) and collateral management (CSA) agreements consistent with EMIR regulations. For repurchase agreements for which the Bank has signed specific GMRA contracts, credit risk is transferred from the counterparty to the underlying of the repurchase agreement.

3. Impaired credit exposures

In compliance with Bank of Italy Circular no. 272, the Bank's net "Impaired assets" amounted to a total of €1,644,143 thousand. They include:

- Non-performing loans consisting of exposures to parties that are in a state of insolvency or in basically similar situations, regardless of any loss projections made by the Bank. At December 31, 2024, the overall total of non-performing loans, net of impairment, amounted to €95,203 thousand, of which €2,996 thousand purchased already impaired. Net non-performing loans relating to Italian municipalities and provincial governments in financial distress amounted to €94,796 thousand (€92,644 thousand at December 31, 2023), accounting for 99.6% of the total. This case is classified as non-performing in accordance with the indications given by the Supervisory Authority, despite the fact that BFF is entitled to receive 100% of principal and late payment interest at the end of the insolvency procedure. The portion of the allowance for late payment interest relating to non-performing exposures, recognized at the time of the change in estimate in 2014, was equal to €768 thousand, entirely impaired. Taking account of this amount, too, gross non-performing loans amounted to €97,952 thousand and relevant adjustments totaled €2,748 thousand.
- Unlikely-to-pay positions reflect the judgment made by the intermediary about the unlikelihood that – excluding such actions as the enforcement of guarantees – the debtor will fully meet (for principal and/or interest) its credit obligations. This assessment should be arrived at independently of the existence of any past due and unpaid amounts (or installments).
- At December 31, 2024, gross exposures classified as unlikely to pay amounted to €4,310 thousand, written down by €1,773 thousand. The net exposure therefore amounts to €2,537 thousand.
- The Bank's net past due exposures amounted to €1,546,403 thousand. 95.1% of these exposures relate to public counterparties. This category increased sharply compared to December 31, 2023 following the portfolio reclassification carried out as at June 30, 2024 to respond to the compliance findings on the previous classification of public receivables carried out by the Bank, contained in the Bank of Italy inspection report delivered on April 29, 2024 and to which BFF responded on July 11, 2024.

Please recall that the European Court of Human Rights confirmed in its ruling published on January 21, 2025, that the Italian state has an obligation to guarantee the payment of debts owed by public debtors, including failing municipalities, in the presence of judicial decisions that remain enforceable. The Bank has undertaken analyses to identify the effects that the implementation of this ruling would have on its portfolio.

Lastly, please recall that impaired assets are classified in keeping with the prudential definition of default (i.e. past due, unlikely to pay and non-performing loans), which assumes that there is an effective state of deterioration of the credit quality of the exposure, not providing for any discretion and not ensuring that certain cases not representative of a worsening of credit risk (as for most Bank exposures) are treated differently. The actual credit risk profile assumed by the Bank is limited, as it has been assumed with respect to public bodies, and the classification described above could result in significant distortions in the representation of the Bank's accounting, prudential and capital strength information. This is also supported by very limited credit losses.

Quantitative information

A. Credit quality

A.1 Impaired and performing credit exposures: amounts, adjustments, trends and economic breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amount)

(Values in thousand euros)

Portfolios/quality	Non-performing loans	Unlikely-to-pay positions	Impaired past due exposures	Other impaired exposures	Performing exposures	Total
1. Financial assets measured at amortized cost	95,203	2,537	1,546,403	812,128	7,897,021	10,353,293
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets designated at fair value						
4. Other financial assets subject to mandatory fair value measurement					5,372	5,372
5. Financial assets held for sale						
Total 12.31.2024	**95,203**	**2,537**	**1,546,403**	**812,128**	**7,902,394**	**10,358,665**
Total 12.31.2023	**93,228**	**1,567**	**206,520**	**1,842,868**	**8,455,781**	**10,599,963**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

(Values in thousand euros)

Portfolios/quality	Impaired				Performing			Total (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs(*)	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortized cost	1,650,155	6,011	1,644,143		8,712,508	3,358	8,709,149	10,353,293
2. Financial assets measured at fair value through other comprehensive income								
3. Financial assets designated at fair value					X	X		
4. Other financial assets subject to mandatory fair value measurement					X	X	5,372	5,372
5. Financial assets held for sale								
Total 12.31.2024	**1,650,155**	**6,011**	**1,644,143**		**8,712,508**	**3,358**	**8,714,522**	**10,358,665**
Total 12.31.2023	**305,855**	**4,541**	**301,314**		**10,302,066**	**3,417**	**10,298,649**	**10,599,963**

* Value presented for informative purposes

(Values in thousand euros)

Portfolios/quality	Assets of evident poor credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading			1,805
2. Hedging derivatives			
Total 12.31.2024	**-**	**-**	**1,805**
Total 12.31.2023	**-**	**-**	**1,167**

* Value presented for informative purposes

A.1.3 Breakdown of financial assets by category of impairment (carrying amounts)

(Values in thousand euros)

Portfolios/risk stages	Stage one			Stage two			Stage three			Purchased or originated credit impaired		
	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days
1. Financial assets measured at amortized cost	52,473	64,923	677,836	-	393	16,504	87,032	87,696	1,031,681			2,996
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
Total 12.31.2024	**52,473**	**64,923**	**677,836**	**-**	**393**	**16,504**	**87,032**	**87,696**	**1,031,681**	**-**	**-**	**2,996**
Total 12.31.2023	**154,735**	**167,564**	**1,269,689**	**3,839**	**7,527**	**239,514**	**3,837**	**8,461**	**238,934**	**-**	**-**	**5,584**

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: trend of the total adjustments and total provisions

Causes/stages of risk	Total adjustments											
	Assets in stage one						Assets in stage two					
	Loans and receivables with banks and Central Banks on demand	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment	Loans and receivables with banks and Central Banks on demand	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment
Opening total adjustments	21	3,245	-	-	-	3,266	2	172	-	-	-	174
Increases in purchased or originated financial assets												
Derecognitions other than write-offs												
Net impairment losses/gains for credit risk (+/-)	137	66				203	(1)	(125)				(126)
Contractual modifications without derecognitions												
Changes in estimate methodology												
Write-offs not recognized directly in profit or loss												
Other changes												
Total closing balances	158	3,311	-	-	-	3,469	1	47	-	-	-	48
Recoveries from receipts on written-off financial assets												
Write-offs recognized directly in profit or loss												

(Values in thousand euros)

Total adjustments											Total provisions on commitments to disburse funds and financial guarantees given				Total
Assets in stage three						Purchased or originated credit impaired financial assets									
Loans and receivables with banks and Central Banks on demand	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which collective impairment	Stage one	Stage two	Stage three	Commitments to disburse funds and financial guarantees given purchased or originated impaired	
-	4,339	-	-	4,339	-	201	-	-	201	-	380	-	173	-	8,534
						X	X	X	X	X					
	1,662			1,662		(5)			(5)		53		(173)		1,614
	(186)			(186)											(186)
-	5,815	-	-	5,815	-	197	-	-	197	-	433	-	-	-	9,962
	447			447											447

A.1.5 Financial assets, commitments to disburse funds and financial guarantees given: transfers between the various credit risk stages (gross and nominal amounts)

(Values in thousand euros)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between stage one and stage two		Transfers between stage two and stage three		Transfers between stage one and stage three	
	From stage one to stage two	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
1. Financial assets measured at amortized cost	1,367	48,123	182,140	525	670,027	7,373
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees issued						
Total 12.31.2024	**1,367**	**48,123**	**182,140**	**525**	**670,027**	**7,373**
Total 12.31.2023	**995**	**1,933**	**1,056**	**51**	**8,871**	**3,631**

A.1.6 On- and off-statement of financial position credit exposures to banks: gross and net values

(Values in thousand euros)

Type of exposures/ values	Gross exposure					Total impairment losses and total provisions					Net exposure	Total partial write-offs(*)
		Stage one	Stage two	Stage three	Purchased or originated credit impaired		Stage one	Stage two	Stage three	Purchased or originated credit impaired		
A. On-statement of financial position credit exposures												
A.1 On demand	**137,337**	**135,488**	**1,849**			**157**	**156**	**1**			**137,181**	
a) Impaired		X					X					
b) Performing	137,337	135,488	1,849	X		157	156	1	X		137,181	
A.2 Others	**602,690**	**602,690**				**38**	**38**				**602,651**	
a) Non-performing loans		X					X					
- of which: forborne exposures		X					X					
b) Unlikely-to-pay positions		X					X					
- of which: forborne exposures		X					X					
c) Impaired past due exposures		X					X					
- of which: forborne exposures		X					X					
d) Past due performing exposures				X					X			
- of which: forborne exposures				X					X			
e) Other performing exposures	602,690	602,690		X		38	38		X		602,651	
- of which: forborne exposures				X					X			
TOTAL (A)	**740,027**	**738,178**	**1,849**			**195**	**194**	**1**			**739,832**	
B. Off-statement of financial position exposures	**1,937**	**132**									**1,937**	
a) Impaired		X					X					
b) Performing	1,937	132		X					X		1,937	
Total (B)	**1,937**	**132**									**1,937**	
Total (A+B)	**741,964**	**738,309**	**1,849**			**195**	**194**	**1**			**741,768**	

** Value for disclosure purposes*

A.1.7 On- and off-statement of financial position credit exposures to customers: gross and net values

(Values in thousand euros)

Type of exposures/ values	Gross exposure					Total impairment losses and total provisions					Net exposure	Total partial write-offs(*)
		Stage one	Stage two	Stage three	Purchased or originated credit impaired		Stage one	Stage two	Stage three	Purchased or originated credit impaired		
A. On-statement of financial position credit exposures												
a) Non-performing loans	97,183	X		93,991	3,192	1,980	X		1,783	197	95,203	
- of which: forborne exposures		X					X					
b) Unlikely-to-pay positions	4,310	X		4,310		1,773	X		1,773		2,537	
- of which: forborne exposures	1,078	X		1,078		618	X		618		460	
c) Impaired past due exposures	1,548,661	X		1,548,661		2,258	X		2,258		1,546,403	
- of which: forborne exposures		X					X					
d) Past due performing exposures	812,325	795,381	16,944	X		198	150	47	X		812,128	
- of which: forborne exposures				X					X			
e) Other performing exposures	7,302,865	7,297,493		X		3,122	3,122		X		7,299,743	
- of which: forborne exposures				X					X			
TOTAL (A)	**9,765,345**	**8,092,874**	**16,944**	**1,646,962**	**3,192**	**9,331**	**3,272**	**47**	**5,815**	**197**	**9,756,014**	
B. Off-statement of financial position exposures												
a) Impaired	8,524	X		8,524			X				8,524	
b) Performing	1,388,508	1,355,197		X		433	433		X		1,388,075	
TOTAL (B)	**1,397,032**	**1,355,197**	**-**	**8,524**	**-**	**433**	**433**	**-**	**-**	**-**	**1,396,599**	**-**
TOTAL (A+B)	**11,162,377**	**9,448,071**	**16,944**	**1,655,486**	**3,192**	**9,764**	**3,705**	**47**	**5,815**	**197**	**11,152,613**	**-**

* Value for disclosure purposes

A.1.9 On-statement of financial position credit exposure to customers: trend of the gross impaired exposures

(Values in thousand euros)

Descriptions/Categories	Non-performing loans	Unlikely-to-pay positions	Impaired past due exposures
A. Starting gross exposure	**95,475**	**3,087**	**207,293**
- of which: assets sold but not derecognized			
B. Increases			
B.1 inflows from performing exposures	8,533	998	844,696
B.2 transfers from purchased or originated credit impaired financial assets			
B.3 transfers from other impaired exposures	3,949	20	7,297
B.4 contractual modifications without derecognitions			
B.5 other increases	4,544	364	558,779
C. Decreases			
C.1 outflows to performing exposures	5		6,510
C.2 write-offs	186		405
C.3 collections	5,854	9	58,671
C.4 collections from disposals			
C.5 losses on disposal			
C.6 transfers to other impaired exposures	7,297	150	3,819
C.7 contractual modifications without derecognitions			
C.8 other decreases	1,975		
D. Final gross exposure	**97,183**	**4,310**	**1,548,661**
- of which: assets sold but not derecognized			

A.1.9 bis On-statement of financial position exposures to customers: changes in gross forborne exposures broken down by credit quality

(Values in thousand euros)

Descriptions/Categories	Forborne exposures: non-performing	Forborne exposures: performing
A. Starting gross exposure	**978**	**-**
- of which: assets sold but not derecognized		
B. Increases		
B.1 inflows from performing, non forborne exposures		
B.2 inflows from performing, forborne exposures		X
B.3 inflows from non-performing forborne exposures	X	
B.4 inflows from impaired, non forborne exposures		
B.5 other increases	100	
C. Decreases		
C.1 transfers to performing exposures not subject to forbearance measures	X	
C.2 outflows towards forborne performing exposures		X
C.3 outflows towards non-performing forborne exposures	X	
C.4 write-offs		
C.5 collections		
C.6 collections from disposals		
C.7 losses on disposal		
C.8 other decreases		
D. Final gross exposure	**1,078**	**-**
- of which: assets sold but not derecognized		

A.1.11 On-statement of financial position impaired credit exposure to customers: trend of total value adjustments

(Values in thousand euros)

Descriptions/Categories	Non-performing loans		Unlikely-to-pay positions		Impaired past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total opening adjustments	**2,247**		**1,520**	**531**	**773**	
- of which: assets sold but not derecognized						
B. Increases						
B.1 adjustments to purchased or originated credit impaired assets		X		X		X
B.2 other adjustments						
B.3 losses on disposal						
B.4 transfers from other categories of impaired exposures	79		10		3	
B.5 contractual modifications without derecognition						
B.6 other increases	41		317	87	2,012	
C. Decreases						
C.1 fair value gains						
C.2 impairment gains from collection	140		2		73	
C.3 gains on disposal						
C.4 write-offs	35				412	
C.5 transfers to other categories of impaired exposures	3		72		17	
C.6 contractual modifications without derecognition						
C.7 other decreases	210				28	
D. Total final adjustments	**1,980**		**1,773**	**618**	**2,258**	
- of which: assets sold but not derecognized						

A.2 Classification of financial assets, of commitments to disburse funds and financial guarantees given on the basis of external and internal ratings

A.2.1 Distribution of financial assets, commitments to disburse funds and financial guarantees given: by classes of external ratings (gross values)

(Values in thousand euros)

Exposures	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortized cost	**78,706**	**265,109**	**8,073,943**	**31,195**	**2,897**		**1,910,811**	**10,362,662**
- Stage one	65,357	188,460	6,583,324	31,100	2,897		1,824,424	8,695,563
- Stage two			15,042	8			1,894	16,944
- Stage three	13,349	76,649	1,472,581	86			84,296	1,646,962
- Purchased or originated credit impaired			2,996				196	3,192
B. Financial assets measured at fair value through other comprehensive income								
- Stage one								
- Stage two								
- Stage three								
- Purchased or originated credit impaired								
C. Financial assets held for sale								
- Stage one								
- Stage two								
- Stage three								
- Purchased or originated credit impaired								
Total (A+B+C)	**78,706**	**265,109**	**8,073,943**	**31,195**	**2,897**	**-**	**1,910,811**	**10,362,662**
D. Commitments to disburse funds and financial guarantees given			**132**				**1,361,021**	**1,361,153**
- Stage one			132				1,355,197	1,355,329
- Stage two								
- Stage three							5,824	5,824
- Purchased or originated credit impaired								
Total D	**-**	**-**	**132**	**-**	**-**	**-**	**1,361,021**	**1,361,153**
Total (A+B+C+D)	**78,706**	**265,109**	**8,074,075**	**31,195**	**2,897**	**-**	**3,271,832**	**11,723,815**

The ratings supplied by the rating agency DBRS (the reference ECAI) were used to assign credit quality ratings to the public debtors. A reconciliation between the risk classes and the ratings supplied by DBRS is provided below.

Creditworthiness class	ECAI
	DBRS Ratings Limited
1	from AAA to AAL
2	from AH to AL
3	from BBBH to BBBL
4	from BBH to BBL
5	from BH to BL
6	CCC

For rated private debtors, the ratings provided by S&P Global Ratings were used. A reconciliation between the risk classes and the ratings supplied by DBRS is provided below.

Creditworthiness class	ECAI
	S&P Global Ratings
1	≥ AA-
2	between A+ and A-
3	between BBB+ and BBB-
4	between BB+ and BB-
5	between B+ and B-
6	≤ CCC+

A.3 Breakdown of guaranteed credit exposures by guarantee type

A.3.1 Guaranteed on- and off-statement of financial position credit exposures to banks

	Gross exposure	Net exposure	Collateral (1)			
			Real estate - mortgages	Properties - loans for leases	Securities	Other collateral
1. Secured on-statement of financial position credit exposures:	**405,475**	**405,474**			**402,543**	
1.1 totally secured	405,475	405,474			402,543	
- of which impaired						
1.2 partially secured						
- of which impaired						
2. Secured off-statement of financial position credit exposures:						
2.1 totally secured						
- of which impaired						
2.2 partially secured						
- of which impaired						

(Values in thousand euros)

	Personal guarantees (2)									Total (1)+(2)
	Credit derivatives					Endorsement credits				
	Credit Linked Notes	Other derivatives				Public administrations	Banks	Other financial companies	Other entities	
		Central counterparties	Banks	Other financial companies	Other entities					
										402,543
										402,543

A.3.2 Guaranteed on- and off-statement of financial position credit exposures to customers

	Gross exposure	Net exposure	Collateral (1)			
			Real estate - mortgages	Properties - loans for leases	Securities	Other collateral
1. Secured on-statement of financial position exposures:	**54,912**	**54,736**	**79**		**53,757**	**-**
1.1 totally secured	54,912	54,736	79		53,757	
- of which impaired	255	79	79			
1.2 partially secured						
- of which impaired						
2. Secured off-statement of financial position credit exposures:						
2.1 totally secured						
- of which impaired						
2.2 partially secured						
- of which impaired						

(Values in thousand euros)

	Personal guarantees (2)									Total (1)+(2)
	Credit derivatives					Endorsement credits				
	Credit Linked Notes	Other derivatives				Public administrations	Banks	Other financial companies	Other entities	
		Central counterparties	Banks	Other financial companies	Other entities					
									1	53,837
									1	53,837
										79

B. Breakdown and concentration of credit exposures

B.1 Distribution by sector of on- and off-statement of financial position credit exposures to customers

(Values in thousand euros)

Exposures/ Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures										
A.1 Non-performing loans	94,799	360					125	1,311	279	308
- of which: forborne exposures										
A.2 Unlikely-to-pay			460	618			2,077	1,155		
- of which: forborne exposures			460	618						
A.3 Impaired past due exposures	1,469,951	763	784	6			22,722	1,259	52,946	230
- of which: forborne exposures										
A.4 Performing exposures	6,225,929	1,774	1,763,752	618			121,719	928	471	
- of which: forborne exposures										
Total (A)	**7,790,679**	**2,897**	**1,764,996**	**1,242**	**-**	**-**	**146,643**	**4,653**	**53,696**	**539**
B. Off-statement of financial position exposures										
B.1 Impaired exposures							8,524			
B.2 Performing exposures			1,247,028	296			141,047	136		
Total (B)	**-**	**-**	**1,247,028**	**296**	**-**	**-**	**149,571**	**136**	**-**	**-**
Total (A+B) 12.31.2024	**7,790,679**	**2,897**	**3,012,024**	**1,538**	**-**		**296,214**	**4,790**	**53,696**	**539**
Total (A+B) 12.31.2023	**7,951,466**	**2,786**	**2,762,670**	**1,560**	**1**		**379,003**	**3,549**	**50,365**	**602**

B.2 Territorial distribution of on- and off-statement of financial position credit exposures to customers

(Values in thousand euros)

Exposures/Geographic areas	Italy		Other European countries		The Americas		Asia		Rest of the World	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures										
A.1 Non-performing loans	95,203	1,980								
A.2 Unlikely-to-pay	2,460	1,742	77	32						
A.3 Impaired past due exposures	1,343,716	1,908	198,368	346					4,318	4
A.4 Performing exposures	6,423,669	3,027	1,647,520	293					40,682	
Total (A)	**7,865,048**	**8,656**	**1,845,965**	**671**	**-**	**-**	**-**	**-**	**45,001**	**4**
B. Off-statement of financial position exposures										
B.1 Impaired exposures	8,524									
B.2 Performing exposures	555,747	433	832,328							
Total (B)	**564,271**	**433**	**832,328**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 12.31.2024	**8,429,319**	**9,089**	**2,678,294**	**671**	**-**	**-**	**-**	**-**	**45,001**	**4**
Total (A+B) 12.31.2023	**8,579,063**	**7,939**	**2,564,441**	**557**	**-**	**-**	**-**	**-**	**-**	**-**

(Values in thousand euros)

Exposures/Geographic areas	Northwest Italy		Northeast Italy		Central Italy		Southern Italy and Islands	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures								
A.1 Non-performing loans	169	746	196	31	2,164	1,171	92,675	32
A.2 Unlikely-to-pay	1,336	797	774	668	302	162	47	115
A.3 Impaired past due exposures	164,386	660	86,461	64	336,642	771	756,227	413
A.4 Performing exposures	100,159	886	48,427	20	5,970,293	1,926	304,789	195
Total (A)	**266,051**	**3,088**	**135,858**	**783**	**6,309,402**	**4,029**	**1,153,737**	**756**
B. Off-statement of financial position exposures								
B.1 Impaired exposures			5,824		2,700			
B.2 Performing exposures	398,949	301	51,373	127	105,425	4		
Total (B)	**398,949**	**301**	**57,197**	**127**	**108,125**	**4**		
Total (A+B) 12.31.2024	**664,999**	**3,390**	**193,055**	**910**	**6,417,528**	**4,034**	**1,153,737**	**756**
Total (A+B) 12.31.2023	**674,109**	**2,692**	**163,109**	**734**	**6,591,886**	**3,448**	**1,133,112**	**893**

B.3 Territorial distribution of on- and off-statement of financial position credit exposures to banks

(Values in thousand euros)

Exposures/Geographic areas	Italy		Other European countries		The Americas		Asia		Rest of the World	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures										
A.1 Non-performing loans										
A.2 Unlikely to pay										
A.3 Impaired past due exposures										
A.4 Performing exposures	629,224	39	98,974	28	1,657		9,976	128		
Total A	**629,224**	**39**	**98,974**	**28**	**1,657**	**-**	**9,976**	**128**		
B. Off-statement of financial position exposures										
B.1 Impaired exposures										
B.2 Performing exposures	191		1,746							
Total B	**191**	**-**	**1746**	**-**	**-**	**-**	**-**	**-**		
Total (A+B) 12.31.2024	**629,416**	**39**	**100,720**	**28**	**1,657**	**-**	**9,976**	**128**	**-**	**-**
Total (A+B) 12.31.2023	**746,527**	**18**	**83,978**	**20**	**2,348**	**-**	**798**	**-**		

(*Values in thousand euros*)

Exposures/Geographic areas	Northwest Italy		Northeast Italy		Central Italy		Southern Italy and Islands	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-statement of financial position credit exposures								
A.1 Non-performing loans								
A.2 Unlikely to pay								
A.3 Impaired past due exposures								
A.4 Performing exposures	269,277	8	89,021	11	227,088	9	43,839	11
Total A	**269,277**	**8**	**89,021**	**11**	**227,088**	**9**	**43,839**	**11**
B. Off-statement of financial position exposures								
B.1 Impaired exposures								
B.2 Performing exposures	191							
Total B	**191**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 12.31.2024	**269,468**	**8**	**89,021**	**11**	**227,088**	**9**	**43,839**	**11**
Total (A+B) 12.31.2023	**53,562**	**8**	**102,608**	**5**	**578,102**	**4**	**12,255**	**1**

B.4 Large exposures

At December 31, 2024 there were 12 "large exposures", i.e. exposures equal to or higher than 10% of eligible capital. The nominal (unweighted) nominal amount of these positions was €11,435,296 thousand, while the weighted amount was €272,449 thousand.

C. Securitization transactions

C.2 Exposures from main "third-party" securitization transactions broken down by type of assets securitized and by exposure type

Type of assets securitized/Exposures	On-statement of financial position exposures					
	Senior		Mezzanine		Junior	
	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains
A.1 DIONISO SPV S.R.L.	5,298				75	
- mortgage loans on residential and commercial properties						

(Values in thousand euros)

Guarantees provided						Lines of credit					
Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains	Carrying Amount	Net impairment losses/gains

E. Disposal transactions

A. Financial assets sold and partially derecognized

Quantitative information

E.1. Financial assets sold and fully recognized and associated financial liabilities: carrying amounts

(Values in thousand euros)

	Financial assets sold and fully recognized				Associated financial liabilities		
	Carrying Amount	of which: subject to securitization transactions	of which: subject to sale agreements with repurchase clause	of which impaired	Carrying Amount	of which: subject to securitization transactions	of which: subject to sale agreements with repurchase clause
A. Financial assets held for trading							
1. Debt securities				X			
2. Equity securities				X			
3. Loans				X			
4. Derivatives				X			
B. Other financial assets subject to mandatory fair value measurement							
1. Debt securities							
2. Equity securities				X			
3. Loans							
C. Financial assets designated at fair value							
1. Debt securities							
2. Loans							
D. Financial assets measured at fair value through other comprehensive income							
1. Debt securities							
2. Equity securities				X			
3. Loans							
E. Financial assets measured at amortized cost	**1,262,634**		**1,262,634**		**1,161,524**		**1,161,524**
1. Debt securities	1,262,634		1,262,634		1,161,524		1,161,524
2. Loans							
Total 12.31.2024	**1,262,634**		**1,262,634**		**1,161,524**		**1,161,524**
Total 12.31.2023	**1,642,570**		**1,642,570**		**1,591,122**		**1,591,122**

Section 2 - Market Risks

2.1 Interest rate risk and price risk - regulatory trading portfolio

Qualitative information

A. General aspects

Quantitative information

1. Regulatory trading portfolio: distribution by maturity (repricing date) of on-statement of financial position financial assets and liabilities and financial derivatives

(Values in thousand euros)

Type/Unexpired term	on demand	up to 3 months	more than 3 months to 6 months	more than 6 months to 1 year	more than 1 year to 5 years	more than 5 years to 10 years	10 years or more	indefinite duration
1. On-statement of financial position assets				**86,710**	**125,285**			
1.1 Debt securities								
- with an option for advance repayment								
- others								
1.2 Other assets				86,710	125,285			
2. On-statement of financial position liabilities								
2.1 Repurchase agreements - payable								
2.2 Other liabilities								
3. Financial derivatives				**70,013**	**108,593**			
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security				70,013	108,593			
- Options								
+ long positions								
+ short positions								
- Other derivatives				70,013	108,593			
+ long positions								
+ short positions				70,013	108,593			

4. Regulatory trading portfolio: distribution of exposures to equity securities and stock indices by the main listing market countries

(Values in thousand euros)

Transaction type/Index	Listed		Unlisted
	Italy	Others	
A. Equity securities	**1**	-	-
- long positions	1		
- short positions			
B. Sales not yet settled on equity securities			
- long positions			
- short positions			
C. Other derivatives on equity securities			
- long positions			
- short positions			
D. Derivatives on stock indices			
- long positions			
- short positions			

2.2 Interest rate risk and price risk - banking book

Qualitative information

A. General aspects, management processes and measurement methods for interest rate risk and price risk

Interest rate risk is the current and forward looking risk of a negative impact on the economic value of the own capital of the entity or on its net interest income, taking into account changes in market value deriving from adverse changes in interest rates affecting instruments sensitive to interest rates. It is made up of a number of components, the most significant of which include:

- gap risk: the risk deriving from the structure by maturity of instruments sensitive to interest rates, deriving from timing differences in their rate changes, including both changes in the structure by maturity of interest rates that take place consistently across the entire yield curve (parallel risk) and those that are differentiated by period (non-parallel risk);
- basis risk: risk deriving from the impact of changes relating to interest rate on instruments sensitive to interest rates, which are similar in terms of maturity but priced using different interest rate indexes;
- option risk: risk deriving from options (embedded and bare), in which the Bank or its counterparty may modify the level and timing of their cash flows; it regards both embedded and bare automatic options, in which the option holder will exercise the option if it is in its financial interest, and behavioral embedded options, in which changes in interest rate may affect the customer's behavior with respect to the exercise of that option.

The BFF Group's interest rate risk governance process is centralized in the Bank but managed at the consolidated level.

As mentioned above, exposure to interest rate risk is expressed from two different perspectives: in terms of volatility of economic value and in terms of volatility of profits (and, in particular, the net interest income).

Specifically:

- measurement in terms of economic value makes it possible to quantify the long-term effects of changes in interest rates. Indeed, this measurement fully expresses the effects of the above-mentioned change on items sensitive to shifts in interest rates and, therefore, provides indications functional to the strategic decisions and levels of capitalization deemed adequate over a long-term time horizon;
- measurement in terms of economic performance makes it possible to quantify the short-term effects on the Group's net interest income deriving from changes in interest rates and, as a result, on capital adequacy.

Note that the exposure to interest rate risk expressed in terms of economic value sensitivity is measured with respect to the banking book assets and liabilities (this therefore excludes positions in the trading portfolio - Other).

Following the regulatory changes introduced as of the 48th update of Bank of Italy Circular 285 of June 18, 2024, the Bank adjusted the methodologies for calculating and quantifying interest rate risk with a view to economic value as well as net interest income. In particular, the Bank has chosen to use the standardized methodology (S-SA) as a basis, as described in EU Regulation 857/2024, with the sole exception of the treatment of wholesale financial non-maturity deposits for which, given their operational nature and significant persistence and stability, it is deemed appropriate to adopt the same methodology (and as a result the same thresholds in terms of maximum level of the core component and maximum behavioral maturity) as that adopted for wholesale non-financial non-maturity deposits. As set forth by regulations, the Bank distributes sight deposits in the various time bands, differentiated by funding category, on the basis of a methodology it has developed itself (Hodrick-Prescott trend) that takes into account the historical persistence of those deposit categories. As regards factoring loans, on the other hand, a forecast collection curve is applied.

Consistent with that which is set forth in the 48th update of Circular 285, to determine internal capital the Bank uses the EBA interest rate shock scenarios set forth in EU Regulation 856/2023, taking into consideration the worst scenario. The Bank also measures the risk index relating to economic value, calculated as the ratio between the worst scenario and Tier 1 capital, in order to verify compliance with the regulatory limit of 15%.

Lastly, in accordance with that which is set forth in the EBA Guidelines, the Bank performs the appropriate analyses to quantify and monitor at a consolidated level the Bank's exposure to Credit Spread Risk in the Banking Book (CSRBB), or the risk linked to changes in the credit spreads on financial instruments held in the portfolio, not identified by another existing prudential framework like the IRRBB or expected credit risk/risk of default, which influences both the economic value of equity and net interest income.

The CSRBB considers the combination of two elements:

- changes in the "market credit spread" or "market price of credit risk" (separate from the idiosyncratic credit spread), representing the credit risk premium requested by market operators for a specific credit quality;
- Changes in the "market liquidity spread", which represents the liquidity premium that stimulates the market propensity to invest and the presence of willing buyers and sellers.

Quantitative information

1. Banking book: distribution by maturity (repricing date) of on-statement of financial position financial assets and liabilities and financial derivatives

Currency: EURO *(Values in thousand euros)*

Type/Unexpired term	On demand	Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Indefinite duration
1. On-statement of financial position assets	**3,371,410**	**1,065,297**	**3,777,627**	**9,230**	**1,215,565**	**102,345**		
1.1 Debt securities		53,591	3,588,397		951,087	7,141		
- with option of advance repayment								
- others		53,591	3,588,397		951,087	7,141		
1.2 Loans and receivables with banks	129,902	562,726						
1.3 Loans and receivables with customers	3,241,509	448,980	189,230	9,230	264,477	95,203		
- current account	483,042							
- other loans	2,758,467	448,980	189,230	9,230	264,477	95,203		
- with option of advance repayment		7	5	4				
- others	2,758,466	448,973	189,225	9,226	264,477	95,203		
2. On-statement of financial position liabilities	**4,663,301**	**3,441,229**	**462,919**	**163,414**	**373,455**	**17,239**	**6,376**	
2.1 Amounts due to customers	3,824,407	2,765,988	462,919	163,414	64,476	17,239	6,376	
- current account	3,650,512	1,414,379	461,805	162,205	48,219			
- other payables	173,894	1,351,609	1,114	1,209	16,257	17,239	6,376	
- with option of advance repayment								
- others	173,894	1,351,609	1,114	1,209	16,257	17,239	6,376	
2.2 Amounts due to banks	838,895	374,307						
- current account	589,645							
- other payables	249,250	374,307						
2.3 Debt securities		300,934			308,979			
- with option of advance repayment								
- others		300,934			308,979			
2.4 Other liabilities								
- with an option for advance repayment								
- others								
3. Financial derivatives		**783,030**						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		783,030						
- Options								
+ long positions								
+ short positions								
- Other derivatives		783,030						
+ long positions		413,909						
+ short positions		369,121						
4. Other off-statement of financial position transactions	**2,389,598**	**2,389,598**						
+ long positions	2,389,598							
+ short positions		2,389,598						

Currency: OTHER *(Values in thousand euros)*

Type/Unexpired term	On demand	Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Indefinite duration
1. On-statement of financial position assets	**75,978**	**878,394**						
1.1 Debt securities								
- with an option for advance repayment								
- others								
1.2 Loans and receivables with banks	47,204							
1.3 Loans and receivables with customers	28,774	878,394						
- current account	21,351							
- other loans	7,423	878,394						
- with option of advance repayment								
- others	7,423	878,394						
2. On-statement of financial position liabilities	**609,060**	**214,167**	**152,972**	**23,347**	**1,019**			
2.1 Amounts due to customers	480,144	214,167	152,972	23,347	1,019			
- current account	480,144	214,167	152,972	23,347	1,019			
- other payables								
- with an option for advance repayment								
- others								
2.2 Amounts due to banks	128,917							
- current account	128,917							
- other payables								
2.3 Debt securities								
- with an option for advance repayment								
- others								
2.4 Other liabilities								
- with an option for advance repayment								
- others								
3. Financial derivatives		**1,097,426**						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		1,097,426						
- Options								
+ long positions								
+ short positions								
- Other derivatives		1,097,426						
+ long positions		527,133						
+ short positions		570,293						
4. Other off-statement of financial position transactions		**264**						
+ long positions		132						
+ short positions		132						

2.3 Exchange risk

Qualitative information

A. General aspects, management processes and measurement methods for currency risk

Exposure to currency risk – determined on the basis of the net foreign exchange position using a method based on the supervisory regulations – is monitored in real time by the Finance and Administration Department and managed in compliance with the limits established by specific internal rules.

Positions exposed to currency risk may only be maintained within limited limits of maximum overall exposure, as well as for single currency and VaR.

B. Currency risk hedging

Currency risk is mitigated by making recourse to linear derivative instruments lacking optional components, such as currency swaps, which allow the Bank to perform optimized management of its equity investments and loans provided in currencies other than the euro in which the Bank operates, also through its subsidiaries.

Quantitative information

The portfolio of the Bank's assets is expressed in currencies other than the euro; as a result a methodology for the measurement and management of this risk has been adopted. Exchange risk is monitored by the Risk Management Function, in line with the requirements of European regulations (EU Regulation No. 575/2013 - CRR).

1. Breakdown by currency of assets, liabilities and derivatives

(Values in thousand euros)

Items	Currencies					
	US Dollar	Pounds	Yen	Canadian Dollar	Swiss Francs	Other currencies
A. Financial assets	**21,276**	**4,578**	**13,723**	**1,518**	**2,929**	**998,656**
A.1 Debt instruments						
A.2 Equity instruments	1,053					87,254
A.3 Loans and receivables with banks	20,115	4,578	13,693	1,518	2,929	25,469
A.4 Loans and receivables with customers	108		30			885,932
A.5 Other financial assets						
B. Other assets	**-**	**37**	**-**	**1**	**2**	**6**
C. Financial liabilities	**364,496**	**56,202**	**53,703**	**20,827**	**25,320**	**480,018**
C.1 Amounts due to banks	99,150	10,089	796	3,521	8,276	7,086
C.2 Amounts due to customers	265,346	46,113	52,907	17,306	17,044	472,932
C.3 Debt instruments						
C.4 Other financial liabilities						
D. Other liabilities	**-**	**-**	**-**	**-**	**-**	**2**
E. Financial derivatives	**345,268**	**51,766**	**39,877**	**19,317**	**22,399**	**618,799**
- Options						
+ Long positions						
+ Short positions						
- Other derivatives	345,268	51,766	39,877	19,317	22,399	618,799
+ Long positions	343,783	51,698	39,875	19,317	22,399	50,061
+ Short positions	1,485	69	2			568,738
Total assets	**365,059**	**56,313**	**53,598**	**20,836**	**25,330**	**1,048,724**
Total liabilities	**365,981**	**56,270**	**53,705**	**20,827**	**25,320**	**1,050,557**
Difference (+/-)	**(922)**	**42**	**(107)**	**8**	**10**	**(1833)**

Section 3 - Derivative instruments and hedging policies

Trading derivatives

A. Financial derivatives

A.1 Trading financial derivatives: notional end-of-period values

Transactions carried out primarily through recourse to currency swaps are carried out by the Bank to optimize the management of liquidity deriving from funding expressed in a currency other than the euro and are functional to the activity with which the Bank manages the currency risk deriving from the investment in Polish zloty held in BFF Polska Group and the loans expressed in a currency other than the euro, and particularly those in Polish zloty and Czech koruna. Note that BFF Bank does not hold innovative or complex financial products, so the Bank makes recourse to linear instruments lacking optional components such as currency swaps.

(Values in thousand euros)

Underlying assets/ Derivative types	31/12/2024				31/12/2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates			**178,606**				**20,458**	
a) Options								
b) Swaps								
c) Forwards			178,606				20,458	
d) Futures								
e) Others								
2. Equity securities and stock indices			**12**				**12**	
a) Options			12				12	
b) Swaps								
c) Forwards								
d) Futures								
e) Others								
3. Currency and gold			**753,651**				**705,911**	
a) Options								
b) Swaps								
c) Forwards			753,651				705,911	
d) Futures								
e) Others								
4. Commodities								
5. Others								
Total			**932,270**				**726,381**	

A.2 Trading financial derivatives: positive and negative gross fair value – breakdown by products

(Values in thousand euros)

Types of derivatives	Total 12.31.2024				Total 12.31.2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options								
b) Interest rate swaps								
c) Cross currency swaps								
d) Equity swaps								
e) Forwards			1,805				(1,161)	
(f) Futures								
g) Others								
Total			**1,805**				**(1,161)**	
2. Negative fair value								
a) Options								
b) Interest rate swaps								
c) Cross currency swaps								
d) Equity swaps								
e) Forwards			139				1,215	
(f) Futures								
g) Others								
Total			**139**				**1,215**	

A.3 OTC trading financial derivatives - notional amounts, positive and negative gross fair value by counterparties

(Values in thousand euros)

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not falling under netting agreements				
1) Debt securities and interest rates				
- Notional value	X		9,288	169,318
- Positive fair value	X			
- Negative fair value	X			
2) Equity securities and stock indices				
- Notional value	X	12		
- Positive fair value	X			
- Negative fair value	X			
3) Currency and gold				
- Notional value	X	753,651		
- Positive fair value	X	1,805		
- Negative fair value	X	139		
4) Commodities				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
5) Others				
- notional value	X			
- positive fair value	X			
- negative fair value	X			
Contracts falling under netting agreements				
1) Debt securities and interest rates				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
2) Equity securities and stock indices				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
3) Currency and gold				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
4) Commodities				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			
5) Others				
- Notional value	X			
- Positive fair value	X			
- Negative fair value	X			

A.4 Residual life of OTC financial derivatives: notional amounts

(Values in thousand euros)

Underlying asset/Residual Life	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equity securities and stock indices	70,013	108,593		178,606
A.3 Financial derivatives on currency and gold	12			12
A.4 Financial derivatives on commodities	753,651			753,651
A.5 Other financial derivatives				
Total 12.31.2024	**823,677**	**108,593**	**-**	**932,270**
Total 12.31.2023	**726,369**	**12**	**-**	**726,381**

Section 4 - Liquidity risk

Qualitative information

A. General aspects, management processes and measurement methods for liquidity risk

Liquidity risk is defined as the risk that the Bank will be unable to meet its obligations at maturity and/or that it will have to bear non-market financing costs in relation to an unbalanced net financial position due to the inability to raise funds or due to the presence of limits on the disposal of assets, forcing the Bank to slow or halt the development of its business, or sustain excessive funding costs to meet its obligations, with significant negative impacts on the profitability of its activities.

In defining liquidity risk, a distinction is drawn between short-term ("liquidity risk") and long-term ("funding risk" or "structural liquidity risk") risks:

- "liquidity risk", the current or potential risk that the entity is incapable of effectively managing its liquidity requirements in the short term;
- "funding risk", the risk that the entity does not have stable sources of funds in the medium and long term, with the resulting current or potential risk of not being able to meet its financial obligations, without an excessive increase in funding costs.

As required by the provisions of the prudential supervision regulation issued by the Bank of Italy, the Bank adopted a Bank Risk Management Policy and a Bank Treasury and Finance Regulation, with a view to monitoring liquidity risk, and identifying the governance and control principles and the organizational units responsible for the operational and structural management of liquidity risk.

The governance policy, described in the "Bank Liquidity Risk Management Policy", which incorporates the latest regulatory updates (see Bank of Italy Circular 285/2013), is approved by the Board of Directors and defined in a manner consistent with:

- the Bank's strategic objectives;
- the risk/reward objectives defined in the Risk Appetite Framework;
- the monitoring processes and strategies to be adopted in the event of a state of tension or liquidity crisis, as defined in the "Contingency Funding Plan" document.

What is set forth in the above-mentioned "Bank Liquidity Risk Management Policy" is consistent with what is set forth in the "Bank Risk Management Policy", in which the scopes and responsibilities of the company structures are set forth in detail at global level for all risks, including liquidity risk.

As part of the Risk Appetite Framework specific liquidity metrics have been defined, both regulatory, Liquidity Coverage Ratio - LCR and Net Stable Funding Ratio - NSFR, and internal, "minimum cumulative balance on total assets", calculated as the lowest weekly value in the quarter of reference of the ratio of the minimum cumulative balance recorded in the time periods within one month to the total assets of the last available group, in order to better represent the Bank's operational reality.

To ensure the implementation of the liquidity risk management and control processes, the Bank adopted a governance model based on the following principles:

- separation of processes for the management of liquidity and processes for the control of liquidity risk;
- Development of processes to manage and control liquidity risk, consistent with the hierarchical structure and through a process for the delegation of powers;
- Sharing of decisions and clear responsibilities among management, control and operational bodies;
- Making liquidity risk management and monitoring processes consistent with prudential supervisory requirements.

The liquidity management process (liquidity management and control of the relevant risks) of the BFF Group is centralized in the Bank while it is managed at a consolidated level. In this governance model, the Bank defines the Group strategy and the guidelines that must be applied to the subsidiaries, at the same time ensuring the management and control of the liquidity position at consolidated level. The subsidiaries participate in liquidity management and risk control with the local functions, each taking into account the specific nature of its core business, but always in compliance with the guidelines defined by the Bank. The operational and structural liquidity risk governance and management system is based on the general principles that all Group companies must pursue, aligned with the indications of the Supervisory Authority.

Liquidity risk also includes the intraday risk deriving from the temporal mismatch between outflows (settled at daily cut-offs or when orders are received from customers) and inflows (settled at different intraday cut-offs), which may render it impossible for the Group to discharge its payment obligations when they are called in due to a temporary lack of funds. To hedge intraday liquidity risk, rules are defined for maintaining a minimum portfolio of eligible securities, deemed adequate to guarantee intraday credit, while managing to cover outgoing obligations, on its own behalf and on behalf of its customers.

Liquidity monitoring, which is carried out in accordance with the maximum risk tolerance threshold, and therefore also with the nature, objectives and operational complexity of the Bank, aims to ensure the ability to meet expected or unforeseen cash payment commitments.

The Bank also conducts liquidity risk stress tests to assess the prospective impacts of stress scenarios on the Bank's solvency conditions.

The Risk Management Function identifies the scenarios that may impact the Group's current or forward-looking liquidity risk profile. By way of example, the following different drivers are described, which are taken into consideration in the definition of stress scenarios:

- market-driven scenarios refer to stress events exogenous to the Bank, such as situations of uncertainty in the financial and/or political markets that lead to difficulties in accessing the market;
- bank-specific scenarios, which concern stress events endogenous to the Bank typically linked to a reputational loss with possible deterioration of creditworthiness;
- combined scenarios, or the market and idiosyncratic scenarios developed in a single framework to evaluate the overall effect of stress on the Bank.

The Group liquidity position is subject to constant first and second level control and monitoring. These activities were further intensified as of May 2024 in order to highlight potential stresses following the Bank's announcements to the market as from May 9, 2024, and this strengthened control was maintained until the end of 2024. This monitoring in any event confirmed the substantial solidity of the Group's liquidity thanks to the maintenance of adequate liquid reserves deriving from funding.

Bank of Italy, during 2021, granted BFF, which had applied for it, the opportunity to take advantage of the waiver for liquidity reporting at the individual level, pursuant to Article 8 of Regulation (EU) No. 575/2013, whereby the calculation of these indicators is performed only at the consolidated level.

As from the second quarter of 2024, the regulatory liquidity indicators were affected, with varying intensity (lower for the short term Liquidity Coverage Ratio, or LCR, indicator, and more significant for the medium/long-term Net Stable Funding Ratio, or NSFR, indicator), by the increase in positions classified as past due, which in the calculation of said indicators have an unfavorable treatment with respect to the positions classified as performing. Despite this, the values recorded have consistently remained at a level significantly above regulatory limits. In particular, as at December 31, 2024, the NSFR indicator was up from the June 30 and September 30, 2024 readings, due to the issuance of the Senior Bond and the increase in Transaction Services funding of an operational nature, standing at a level of 139.74%, while the LCR indicator remained at a high level (234.21%).

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

Currency: EURO *(Values in thousand euros)*

Items/Time bands	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite duration
A. On-statement of financial position assets	**3,248,496**	**31,637**	**276,255**	**244,081**	**458,610**	**298,608**	**144,168**	**2,849,142**	**2,157,335**	**15,898**
A.1 Government Securities			350		5,635	73,140	123,099	2,499,000	2,040,500	
A.2 Other debt securities				110		4,610	884	39,900	7,000	
A.3 Units of UCIs	173,219									
A.4 Loans	3,075,277	31,637	275,904	243,971	452,975	220,858	20,185	310,242	109,835	15,898
- Banks	98,343	204	250,537	27,365	268,758	-	-	-	-	15,898
- Customers	2,976,934	31,434	25,367	216,605	184,217	220,858	20,185	310,242	109,835	
B. On-statement of financial position liabilities	**5,128,996**	**1,652,346**	**123,535**	**414,083**	**992,582**	**468,545**	**166,552**	**664,476**	**23,615**	
B.1 Deposits and current accounts	4,232,477	301,856	123,528	201,433	972,032	467,420	165,325	48,219		
- Banks	589,646	177,651								
- Customers	3,642,831	124,205	123,528	201,433	972,032	467,420	165,325	48,219		
B.2 Debt instruments					19,442			600,000		
B.3 Other liabilities	896,519	1,350,490	7	212,651	1,108	1,125	1,228	16,257	23,615	
C. Off-statement of financial position transactions	**2,389,598**	**2,599,309**	**233,333**	**339,986**			**10,045**	**6,814**		
C.1 Financial derivatives with exchange of capital		209,711	233,333	339,986						
- Long positions		4,288	98,238	311,382						
- Short positions		205,422	135,095	28,604						
C.2 Financial derivatives without exchange of capital										
- Long positions										
- Short positions										
C.3 Deposits and loans to be collected	2,389,598	2,389,598								
- Long positions	2,389,598									
- Short positions		2,389,598								
C.4 Commitments to disburse funds										
- Long positions										
- Short positions										
C.5 Financial guarantees given							10,045	6,814		
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital										
- Long positions										
- Short positions										

Currency: OTHER CURRENCIES *(Values in thousand euros)*

Items/Time bands	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite duration
A. On-statement of financial position assets	**75,545**	**35,838**	**14,150**	**421,847**	**408,772**					
A.1 Government Securities										
A.2 Other debt securities										
A.3 Units of UCIs										
A.4 Loans	75,545	35,838	14,150	421,847	408,772					
- Banks	68,445									
- Customers	7,100	35,838	14,150	421,847	408,772					
B. On-statement of financial position liabilities	**603,437**	**22,734**	**24,392**	**39,237**	**131,987**	**158,151**	**24,342**	**1,019**		
B.1 Deposits and current accounts	603,437	22,734	24,392	39,237	131,987	158,151	24,342	1,019		
- Banks	128,917									
- Customers	474,520	22,734	24,392	39,237	131,987	158,151	24,342	1,019		
B.2 Debt instruments										
B.3 Other liabilities										
C. Off-statement of financial position transactions		**427,964**	**329,724**	**340,002**						
C.1 Financial derivatives with exchange of capital		427,700	329,724	340,002						
- Long positions		314,890	183,601	28,642						
- Short positions		112,810	146,123	311,360						
C.2 Financial derivatives without exchange of capital										
- Long positions										
- Short positions										
C.3 Deposits and loans to be collected										
- Long positions										
- Short positions										
C.4 Commitments to disburse funds		264								
- Long positions		132								
- Short positions		132								
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital										
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital										
- Long positions										
- Short positions										

Section 5 - Operational Risks

Qualitative information

A. General aspects, management processes and methods used to measure operational risk

Operational risk is the risk of incurring a loss due to inadequacy or failures of procedures, human resources and internal systems or as a result of external events. This includes, among other things, losses resulting from fraud, human error, business disruption, systems down, breaches of contract, and natural disasters; operational risk includes legal risk, while strategic and reputational risk are not included.

In the Bank, exposure to this category of risk is generated predominantly by failure in work processes, in organization, governance - human errors, computer software malfunctions, inadequate organization and control measures - as well as by any loss of human resources in key corporate management positions. Exposure to operational risks deriving from external sources appears to be of negligible importance, partly due to the mitigation tools adopted to address such adverse events (such as, by way of example: the business continuity plan, data storage processes, back up tools, insurance policies, etc.).

The process adopted by the Bank to manage and control operational risks is founded on the principle of promoting a corporate culture for managing risk and defining the appropriate standards and incentives with the aim of fostering the adoption of professional and responsible behavior at all operational levels, as well as designing, implementing and managing an integrated system for operational risk management that is adequate in relation to the nature, activities, size and risk profile.

The operational risk assessment model adopted by the Bank consists of five stages: (i) identification, (ii) measurement, (iii) monitoring, (iv) management and (v) reporting.

The stage of identifying operational risks involves collecting operational risk information through the consistent, coordinated treatment of all relevant sources of information. The goal is to establish a complete information base. The necessary information is internal loss data accompanied by all information relevant for management purposes and subjective assessments acquired through risk self-assessment and control processes. This information is collected based on specific classification models, designed to ensure a uniform representation of the data. The Identification stage consists of the following processes:

- Identification of operational risks within company procedures (operational risk map for controls): this activity consists in identifying operational risk through an in-depth analysis of company organizational processes and the mapping of potential risks. The assessment approach is expressed by the process/activity owner – specified within the procedures – through a predominantly qualitative analysis, which allows the identification of the activities at risk, the controls, the level of risk associated with each activity at risk mapped in the operating procedures, and thus the actions to be taken in order to make the process as closely monitored as possible;
- Loss data collection (LDC): the operational risk measurement and management system defined by the Bank's Risk Management Function also allows the Bank to have a database of operational losses generated by risk events (Event Type), useful for identifying risk factors, mitigation actions and retention and transfer strategies, as well as for the possible development over time of internal operational risk measurement systems;

- Risk Self Assessment (RSA): the Bank performs an annual overall assessment of the level of exposure to Operational Risks using the RSA process. The Risk Self Assessment (RSA) is an annual self-assessment of the prospective exposure to the operational risk inherent in business processes, aimed at enhancing the perception of risk by the key figures (Business Experts) who govern the execution of these processes, taking into account the expected evolution of the business and the organizational and control measures already in place;
- Identification of operational risks related to IT risk: furthermore, on an annual basis, in order to determine the exposure to ICT risk, the Bank has defined a specific model for the evaluation of IT risk that is in accordance with national and European legislation that responds to the needs for the identification of the specific risks inherent in the ICT sphere, internal or dependent on the outsourcers, and for the better qualification of operational risks through the evaluation of the specific elements involved in the automatic processing of information;
- Identification of operational risks in connection with the introduction of relevant new products, activities, processes and systems. The Bank also assesses operational risks in connection with the introduction of relevant new products, activities, processes and systems, and mitigates the consequent operational risk that may arise through the preventive involvement of the corporate Control Functions and the definition of specific policies and regulations on various subjects and topics;
- Identification of operational risks associated with Major Transactions (MT): the risk resulting from an MT is assessed by assessing the consistency of the MT's risk profile with the risk appetite defined in the RAF.

The measurement phase consists of computing the capital requirements for operational risk using the Basic Indicator Approach (BIA), according to which capital requirements are computed by applying a regulatory coefficient to an indicator of the volume of business activity (Relevant Indicator). Moreover, for a better assessment of risk exposure, the Bank has implemented a quantitative operational risk assessment process (OpVaR) that monitors the Bank's operational risk calculated to the 99.9th percentile.

The monitoring stage consists of the adoption of an articulated control system that provides for the analysis of the causes of loss events and the monitoring of the trend of loss events, in terms of evaluating the trend of losses deriving from the LDC and RSA processes. Within the framework of the measures adopted regarding the exposure to operational risk, the following specific risks are also monitored by the Bank:

- money laundering risk: the risk that the Bank's financial and commercial counterparties, suppliers, partners, associates and consultants may be parties to transactions that might potentially facilitate the laundering of money coming from illegal or criminal activities;
- Compliance risk, concerning the risk of legal and administrative penalties, significant financial losses or reputational damage due to failure to comply not only with laws and regulations but also with internal and conduct standards applicable to corporate activities. For this type of risk, a periodic update of the relevant assessment methodology is performed. Such methodology is developed for all activities falling within the Bank's regulatory framework, in accordance with a risk-based approach. More specifically, as for the relevant provisions that do not envisage the establishment of specialized control measures (i.e., privacy and occupational health and safety), the Compliance Function provides consulting support to the Bank's functions (ex ante) and assesses the adequacy of the organizational measures and control activities adopted (ex post). As for laws and regulations monitored by specialized functions, the Compliance Function carries out an indirect control by cooperating with the specialized functions in defining compliance risk assessment methods in addition to mapping risks and the corresponding control measures (Compliance Risk Control Matrix).

The stage of managing operational risk seeks to continually assess the risk control and reduction strategies, deciding – based on the nature and scale of the risk and in relation to the risk propensity expressed by senior managers – whether to accept it and therefore assume it, on the part of the person in charge of the process, to refuse it and therefore reduce activities, to implement mitigation policies or to transfer it to third parties by way of insurance policies. In addition, in order to control the above mentioned risks, the Bank adopts specific Organization Models for the management of the risks regarding money laundering, occupational health and safety, information security and payment services.

Finally, the reporting stage aims to ensure timely and appropriate communication in support of management decisions of corporate bodies and organizational functions.

Climate-related risk management

The Risk Appetite Framework ("RAF") represents the framework which, in line with the maximum acceptable risk, defines the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the relevant processes for designing and implementing them, both under normal operating conditions and under stress.

For the purpose of identifying, managing and monitoring Environment, Social and Governance (ESG) risk factors, the Bank has embarked upon a process of integrating them within the RAF, both through the provision of certain indicators and through the revision of methodologies for monitoring other traditional risks, currently with particular reference to Operational Risk, Strategic Risk and Reputational Risk.

To this end, the Bank has conducted a thorough analysis of climate-related and environmental risks, recognizing that these risks can have direct and indirect impacts on the different risk scenarios. These effects manifest themselves on the economic value of financial assets and the operating environment in which the Bank operates, leading to possible changes in the value of corporate assets (e.g. loans, funding, etc.) as a result of the country's economic transition or the occurrence of extreme natural events. The growing push toward a sustainable economy or the occurrence of extreme physical events could alter the income, capital, and liquidity capacity of individual counterparties, potentially compromising their creditworthiness and availability of funds, with repercussions on overall financial dynamics.

However, it is necessary to point out that - given the particular business model of the BFF Group, which is characterized by exposures mainly concentrated toward the Public Administrations of the countries in which the Group itself operates - the risk profile relating to ESG factors takes on different connotations compared to traditional banking groups. For example, with regard to credit risk, any extreme weather events (e.g. floods, earthquakes, landslides) may not have a worsening effect on the risk profile since Public Administrations may have access to extraordinary financing and thus greater financial capacity to repay their debts.

Based on the above, the Bank's objective has been to identify channels through which climate-related and environmental risks may impact traditional financial risks in order to anticipate the effects on the various risk parameters being monitored. In particular, in line with the principles and guidelines set by the EBA and the European and national supervisory authorities, and especially the Supervisory Expectations on climate-related and environmental risks issued by the Bank of Italy in 2022, the following were taken into account:

- Physical risk, which refers to the financial impact of climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, such as air, water and soil pollution, water stress, biodiversity loss and deforestation; and
- Transition risk, which indicates the financial loss that an institution may incur, directly or indirectly, as a result of the process of adjusting towards a low-carbon and more environmentally sustainable economy.

The Bank conducted an initial analysis exercise aimed at assessing prudential risks related to climate change. This analysis was conducted on all of the Group's lines of business so as to intercept the risks arising from climate-related events. All Legal Entities in the Group were considered using data on the physical nature of the territory (by province, region, district or by country).

The risk analysis took into account the Group's operational, size and organizational complexity, the nature of its activities, and the degree of exposure to climate-related risks, and identified the areas (in terms of lines of business and traditional risk category impacted) potentially most exposed. The Bank has carried out classification and quantification analyses on these.

Specifically, the overall framework will include the following steps:

- identification of Climate-related and Environmental (C&E) risks through the definition of the Transmission Channels;
- classification of the loan portfolio based on the outcomes of the analysis on Transmission Channels;
- stress exercise, that is, the estimate of the impact on financial risk parameters resulting from both transitional and physical climate-related and environmental factors, compared to the most exposed counterparties.

In relation to stage one, the Bank has identified the following main risk transmission channels:

- Credit risk: the effects of physical and transition risk on counterparties could lead to a reduction in their ability to honor debts, resulting in a downward revision of creditworthiness and an increase in the probability of default, negatively impacting the calculation of impairment and expected loss (i.e. expected credit loss - ECL, according to the requirements of IFRS 9)[8] in relation to the exposures of the Public Administration, on the contrary, extreme climatic events could lead to faster payment times and a greater financial capacity, in consideration of possible increased funding by the State due to natural disasters;
- Strategic risk: assigning counterparties could experience increased costs or reduced production, leading to an impact on the volume of business related to the Bank's factoring business, with possible reductions in invoice purchasing transactions, also in this area, the effects of any events related to natural disasters could, on the contrary, have positive effects as factoring has proven to be a non-cyclical product.
- Liquidity Risk: due to physical events, depositors with releasable deposit accounts may decide to withdraw funds, causing a significant outflow of liquidity and compromising the Bank's Liquid Coverage Ratio (LCR);
- Operational risk: the effects of physical and transition risks on operational facilities could damage business continuity, impacting the Bank's daily operations;
- Reputational risk: increasing ESG orientation by stakeholders could affect the perception of the Bank, which could negatively impact its reputation if expectations related to sustainability and environmental risk management are not met.

8) As far as credit risk is concerned, direct impacts regarding physical risk could also lead to a reduction in payment times, this happens when, for example, in the face of a climatic event in a municipality or region the state intervenes with extraordinary financing.

Through this analysis, the following risks were identified:

	Driver	Impacted cluster	Direct impacts by transition risk and/or physical risk	Indirect impacts
Credit risk	Physical risk Transition risk	**F&L (PA and non-PA assigned debtors)**	**Increase** or **decrease** in **payment times due to transition and/or weather events** resulting in changes in outstanding positions and positions classified as defaulting; effects on RWA and capital (e.g., for Calendar Provisioning) as well as on impairments	**Liquidity risk** **Strategic risk** **Leverage risk**
Strategic risk	Physical risk Transition risk	**F&L (assignors)**	**Change in prospective volumes of invoices assigned to BFF,** due to the **impact of** physical and/or transition risk on **assignors**	**Credit risk** **Liquidity risk** **Concentration risk** **IRRBB risk**
Liquidity risk	Physical risk	**Deposit accounts**	**Early closure of deposit accounts due to the impact of physical risk** (bank run assumption)	**N/A**
Operational risk (incl. ICT and legal risk)	Physical risk Transition risk	**BFF**	**Increased operating losses/increased costs and expenses** due to the **renegotiation of supply contracts** (e.g., suppliers delaying transition) **or acute physical events undermining Bank operations** (e.g., damaged data center)	**Strategic risk** **Reputational risk**
Reputational risk	Physical risk Transition risk	**BFF (Shareholders, investors and lenders, customers and debtors, regulators)**	**Loss of clientele and investors/ lenders,** thus a decrease in volumes/ funding, and so a decrease in profits caused by greenwashing or an inadequate ESG rating **Possible sanctions from the Regulator** for non-compliance	**Strategic risk** **Operational risk** **Liquidity risk**

In relation to the second phase, the loan portfolio classification was carried out through the development of a matrix integrating physical and transition risks, with the aim of identifying the counterparties most vulnerable to climate-related and environmental impacts. This matrix was constructed using physical risk (ThinkHazard!) and transition risk scores supplied by external providers assigned to the counterparties in the portfolio, taking into account their geographic location and sector.

The above matrix identifies an expert-based joint risk score, combining the risk levels for individual climate-related risk and physical risk in the row and transition risk in the column, transforming a four-category scale to a three-category scale ("High", "Medium", "Low").

Regarding the analyses relating to the operations of deposit accounts, however, only physical risk was assessed, which, for uniformity of final assessment, is brought back to a three-category scale ("High", "Medium", "Low"), aggregating the "Low" and "Very Low" classes derived from the scores of the provider.

The analyses will be updated and reported during the ICAAP / ILAAP 2025 process on the data as at December 31, 2024.

Below is a graphical representation, by way of example, of the methodology used to assess risky counterparties (debtors, assignors and depositors).

TR	High		Medium		Low		Very Low		Total	
PR	€.mln	%	€.mln	%	€.mln	%	€.mln	%	€.mln	%
High										
Medium										
Low										
Very Low										
Total										

	High		Medium		Low		Total	
Joint risk	€.mln	%	€.mln	%	€.mln	%	€.mln	%
Category 1								
Category 2								
Total								

Finally, in relation to the third phase and thus with regard to the broader program of scenario analysis and stress testing related to prudential risks, the Risk Management Function will act to integrate this with the analysis of climate-related and environmental risks. This activity is planned for the first half of 2025, so that it can take into account expected developments in the regulatory framework. In particular, the Bank will adapt to the new regulatory expectations from the supervisory authorities, including the Guidelines on ESG Risk Management (EBA/GL/2025/01) and those under consultation for ESG Scenario Analyses (EBA/GL/2025/02), which will enter into force on January 11, 2026.

In this context, the Risk Management Function will initiate a process to identify the main vulnerabilities, weaknesses and threats to which the Group is exposed, explicitly including climate-related and environmental risks. If these risk factors are found to be particularly relevant, the Function will propose the integration of dedicated stress events, with the aim of adequately measuring the impacts resulting from these scenarios. In addition, the need to conduct stress tests with longer time horizons will be evaluated for an even deeper understanding of potential effects.

In summary, the Bank has developed and will continue to strengthen a climate-related and environmental risk management process to ensure the resilience and sustainability of its business in an economic context that is increasingly affected by climate change and global transition policies.

Part F - Information on Equity

Section 1 - The bank's equity

A. Qualitative information

The equity of the Bank includes the aggregated share capital, share premium, reserves, interim dividends, equity instruments, treasury shares, valuation reserves and profit for the year.

For supervisory purposes, the capital base relevant for this purpose is determined in accordance with the current provisions of the Bank of Italy, and constitutes the regulator of reference for prudential supervision provisions.

B. Quantitative information

B.1 Equity: breakdown

(Values in thousand euros)

Items/values	Amount 12.31.2024	Amount 12.31.2023
1. Share capital	145,006	143,947
2. Share premium reserve	66,277	66,277
3. Reserves	217,229	253,424
- earnings-related	208,448	243,718
a) legal	28,789	28,586
b) statutory		
c) treasury shares		
d) others	179,659	215,132
- others	8,781	9,706
3.5 Interim dividends (-)	-	(54,451)
4. Equity instruments	150,000	150,000
5. (Treasury shares)	(3,570)	(4,377)
6. Valuation reserves:	7,530	6,469
- Equity instruments designated at fair value through other comprehensive income		
- Hedging of equity instruments designated at fair value through other comprehensive income		
- Financial assets (other than equity instruments) at fair value through other comprehensive income	5,699	2,534
- Property, equipment and investment property		
- Intangible assets		
- Hedging of foreign investments		
- Cash flow hedges		-
- Hedging instruments (undesignated elements)		
- Foreign exchange differences	178	90
- Non-current assets held for sale and discontinued operations		
- Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)		
- Actuarial gains (losses) relating to defined benefit plans	275	308
- Share of valuation reserves for equity investments measured at equity		
- Special revaluation laws	1,379	3,536
7. Profit (Loss) for the financial year	160,196	131,360
Total	**742,669**	**692,649**

B.2 Valuation reserves of the financial assets measured at fair value through other comprehensive income: breakdown

(Values in thousand euros)

Assets/Values	Total 12.31.2024		Total 12.31.2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities		-		-
2. Equity securities	5,699		2,534	
3. Loans				
Total	**5,699**	**-**	**2,534**	**-**

Financial assets measured at fair value through OCI (HTC&S) are recognized at fair value. At the end of 2024, the carrying amount of these securities must be compared with the previous year's fair value changes, and any difference is recognized in the valuation reserves of the statement of financial position.

This reserve refers to non-controlling interests held by the Bank and measured at fair value in certain financial and non-financial companies for a total amount recognized in the separate financial statements of roughly €16.4 million.

For more details, please refer to the specific table in part B of the Statement of Financial Position Asset Item 30 "Financial assets measured at fair value through other comprehensive income".

B.3 Valuation reserves of the financial assets measured at fair value through other comprehensive income: annual changes

(Values in thousand euros)

	Debt securities	Equity securities	Loans
1. Opening balances	-	**2,534**	-
2. Positive changes			
2.1 Increases in fair value		3,165	
2.2 Adjustments for credit risk		X	
2.3 Transfer to income statement of negative reserves on disposal		X	
2.4 Transfers to other equity items (equity securities)			
2.5 Other changes			
3. Negative changes			
3.1 Decreases in fair value			
3.2 Adjustments for credit risk			
3.3 Reclassification through profit or loss of positive reserves:			
- on disposal		X	
3.4 Transfers to other equity items (equity securities)			
3.5 Other changes			
4. Closing balances	-	**5,699**	-

B.4 Actuarial reserves for defined benefit plans: annual changes

IAS 19 envisages the booking of actuarial gains and losses in the statement of comprehensive income for the applicable year.

The results of the actuarial valuation reflect the impact of the provisions of Italian Law 296/2006 and the computation, for IAS 19 purposes, refers solely to accrued post-employment benefits not transferred to supplementary pension funds or to the INPS Treasury Fund.

At December 31, 2024, this actuarial reserve amounts to €275 thousand.

Section 2 - Own funds and regulatory ratios

Scope of application of the regulation

Own funds are computed - starting from January 1, 2014, in accordance with Bank of Italy Circular no. 285 "*Supervisory provisions for banks*" and Circular no. 286 "*Instructions for the preparation of supervisory reporting by banks and securities intermediaries*", both dated December 17, 2013 - based on Regulation (EU) no. 575/2013, relating to the new harmonized regulations for banks and investment companies, included in the EU Capital Requirements Regulation (CRR) and in the EU Capital Requirements Directive (CRD IV) of June 26, 2013.

These regulations include the standards set forth by the Basel Committee on Banking Supervision (Basel 3 framework), whose implementation, pursuant to the Consolidated Law on Banking, is the responsibility of the Bank of Italy, and define the ways in which the powers attributed by EU regulations to national authorities were exercised.

2.1 Own funds

Qualitative information

Own funds represent the first line of defense against risks associated with the complexity of financial activities and constitute the main reference parameter for the assessment of the Bank's capital adequacy.

The purpose of prudential supervision regulations is to ensure that all credit intermediaries have a minimum mandatory capitalization in relation to the risks assumed.

The Bank constantly assesses its capital structure by developing and employing techniques for monitoring and managing regulated risks, also through a Control and Risks Committee created within the Board of Directors.

Own funds are the sum of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) capital, net of items to be deducted and IFRS prudential filters.

The main components of the Bank's own funds are computed in Common Equity Tier 1 (CET1), and are the following:

- Paid-up share capital;
- Reserves (legal reserve, extraordinary reserve, retained earnings, stock option reserve, and financial instruments reserve);
- any undistributed portion of profit for the period;
- Valuation reserves (IASs/IFRS 9 transition reserve, actuarial reserve for defined benefit plans, and valuation reserve for HTC&S securities);
- Any non-controlling interests eligible for inclusion in the computation of CET1.

Intangible assets, including any goodwill, and certain categories of tax assets should be deducted from these items in accordance with the requirements of CRR II, as well as the effects of calendar provisioning.

Tier 1 (AT1) capital includes Tier 1 instruments issued.

In 2024 Own funds were influenced primarily by:

- from the capitalization of the profit of €160.2 million;
- from additional deductions due to calendar provisioning of €13.8 million;
- the payment of coupons relating to the Additional Tier 1 issue for €8.8 million.

Quantitative information

(Values in thousand euros)

ITEMS/VALUES	Total 12.31.2024	Total 12.31.2023
A. Common Equity Tier 1 (CET1) pre-application of prudential filters	**588,263**	**437,029**
of which CET1 instruments subject to transitional provisions		
B. Prudential CET1 filters (+/-)	(552)	(461)
C. CET1 gross of elements to be deducted and effects of transitional rules (A +/- B)	**587,711**	**436,568**
D. Elements to be deducted from CET1	**(78,828)**	**(62,611)**
E. Transitional period - Impact on CET1 (+/-), including non-controlling interests subject to transitional provisions		
F. Total Common Equity Tier 1 (CET1) (C - D +/-E)	**508,883**	**373,958**
G. Additional Tier 1 (AT1) inclusive of elements to be deducted and effects of transitional rules	**150,000**	**150,000**
of which AT1 instruments subject to transitional provisions		
H. Elements to be deducted from AT1		
I. Transitional period - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 due to transitional provisions		
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**150,000**	**150,000**
M. Tier 2 (T2) inclusive of elements to be deducted and effects of transitional rules	-	-
of which T2 instruments subject to transitional provisions		
N. Elements to be deducted from T2		
O. Transitional period - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 due to transitional provisions		
P. Total Tier 2 (T2) capital (M - N +/- O)		
Q. Total own funds (F + L + P)	**658,883**	**523,958**

2.2 Capital adequacy

A. Qualitative information

Compliance with Bank capital adequacy limits for the CET1 Capital Ratio, Tier 1 Capital Ratio, and Total Capital Ratio is constantly monitored by the relevant corporate bodies.

The CET1 Capital Ratio is the ratio of Common Equity Tier 1 capital to Risk-Weighted Assets.

The Tier 1 Capital Ratio is the ratio of Tier 1 Capital to Risk-Weighted Assets.

The Total Capital Ratio is the ratio of Total Own Funds to Risk-Weighted Assets.

In accordance with the provisions of Bank of Italy Circular No. 262 of December 22, 2005 "*Banks' financial statements: layout and preparation*", the amount of risk-weighted assets was determined as the product of the total of prudential capital requirements and 12.5 (inverse of the minimum obligatory ratio equal to 8%).

The Bank's total exposure to risks at December 31, 2024, in relation to its business, is adequate according to the level of capitalization and the risk profile identified.

With regard to the Bank, the CET1 is 8.9% and the Tier 1 Capital Ratio and Total Capital Ratio are both 11.5%.

Pillar I – Capital adequacy to meet the typical risks associated with financial operations

From the standpoint of operations, the absorption of risks is calculated using various methods:
- "Standardized approach" for credit risk;
- "Standardized approach" for counterparty risk;
- "Basic approach" for operational risk;
- "Standardized approach" for market risk.

Credit risk

This risk is thoroughly described in Part E of this document.

Counterparty risk

Counterparty risk represents a particular type of credit risk, characterized by the fact that the exposure, owing to the financial nature of the contract executed between the parties, is uncertain and can change over time in relation to the evolution of the underlying market factors.

For BFF, counterparty risk can be generated by repurchase agreements and derivatives. Counterparty risk is measured using the original exposure method.

Operational risk

Operational risk is the risk of incurring a loss due to inadequacy or failure of procedures, human resources and internal systems or as a result of external events. This category includes, amongst other items, losses caused by fraud, human error, business interruption, system failure, breach of contracts and natural disasters; operational risk includes legal risk but excludes strategic and reputational risks.

Operational risk, therefore, refers to various types of events that would not be significant unless analyzed together and quantified for the entire risk category.

The Bank measures operational risk using the "Basic" approach: the capital requirement is determined by applying a 15% coefficient to the three-year average of the relevant indicator, calculated on the financial statements items of the last three years, in accordance with Regulation (EU) no. 575/2013.

Continuing the *Operational Risk Management framework* applied, the Bank uses an internal statistical management model for quantifying exposure to operational risk. This was done for the purpose of verifying that the method used for regulatory purposes did value capital adequately against assumed and assumable risk. The operational risk results obtained from the forward-looking assessment process were also used for quantifying internal capital against operational risk for ICAAP purposes. Operating losses referring to 2024 were significantly lower than the capital requirement for operational risk and the requirement calculated at operational level in the 2023 ICAAP.

Market risk

Market risk is the risk relating to positions held for trading, that is, positions intentionally held for sale in the short term, acquired in order to take advantage of purchase and sale price differences, or other changes in prices or interest rates.

The regulation identifies and regulates the treatment of the various types of market risk in reference to the regulatory trading portfolio. The Bank measures market risk using the "Standardized" approach.

Pillar II – The ICAAP/ILAAP Report

The supervisory regulations require intermediaries to adopt control strategies and processes for determining the adequacy of current and future capital. It is the Supervisory Authority's responsibility to verify the reliability and accuracy of the results generated and, where necessary, to take appropriate corrective action.

BFF Banking Group annually submits the "ICAAP/ILAAP Report" to the Bank of Italy, thus providing an update on the internal processes for determining adequacy of capital and of liquidity risk governance and management systems of the Group. In accordance with prudential supervisory provisions, the Group has prepared the "ICAAP/ILAAP Report" approved by the BFF Board of Directors on April 04, 2024. The Report has been prepared in compliance with the requirements envisaged in Circular no. 285 of the Bank of Italy.

In relation to the "Supervisory Review and Evaluation Process" (SREP), the Group must comply with a CET 1 Ratio of 9.00%, a Tier 1 Ratio of 10.50% and a Total Capital Ratio of 12.50% to which the Countercyclical Capital Buffer ("CCyB") and Systemic Risk Buffer ("SyRB") components are added.

At the individual level, on the other hand, there is no regulatory requirement for an ICAAP/ILAAP Process nor are there SREP limits.

Quantitative information

(Values in thousand euros)

Categories/Values	Non-weighted amounts		Weighted amounts / requirements	
	12.31.2024	12.31.2023	12.31.2024	12.31.2023
A. RISK ASSETS				
A.1 Credit and counterparty risk			4,914,930	3,342,749
1. Standardized methodology	11,751,878	11,820,612	4,914,930	3,342,749
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitizations				
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			393,194	267,420
B.2 Credit valuation adjustment risk			35	21
B.3 Settlement risks			-	
B.4 Market risks			409	568
1. Standard methodology			409	568
2. Internal models			-	
3. Concentration risk			-	
B.5 Operational risk			65,374	55,617
1. Basic approach			65,374	55,617
2. Standardized methodology				
3. Advanced method				
B.6 Other calculation factors				
B.7 Total prudential requirements			459,012	323,626
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			5,737,653	4,045,325
C.2 CET 1/Risk-weighted assets (CET1 capital ratio) (%)			**8.87%**	**9.24%**
C.3 Tier 1 Capital/Risk-weighted assets (Tier 1 capital ratio) (%)			**11.48%**	**12.95%**
C.4 Total Own Funds/Risk-weighted assets (Total capital ratio) (%)			**11.48%**	**12.95%**

Part G - Business combinations of companies or business units

Section 1 - Transactions completed during the year

As of December 31, 2024 there are no extraordinary operations of business combinations falling within the definition provided by IFRS 3 (revised).

Section 2 - Transactions after the reporting date

After the end of 2024, there were no business combinations falling under the definition of the revised IFRS 3.

Part H - Transactions with related parties

Related parties, as defined by IAS 24, include:

- companies belonging to the BFF group;
- associates and joint ventures as well as their subsidiaries;
- BFF's key management personnel;
- close family members of "key management personnel" and subsidiaries, including joint ventures, with key management personnel or their close family members;

The following table provides the income statement and statement of financial position amounts arising from related party transactions performed by the Bank at December 31, 2024, broken down by type of related party pursuant to IAS 24, and the percentage to their respective financial statements item.

(Values in thousand euros)

	Directors and Executives with key management responsibilities (*)	Other related parties	Total related parties	Financial statements item	% of financial statements item	Statement of cash flows items	% of statement of cash flows item
Impact of transactions on the statement of financial position							
Loans and receivables with customers							
At December 31, 2024		1,408,857	1,408,857	9,750,642	14.4%	169,402	n,d
Equity investments							
At December 31, 2024		8,571	8,571	229,882	3.7%	(7)	n,d,
Other assets							
At December 31, 2024		3,024	3,024	689,456	0.4%	(71,549)	-4.2%
Amounts due to customers							
At December 31, 2024		(17,890)	(17,890)	(8,665,827)	0.2%	(146,995)	12.2%
Provision for risks and charges: a) pension and similar obligations							
At December 31, 2024	(2,746)		(2,746)	(6,680)	41.1%	(199,198)	1.4%
Other liabilities							
At December 31, 2024	(6,131)	(336)	(6,467)	(345,442)	1.9%	(199,198)	3.2%
Reserves							
At December 31, 2024	(1,900)		(1,900)	(217,229)	0.9%	-	
Impact of transactions on the income statement							
Interest and similar income							
At December 31, 2024		93,113	93,113	657,646	14.2%	-	
Interest and similar expense							
At December 31, 2024		(84)	(84)	(382,182)	0.0%	-	
Fee and commission income							
At December 31, 2024		***289***	***289***	***110,631***	***0.3%***	***-***	
Dividends							
At December 31, 2024		1,423	1,423	21,267	6.7%	(101,214)	-1.4%
Profits (losses) on trading							
At December 31, 2024		810	810	4,254	19.0%	-	
Administrative expenses: a) personnel expenses (**)							
At December 31, 2024	(7,521)		(7,521)	(68,476)	11.0%	-	
Administrative expenses: b) other administrative expenses							
At December 31, 2024		(1,340)	(1,340)	(103,435)	1.3%	-	
Other operating income, net							
At December 31, 2024		1,927	1,927	55,046	3.5%	-	

Notes:

( ) Including members of the Board of Directors;*

(**) In order to compare this figure with the figure for the same period of the previous year, please refer to the balance below and not to that which is shown in the Individual Financial Statements for the reporting period: as at December 31, 2023, personnel expenses related to directors and key management personnel amounted to €7,876 thousand.

As at December 31, 2024, the option rights relating to the stock option plans in place amounted to 10,169,450 options assigned and not yet exercised, of which 6,011,950 could be exercised in shares of the Bank. If the price reached €15, the dilution would be 1%.

More specifically, the balances of the intercompany positions at December 31, 2024 are as follows:

- BFF Finance Iberia, for an amount of €296.2 million;
- BFF Polska, in the amount of PLN 3,446 million, of which PLN 1,448 million through the Polish branch of BFF Bank;
- BFF Polska, in the amount of €4.8 million, related to a current account relationship;
- FIZ Medico, in the amount of €11.2 million, related to an account opened at the Polish branch of BFF Bank;
- Debt-RNT, in the amount of €61 thousand, related to an account opened at the Polish branch of BFF Bank;
- Kancelaria Karnowski, in the amount of €236 thousand, related to an account opened at the Polish branch of BFF Bank;
- BFF Central Europe: €199.5 million;
- BFF MedFinance: PLN 299.5 million through the Polish branch of BFF Bank;
- BFF Ceska Republika: CZK 61 million;
- BFF Immobiliare: €4.2 million.

BFF Bank has the following license agreements in place:

- With BFF Finance Iberia, which allows the use, under license, of the software, organizational methods and communication lines of BFF Bank (IT rights), as well as the assistance, maintenance and monitoring of such rights. The consideration is based on royalties, which at December 31, 2024 amounted to about €561 thousand;
- With BFF Central Europe, which allows the use, under license, of the software, organizational methods and communication lines of BFF (IT rights), as well as the assistance, maintenance and monitoring of such rights. The consideration is based on royalties, which at December 31, 2024 amounted to about €95 thousand;
- With BFF Ceska Republika, which allows the use, under license, of the software, organizational methods and communication lines of BFF (IT rights), as well as the assistance, maintenance and monitoring of such rights. The consideration is based on royalties, which at December 31, 2024 amounted to about €2 thousand;

There is an Intragroup Service and cost sharing agreement in place which focuses on service provision and optimal cost sharing between all Group companies and the branches of the Bank, between BFF Bank and:

- its foreign branches for an amount of about €442 thousand as at December 31, 2024;
- BFF Polska S.A. for about €722 thousand as at December 31, 2024;
- BFF Finance Iberia S.A.U. for about €260 thousand as at December 31, 2024;
- BFF Medfinance S.A. for an amount of about €68 thousand as at December 31, 2024;
- Kancelaria Karnowski for an amount of about €88 thousand as at December 31, 2024;
- BFF Central Europe s.r.o. for an amount as at December 31, 2024 equal to €73 thousand;
- BFF Ceska Republika s.r.o. for an amount as at December 31, 2024 equal to €10 thousand.

During 2016, BFF Finance Iberia purchased Italian healthcare exposures from the Bank for about €82 million. At the end of the reporting period, these exposures were already collected for about €81 million with an outstanding balance of about €0.8 million.

It should be noted that BFF Banks provides the following:

- Risk management activities for the subsidiary BFF Finance Iberia, for €12,000 per year;
- Internal audit activities for the subsidiary BFF Finance Iberia, for €6,400 per year;
- Administration, internal audit, compliance, risk management, corporate affairs secretariat and IT services for the subsidiary BFF Immobiliare S.r.l., amounting to €52.2 thousand per year;
- Administration, internal audit, compliance, risk management, corporate affairs secretariat and IT services for the subsidiary BFF Techlab S.r.l., amounting to €33 thousand per year.

Part I - Share-Based Payments

A. Qualitative information

2016 Stock Option Plan

On December 5, 2016, the Bank's Ordinary Shareholders' Meeting approved the adoption of a stock option plan for employees and members of the corporate boards. The plan has the following features:

- *Purpose:* the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe for newly issued ordinary shares of the Bank or shares that have already been issued and are included in the Bank's portfolio when the option is exercised;
- *Beneficiaries:* the identification of beneficiaries and the granting of options are decided by:
  a) The Board of Directors, after consulting with the Remuneration Committee, with reference to directors, senior executives and executives directly reporting to the Chief Executive Officer;
  b) The Chief Executive Officer, within the limits of his/her powers, with reference to other beneficiaries whose remuneration falls within his/her duties;
- *Type of exercise:* ordinary or cashless exercise. On March 28, 2019 the Ordinary Shareholders' Meeting approved the introduction of an alternative method for exercising options under the plan, in addition to the ordinary option (so-called cashless). According to the new exercise option, authorized beneficiaries who requested it can be allocated a number of shares determined based on the market value of the shares at the exercise date, with no obligation for them to pay the exercise price.

In line with current regulations, the options granted under the 2016 Plan contribute to the determination of the variable remuneration paid through the use of financial instruments; therefore, the plan is subject to all the restrictions established under the remuneration and incentive policy for members of the strategic supervision, management and control bodies, and personnel of the Bank, and in accordance with the law.

The vesting conditions of the options included in the plan are as follows:

- The options awarded in each tranche will vest starting from the twelfth month following the award, which is subject to a series of conditions detailed in the plan, and assuming:
  a) Continuation of employment relationship with the Bank and/or of the office held in the Board of Directors; and
  b) levels of capital and liquidity resources suitable to cover the activities undertaken and compliance with other parameters, also of a regulatory nature.

Note that the plan is subject to malus and clawback conditions: options are subject to ex post correction mechanisms (malus and/or clawback) which, when the pre-set circumstances arise, result in the loss and/ or the restitution of the rights attributed by the plan.

With regard to the options granted under the 2016 Stock Option Plan, as at December 31, 2024, a quantity of 2,000 options have been assigned, not exercised, have vested and may still be exercised. There were no other options existing at that date. The number of options outstanding and not yet exercised as at December 31, 2023 was 96,000.

2020 Stock Option Plan

On April 2, 2020, the Ordinary Shareholders' Meeting approved a new Stock Option Plan ("2020 Plan") for employees and directors holding executive positions in the Company and/or its subsidiaries, having the following characteristics:

- *purpose:* the plan involves the award of a maximum of 8,960,000 options in three tranches; each one provides the beneficiary with the right to subscribe for newly issued ordinary shares of the Bank or shares that have already been issued and are included in the Bank's portfolio when the option is exercised;
- *Recipients:* the beneficiaries are identified by the Board of Directors and/or the CEO at their sole discretion – within the limits envisaged by the applicable legislation and the plan – among the employees and/or Directors with executive positions in the Bank and/or its subsidiaries;
- *Type of exercise:* ordinary or cashless exercise.

The options assigned within each tranche accrue upon completion of the vesting period, i.e. after 3 years from the relative assignment date. Vesting is subject to the following conditions being met: (i) The continuation of the employment relationship with the Bank and/or of the office held in the Board of Directors and absence of notice due to resignation or dismissal; and (ii) Levels of capital and liquidity resources necessary to cover the activities undertaken and compliance with other parameters, also of a regulatory nature.

With regard to the 2020 Stock Option Plan, as of December 31, 2024, the number of stock options granted and not exercised is 2,763,450 options, of which 2,485,450 options have vested and are exercisable. There were no other options existing at that date. The number of options outstanding as at December 31, 2023 but not yet exercisable was 5,461,400, of which 2,227,700 had vested and were exercisable.

BFF Bank 2022 Long-Term Incentive Plan

On March 31, 2022, the Ordinary Shareholders' Meeting approved a new "2022 Long-Term Incentive Plan" for employees and directors holding executive positions in the Company and/or its subsidiaries, having the following characteristics.

- Subject: the plan provides for the allocation of a maximum of 9,700,000 options divided into three tranches assignable by December 31, 2024. The options can be of two types: (i) Class A options, which grant the right to receive newly issued ordinary shares of the Company, "equity settled", and (ii) Class B options, which grant the right to receive phantom shares, to be converted into cash in accordance with the provisions of the plan, "cash settled"
- Vesting conditions (exercise): options granted under each tranche vest upon completion of the three-year period from the relevant grant date. Vesting is also subject to the fulfillment of the following conditions: (i) continuation of employment with the Bank and/or office in the Board of Directors and absence of notice of resignation or dismissal; and (ii) achievement of KPIs (i.e. company performance indicators), without prejudice to the deferral and lock-up provisions applicable to the most significant personnel (i.e. Risk Takers) of the Bank and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

With regard to the 2022 Incentive Plan, as at December 31, 2024, two of the three tranches have been granted for a total of 7,404,400 options, of which 3,246,500 are equity settled (A Options) and 4,175,500 are cash settled (phantom shares), not yet exercisable. As of December 31, 2023, 7,664,500 options had been granted, of which 3,439,500 equity settled and cash-less and 4,225,000 cash settled (phantom shares), none of which yet exercisable. The third tranche, having not been assigned by December 31, 2024, is to be considered no longer assignable.

Part M - Lease reporting

On January 1, 2019, IFRS 16 with the new definition and accounting model for "leases" came into effect. This standard is based on conveying the right to use a leased asset, and applies to all leases with the exception of leases with a lease term of 12 months or less or those for which the underlying asset has a contractual value below €5,000.

Based on this accounting model, the "right of use" is recognized in the statement of financial position as an asset, and future payments relating to the same leased asset is entered as a liability. Any depreciation relating to the right-of-use asset, and any relevant interest expense, is recognized in the income statement.

The application of IFRS 16 changed the accounting substantially for lessees, as it eliminates a lessee's classification of leases as either operating leases or finance leases.

In particular, lessees are required to comply with the following main provisions:

- The identified asset is classified as a right-of-use asset and presented in the balance sheet as if it was owned. The relevant financial liability shall also be recognized;
- At the commencement date, a lessee shall measure the financial liability at the present value of the lease payments agreed by the parties to use the asset over the term of the contract that is reasonably certain. The initial measurement of the right-of-use shall be equal to the value of the financial liability, less some specific items, e.g. those relating to the direct costs incurred in obtaining the lease;
- For subsequent measurement of the asset and over the lease term, the asset is depreciated on a systematic basis, while the financial liability includes any interest expense, calculated based on the interest rate implicit in the lease where expressly stated or on the cost of funding for the period, and any periodical lease payments.

Section 1 - Lessee

Qualitative information

During 2018, BFF Bank launched a project aimed at understanding and defining the qualitative and quantitative impact of first-time adoption of the new IFRS 16. Following on from this project, a new accounting model has been defined for use in relation to all leases with the exception of those for which the underlying asset is of low value (less than €5,000) or that have a short lease term (12 months or less).

For the purposes of the first adoption of the standard (first-time adoption or FTA), on January 29, 2019 the Board of Directors resolved that BFF and all companies belonging to BFF Banking Group shall adopt the "Modified Retrospective Approach". As a result, the Bank does not need to apply the standard retrospectively (therefore considering complex comparative information), and the amount relating to right-of-use assets under "Property, equipment and investment property" is equal to the financial liability amount.

Quantitative information

Right-of-use assets accounted for as "Property, equipment and investment property" at December 31, 2024 are shown below.

(Values in thousand euros)

	Right-of-use asset 12.31.2024	Right-of-use asset 12.31.2023
BFF Bank	45,297	11,752
Total	**45,297**	**11,752**

For more details on the accounting impacts related to Property, equipment and investment property and Financial liabilities measured at amortized cost, please refer to the specific section of Part B of the Notes to the separate financial statements.

Other information

Audit fees to the independent auditors and other companies in their network

The following table, prepared in accordance with Article 149-duodecies of the CONSOB Issuers' Regulation (resolution no. 11971 of May 14, 1999, as subsequently amended and supplemented), shows the fees pertaining to the financial year 2024 for audit and non-audit services provided by the independent auditors and other companies in its network. Such fees represent the costs incurred and recorded in the consolidated financial statements, net of the reimbursement of expense and non-deductible VAT and the CONSOB contribution:

(Values in thousand euros)

Type of services	BFF Bank S.p.A.			
	KPMG S.p.A.		KPMG S.p.A. Network	
	Italy	Outside Italy	Italy	Outside Italy
Statutory audit	197	16		126
Attestation services (*)	108			19
Other services (**)	475		150	
	781	**16**	**150**	**145**

(*) Amounts refer to comfort letters issued for the purposes of bond issues and to the attestations regarding the Consolidated Sustainability Reporting.

(**) Amounts refer to agreed verification procedures as well as extraordinary activities required by the Regulator following the relevant inspection.

Annexes

CERTIFICATION OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 81-*TER* OF CONSOB REGULATION N. 11971 OF 14 MAY 1999 AS AMENDED AND SUPPLEMENTED

1) The undersigned

- Massimiliano Belingheri, in his capacity as Chief Executive Officer,
- Giuseppe Manno, as Financial Reporting Officer of BFF Bank S.p.A.,

hereby certify, having taken into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of legislative decree no. 58 of 24 February 1998:

   – the suitability as regards the characteristics of the Bank, and
   – the effective implementation of the administrative and accounting procedures employed to draw up the 2024 financial statements.

2) The suitability and effective application of the administrative and accounting process employed to draw up the 2024 financial statements was verified based on internally defined method adopted by BFF Bank S.p.A., in accordance with the *Internal Control – Integrated Framework model* issued by *Committee of Sponsoring Organizations of Tradeway Commission (COSO)* of the reference standards for the internal audit system generally accepted on an international level.

3) Moreover, the undersigned hereby certify that:

3.1 the financial statements at 31 December 2024:

a. were drafted in accordance with the applicable International Financial Reporting Standards endorsed by the European Community, pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b. correspond to the results of the accounting books and records;
c. are suitable for providing a true and fair view of the financial position, financial performance and cash flows of the issuer.

3.2 The Report on Operations includes a reliable analysis of the important events and their impact on the financial statements, together with a description of the main risks and uncertainties to which they are exposed. The Report on Operations includes, moreover, a reliable analysis of the information concerning major transactions with related parties.

Milan, 12 March 2025

Massimiliano Belingheri	Giuseppe Manno
Chief Executive Officer	Financial Reporting Officer

Report of the Board of Statutory Auditors to the Shareholders' Meeting of BFF Bank S.p.A., convened to approve the Financial Statements as at December 31, 2024, pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429, paragraph 2, of the Italian Civil Code

Shareholders,

In compliance with the provisions of Article 153 of Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Law on Finance"), Article 2429, paragraph 2, of the Italian Civil Code, the guidelines set out in Consob Communication No. 1025564 of April 6, 2001 as subsequently amended and supplemented (the "Consob Communication"), as well as the Rules of Conduct for Boards of Statutory Auditors of Listed Companies issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Chartered Accountants and Accounting Experts), most recently updated in December 2024 (the "Rules of Conduct"), the Board of Statutory Auditors of BFF Bank S.p.A. ("BFF", the "Bank" or the "Company") hereby reports to you on the supervisory activities carried out during the 2024 financial year and up to the date of this Report.

The current Board of Statutory Auditors took office on April 18, 2024, following the appointment by the Shareholders' Meeting of the Company's supervisory body for the 2024–2026 three-year period, with a full replacement of its members.
During the 2024 financial year, the Board of Statutory Auditors performed its duties in accordance with the provisions of the Italian Civil Code, the Consolidated Law on Finance, Legislative Decree No. 385 of September 1, 1993 (the "Consolidated Law on Banking"), Bank of Italy Circular No. 285 of December 17, 2013 ("Circular 285"), the guidelines set out in the Consob Communication, Legislative Decree No. 39 of January 27, 2010 as amended (the "Legislative Decree 39/2010"), the Company's By-Laws, and the regulations issued by the competent Supervisory and Regulatory Authorities. The Board also took into consideration the Corporate Governance Code for listed companies, published in 2020 by the Corporate Governance Committee, which the Company has declared it complies with (the "Corporate Governance Code"), as well as the Rules of Conduct.

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This Report outlines the activities carried out by the Board of Statutory Auditors during the 2024 financial year and provides the relevant information in accordance with the applicable regulatory framework.

1. Activities of the Board of Statutory Auditors during the financial year ended December 31, 2024

Since its appointment, the Board of Statutory Auditors has carried out its duties through 19 meetings, each lasting approximately 2 hours and 30 minutes on average.

In addition, since taking office, the Board has attended 17 meetings of the Board of Directors (also referred to as the "BoD"). The Board of Statutory Auditors also participated - with justified absences by some of its members - in 16 meetings of the Control and Risks Committee, 4 meetings of the Related Parties Committee, 11 meetings of the Remuneration Committee and 5 meetings of the Nominations Committee. The previous composition of the Board also attended the Shareholders' Meeting held on April 18, 2024.

In addition to the above, under its activity plan, the Board of Statutory Auditors, among other things:

- held meetings with, and received information from, the Chairperson of the Board of Directors, the Chief Executive Officer, the heads of the second-level control functions, and the Internal Audit Function Head;
- met with the heads of other corporate functions involved from time to time in the Board's supervisory activities;
- met with the members of the Supervisory Body ("SB"), established pursuant to Legislative Decree No. 231 of 8 June 2001 ("Legislative Decree 231/2001"), for the purpose of exchanging information;
- held meetings and/or exchanged information, pursuant to Article 151, paragraphs 1 and 2, of the Consolidated Law on Finance, with the administrative and/or control bodies of the main subsidiaries (BFF Spain, Bank Poland, BFF Portugal);
- held periodic meetings, in accordance with the relationship between the supervisory body and the external auditor pursuant to Article 150, paragraph 3, of the Consolidated Law on Finance, and in view of the Board of Statutory Auditors responsibilities as the internal control and audit committee under Article 19 of Legislative Decree 39/2010, with the independent audit firm KPMG S.p.A.

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("KPMG"), during which information and data relevant to the planning and performance of their respective responsibilities were exchanged;

– took part in specific induction sessions to ensure continuous updates to its knowledge and competencies, through active learning formats involving discussion and engagement.

  In particular, eight induction sessions were held in 2024 to provide a comprehensive overview of the Bank and the Group and its main business areas, focusing on: (a) the Group's products, (b) the strategic plan, (c) the internal control and risk management system, the ICT and governance system, and (d) the different business areas in which BFF operates.

  The sessions also covered: (e) developments in corporate governance, with particular reference to tools, methods, organisational structures and the regulatory framework underpinning the management of a banking organisation; and (f) updates on regulatory changes related to Regulation (EU) 2022/2554 (the Digital Operational Resilience Act - DORA), anti-money laundering (AML) issues and the approach to ESG issues.

2. Significant economic, financial and capital transactions. Other noteworthy events

2.1 Activities carried out by the Board of Statutory Auditors

The Board of Statutory Auditors has monitored the Company's compliance with applicable laws and its Corporate By-laws, as well as adherence to sound management principles, with particular reference to transactions of material economic, financial and equity-relevant significance. This oversight was carried out through the Board's ongoing attendance at meetings of the Board of Directors and its internal committees, and through review of the relevant documentation provided. In this context, the Board received information from the Chief Executive Officer and the Board of Directors on the activities carried out and the most significant economic, financial and capital transactions approved and undertaken by the Company, including through directly or indirectly controlled subsidiaries. These transactions and activities are described in the Report on Operations, to which reference is made.

Based on the information made available, the Board of Statutory Auditors reasonably believes that the transactions in question comply with the law, Bank of Italy Circular No.

285, the Corporate By-laws and principles of sound management, and that they do not appear to be manifestly imprudent, reckless or in conflict with resolutions of the Shareholders' Meeting, nor of a nature to compromise the Company's financial integrity.

In particular, the Board has been informed about transactions in which the directors have declared an interest, on their own behalf or on behalf of third parties, and has no observations on the compliance of the relevant resolutions with laws and regulations.

2.2 Key events

The key events concerning the Company and the Group during 2024 and the early months of 2025 are disclosed in the 2024 Integrated Annual Report and Consolidated Financial Statements. These include, in particular:

a) Bank of Italy follow-up inspection

The work of the Board of Statutory Auditors—as well as that of the Board of Directors and the corporate functions—was significantly shaped in 2024 and early 2025 by the findings of a follow-up inspection conducted by Bank of Italy, the most significant aspects of which are summarized below.

Between September 11, 2023 and January 12, 2024, Bank of Italy conducted an inspection at BFF. On April 29, 2024, the Supervisory Authority submitted the inspection report (the "Inspection Report") to the Bank's Board of Directors, in the presence of the Board of Statutory Auditors.

This report formalises a number of findings, the most significant of which—according to the Board—include a compliance issue concerning the classification of credit exposures to Public Administrations in light of the new regulatory framework on the definition of default, and certain observations relating to the corporate governance of the Bank and the Group.

These findings ultimately relate to the practical implementation of the control framework, and the need to achieve a more balanced system of checks and balances between the management bodies and the Chief Executive Officer, on the one hand, and the independent Directors and the control functions operating across the three levels of the internal control system, on the other.

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In addition to the above, the Authority also raised findings concerning the Bank's remuneration practices, with specific reference to certain contractual provisions relating to the Chief Executive Officer.

Alongside the Inspection Report, while awaiting assessment of BFF's actions in response to the inspection findings, the Bank of Italy notified the Issuer and the Chief Executive Officer of (i) the initiation of sanctioning proceedings—which are currently at an advanced stage, pending final determinations by the Authority—and (ii) a concurrent letter (the "Letter on the Company's Situation") whereby the Bank was instructed to refrain from approving or implementing:

(i) the distribution of profits (generated as from the 2024 financial year) or other capital items;

(ii) the payment of the variable component of remuneration;

(iii) any further expansion of international operations, whether through the opening of new branches or the extension of cross-border services currently provided without a permanent establishment in other countries;

(iv) the repurchase of treasury shares, with reference to the request already submitted by BFF.

As reported by the Chairperson of the Board of Directors, following discussions with the Supervisory Authority, the Bank of Italy further clarified to BFF that the restriction on the distribution of profits or other assets does not apply to the payment of interest on its Additional Tier 1 instruments.

The Bank's Board of Directors and the relevant corporate functions took action to implement appropriate remedial measures in response to the findings issued by the Bank of Italy. On July 11, 2024, the Bank submitted its comments on the Inspection Report, outlining the measures approved with the aim of addressing and resolving the issues raised. These actions were developed along several lines, the most significant of which included the following:

(i) the Bank's corporate governance structure. Effective from January 1, 2025, the second-level control functions (namely the Risk Management function as well as the Compliance and Anti-Money Laundering function) have been assigned direct reporting lines to the Board of Directors, with a so-called dual reporting line to the Chief Executive Officer for operational purposes;

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(ii) the Risk Management Function. As of January 1, 2025, the role of AML officer has been assigned to an Executive Director other than the Chief Executive Officer, in order to ensure a better balance in delegated powers. In addition, a dedicated function has been established with responsibility for the analysis and monitoring of ICT-related risks;

(iii) Control Functions. As specifically requested by the Bank of Italy, an assessment was conducted on the fitness and suitability of the individuals in charge of these functions, which led to certain organisational changes, particularly in the Compliance function;

(iv) revision of the Chief Executive Officer's remuneration. Certain aspects of the Chief Executive Officer's remuneration were revised in order to bring it into alignment with applicable regulatory requirements;

(v) loan classification. The methodology for calculating past due exposures was revised, particularly regarding the suspension of the count of days past due for the purpose of prudential default classification. As a result, as at June 30, 2024, this item increased significantly to approximately €1,429 million, compared with €219.9 million at December 31, 2023 and €200 million at June 30, 2023 (as at December 31, 2024, the Bank's reporting date, this figure amounted to €1,771 million).

For prudential purposes, the loan portfolio reclassification carried out by the Bank resulted in additional Risk Weighted Assets ("RWA") of approximately €1,801 million and provisions for risks under IFRS 9 amounting to €0.7 million;

(vi) Risk Appetite Framework. The Bank revised its RAF model, as further detailed below in the section on the internal control and risk management system.

In parallel with these remedial actions, the Bank, with the support of external consultants, also launched several workstreams aimed at analysing, reviewing and streamlining the information flows to the Board of Directors and the Chief Executive Officer. In line with the guidance provided by the Board of Statutory Auditors, the Bank has therefore:

(i) launched and completed a project to update the Organization, Management and Control Model pursuant to Legislative Decree 231/01, which will be discussed in greater detail in a later section (see paragraph 7);

(ii) undertaken a review of its remuneration policies, including following constructive dialogue with various institutional investors.

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With regard to the findings of the Bank of Italy inspection, the Board of Statutory Auditors monitored the definition and implementation of the related remedial actions throughout the various required stages. This included assessing their consistency with the guidance provided by the Supervisory Authority and with sound governance practices, also through meetings between the Chairperson of the Board of Statutory Auditors and representatives of the Supervisory Authority. In this context, the Board of Statutory Auditors engaged not only with the relevant corporate functions but also with the external consultants appointed by the Bank's Board of Directors to support the implementation process.

Some of the aforementioned remedial actions have already been fully implemented, taking effect from January 1, 2025. Others are being carried out under a plan that will lead to their full implementation over the course of 2025. The actual outcomes and effectiveness of these remedial measures may be subject to ongoing assessment by the relevant corporate functions, with the Board of Statutory Auditors naturally devoting particular attention to the monitoring process.

b) *Other significant transactions and material events during the year*

The draft separate financial statements of BFF Bank S.p.A., submitted for your approval, are accompanied by the Report on Operations and, for the year ended December 31, 2024, show a net profit of €160.2 million, compared with €131.4 million in the previous year. The components underlying this result are described in detail in the Report on Operations and in the Notes to the Financial Statements, to which reference is made.

This result was influenced by a change in estimate regarding the accrual-based recognition of late payment interest, with the recovery rate being raised from 50% to 65%. This decision by the Bank was not shared by Statutory Auditor Prof. Dell'Atti, who issued a reasoned dissenting opinion.

The change in estimate resulted in a non-recurring income item of €135.2 million (€96 million net of tax).

The change in estimate was made based on historical values and recovery rates observed in previous financial years. Compliance of the change in estimate with the applicable accounting standards was verified by KPMG. In this context, KPMG was also engaged to perform an Agreed Upon Procedures (AUP) assignment aimed at analysing the completeness and reliability of the historical data series (and the quality of the underlying data) relating to the recovery rate of late payment interest. This aspect constitutes, under the applicable accounting standards, a condition and prerequisite for the accrual-based recognition of such interest. For the purpose of applying the amortized cost principle, the average collection period for late payment interest was estimated, as in previous years, at 2,100 days.

The Board of Statutory Auditors, while referring to the description of the most significant transactions in the Report on Operations, highlights below certain other significant events that occurred during the year:

(i) On April 18, 2024, the Shareholders' Meeting was held, during which a new Board of Directors was appointed (including the appointment of five new independent Directors, among whom the new Chairperson of the Bank, Mr. Ranieri de Marchis), along with a new Board of Statutory Auditors which, as previously noted, was fully renewed. On the same date, the Bank's Board of Directors confirmed Mr. Belingheri as Chief Executive Officer.

(ii) The same Shareholders' Meeting of April 18, 2024 approved the Report on the Remuneration Policy – which includes the remuneration policy in its first section – and expressed a favourable advisory vote on the Report on Compensation Paid.

(iii) In April 2024, a dividend was distributed in the amount of €101,213,994, of which €52,303,766 was drawn from a portion of the Parent Company's Net Accounting Profit and €48,910,228 from a portion of the Retained Earnings Reserve, equal to €0.541 for each of the 187,218,044 ordinary shares currently in circulation. Therefore, the total dividend per share distributed in respect of 2023, before withholding taxes, amounted to €0.979. It should be noted that this distribution occurred prior to the imposition of the restrictions referred to in the previous section of this Report.

(iv) On August 1, 2024, as part of an update to its research methodology, BFF announced that Morningstar Sustainalytics (a leading provider of ESG research, ratings, and data, supporting investors worldwide in the development and implementation of responsible investment strategies) assigned the BFF Group an ESG (Environmental, Social and Governance) Risk Rating of 15 (on a scale from 0 to 100, comprising five risk levels: negligible, low, medium, high, and severe), marking an improvement compared to the previous rating and confirming the Company in the "Low Risk" category.

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(v) On October 22, 2024, the Bank announced the placement of a new €300 million senior preferred unsecured social bond maturing on 30 March 2028 (with an early redemption option on March 30, 2027), with a fixed annual interest rate of 4.875%, as part of its €2.5 billion Euro Medium Term Note (EMTN) programme established by the Issuer.

This issuance, consistent with the Bank's funding plan, was carried out in order to ensure compliance – also in light of the increase in RWA following the reclassification of certain portfolio exposures as past due – with the minimum consolidated requirements for own funds and eligible liabilities ("MREL"), which became mandatory for BFF as of January 1, 2025.

(vi) On May 23, 2024, the rating agency Moody's placed all ratings and assessments of BFF under review for downgrade. This rating action stemmed from disclosures made by the Bank to the market on 9 and 10 May 2024 concerning the supervisory measures initiated by the Bank of Italy. The review for downgrade was closed on November 19, 2024, when Moody's confirmed the investment grade on the Bank's long-term and short-term deposits as "Baa3"/"prime 3", respectively.

(vii) On June 20, 2024, the rating agency DBRS Morningstar confirmed BFF's ratings, with the Long-Term Issuer Rating of BB (high) and the investment grade Long-Term Deposit rating of BBB (low), both with a stable outlook.

(viii) On December 17, 2024, BFF comunicated that Standard Ethics Ltd. ("Standard Ethics"), an independent sustainability rating agency, at the end of the analysis process carried out for the second time in solicited form, revised upward the Bank's Corporate Standard Ethics Rating (SER) to "EE-" from the previous "E+" assigning a "Stable" Outlook.

Standard Ethics acknowledged the progress made by the Bank in the area of sustainability, particularly highlighting the adoption over the past two years of policies covering key ESG issues, aligned with the guidance of the UN, OECD, and European Union. It also recognised the implementation of a sustainability governance model and the strengthening of the ESG Risk Management system.

(ix) On December 19, 2024, as mentioned in the previous section, the Bank announced the appointment – effective from January 1, 2025 – of Mr. Gammaldi as the new Anti-Money Laundering Officer, a role previously held by the Chief Executive Officer.

(x) On September 25, 2024, the Bank of Italy, in its capacity as Resolution Authority, sent a communication regarding the adoption of the resolution plan for the BFF Banking Group, along with the Measure establishing the MREL requirement.

The Board of Statutory Auditors also notes that, in 2024, the Bank continued to contribute to the Deposit Guarantee Fund (Fondo Interbancario Tutela dei Depositi), established pursuant to Directive 2014/49/EU – Deposit Guarantee Schemes. This directive introduced in 2015 a new hybrid funding mechanism for deposit guarantee systems, consisting of ordinary (ex-ante) and extraordinary (ex-post) contributions, based on the amount of covered deposits and the risk profile of each member bank.
In 2024, the Bank did not contribute to the Single Resolution Fund, established under Regulation (EU) No. 806/2014 and effective as of January 1, 2016, following the achievement of the targets set by the Single Resolution Board.

In the financial statements, the Directors reported on the Group's capital adequacy described at individual and Group level, as well as the underlying reasons for the changes with respect to 2023.
As of December 31, 2024, the Bank's equity amounted to €742.7 million (compared to €692.6 million in the previous year).
Own funds, as reported in the separate financial statements as of the same date, amounted to €658.9 million (compared to €524 million as of December 31, 2023), with the overall risk exposure deemed adequate in light of the nature of the Bank's loan portfolio, capitalization, and the defined risk profile.
Always as reported in the separate financial statements, the CET1 Capital Ratio stood at 8.9% (compared to 9.2% in 2023); the Tier 1 Capital Ratio at 11.5% (compared to 13.0% in 2023); and the Total Capital Ratio at 11.5% (compared to 13.0% in 2023).

On a consolidated basis, own funds amounted to €788.5 million (compared to €586.9 million as of December 31, 2023); the CET1 Capital Ratio was 12.2% (compared to 14.2% in 2023); the Tier 1 Capital Ratio was 15.1% (compared to 19.1% in 2023); and the Total Capital Ratio was 15.1% (compared to 19.1% in 2023).
Despite the decrease compared to the previous year, these ratios remained above the capital demand requirements set by the Supervisory Authority.

As regards the early months of 2025, the following are among the main events reported.

In the final months of 2024 and the early months of 2025, the Bank of Italy carried out thematic inspections concerning the anti-money laundering controls implemented by the Bank in relation to its customer transaction monitoring processes. The investigations, which involved BFF and other selected banking institutions, resulted (in the month of February) in findings only of a management nature.

These findings are currently under review by the relevant corporate functions and bodies. The resulting remedial actions will be assessed by the Board of Statutory Auditors, which will also oversee their implementation.

3. Related parties and intra-group transactions. Unusual and/or atypical transactions

The Directors' Report on Operations, as well as the information acquired during participation at meetings of the Board of Directors and information received from the Chairperson and the Chief Executive Officer, as well as from management and the Control Functions and the independent auditor, did not reveal the existence of atypical and/or unusual transactions, including third-party, intra-group and related party transactions.

BFF has adopted procedures in accordance with Article 2391-bis of the Italian Civil Code, Consob Regulation no. 17221 of March 12, 2010 (the "Consob RPT Regulation"), as subsequently amended, and applicable sectoral regulations, including with regard to transactions carried out through its subsidiaries.

The Bank's reference documents for transactions with related parties include the "*Policies on internal controls adopted by the BFF Group for the management of conflicts of interest*" and the "*BFF Banking Group Regulations for the management of transactions with persons in conflict of interest*", last updated on July 25, 2024 with the positive opinion of the Board of Statutory Auditors (the "BFF RPT Procedures").

The Board of Statutory Auditors considers these procedures to be compliant with the provisions of the Consob RPT Regulation, in its current version; during the year, the Board of Statutory Auditors monitored the Bank's compliance with these procedures.

The BFF Annual Report 2024, the Integrated Annual Report and the Consolidated Financial Statements 2024 report the economic and financial effects of transactions with related parties, as well as a description of the most significant related relationships.

During the 2024 financial year, in accordance with the BFF RPT Procedures referenced above, the Related Parties Transactions Committee (the "RPT Committee") reviewed 4 "less material" transactions, 6 "exempt" transactions, and 1 "negligible amount" transaction.

In this regard, the Board of Statutory Auditors, in accordance with Article 4, paragraph 6, of the Consob RPT Regulation, monitored compliance with the RPT Procedures, overseeing the process through which the RPT Committee issued its opinions from time to time pursuant to Article 7 of the Consob RPT Regulation. The Board of Statutory Auditors attended the relevant meetings either in full or represented solely by its Chairperson.

No emergency related parties transactions have been carried out.

The Board of Statutory Auditors confirms that, within the scope of its responsibilities, it monitored both the compliance of the procedures with the Consob RPT Regulation and their application in relation to the related party transactions approved during 2024.

In this regard, it is noted that the less material transaction involving the related party RSI - concerning the transfer of a VAT credit amounting to €1.182 million and approved in February 2024 - was ultimately not carried out during the 2024 financial year, as the related party independently collected the credit in the meantime.

Based on the information requested and the analyses conducted, the Board of Statutory Auditors deems the disclosures provided by the Board of Directors in BFF's 2024 Separate Financial Statements regarding intragroup transactions with related parties to be adequate.

Based on the financial information, the information received *(i)* from the Board of Directors during the relevant meetings, *(ii)* from the Function Head of Group Audit, *(iii)* from the supervisory bodies of the main directly controlled companies as well as *(iv)* from the Independent Auditors, the Board of Statutory Auditors has also established the absence of atypical and/or unusual transactions - meaning transactions whose characteristics may give rise to doubts as to the accuracy or completeness of the information contained in the financial statements, conflicts of interest, the safeguarding of the Company's assets and the protection of minority shareholders - with Group companies, third parties or related parties.

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4. Oversight of the adequacy of the organizational structure. Organizational structure of the Bank and the Group, relations with subsidiaries

The organizational structure of the Bank and of the Group, together with its evolution, is described in the Report on Corporate Governance and Ownership Structure, to which the Board of Statutory Auditors refers for further details.

As mentioned in section 2 above, organizational changes have been implemented in the Bank's second-level control functions and in the AML function in response to the findings of the Bank of Italy following its follow-up inspection. Notwithstanding the above, again with regard to the organizational structure, the Bank has recently reorganized its Factoring & Lending business line following the resignation of the Head of the relevant function.

Specifically, in line with the objectives of the strategic plan and with the goal of strengthening oversight of the strategic activities within the Factoring & Lending business—by ensuring both effective management of past-due positions and recovery of late payment interest, as well as enhancing the commercial push—(i) the F&L Group Sales Function, (ii) the F&L Group Collection Function, and (iii) the Head of Countries Function have been placed under the direct supervision of the Chief Executive Officer.

The Board of Statutory Auditors monitored the adequacy of the overall organizational structure, which is also to be assessed in view of its evolving nature, and also monitored the process of defining and granting proxies. In this respect, the adequacy and effectiveness of the Bank's organizational structure can be fully assessed on the basis of the results of the corrective actions taken by the Bank in relation to the system and mechanisms of governance, management and internal control, the effective impact of which will therefore have to be verified over time through appropriate monitoring.

The Bank, as Parent Company and point of reference for the Supervisory Authority, in exercising its management and coordination activities, issued the various instructions to the subsidiaries required to implement the general and special instructions issued by the Bank of Italy in the interests of Group stability, pursuant to Art. 61, paragraph 4 of the Consolidated Law on Banking and Circular No. 285.

The relations with subsidiaries are governed by the "*Intra-group Regulations*." The instructions to be adopted by the subsidiaries are issued by the relevant Bank functions with the aim of updating the subsidiaries and branches on internal regulations applicable

to them, as well as on the information required for the reporting package. The main activities involved, particularly those relating to control, are carried out centrally.
It is important to note that, as there are no equivalent control bodies in the Group's foreign companies, the Board of Statutory Auditors has, in any event, carried out its own in-depth analysis during periodic meetings with the company control functions and with the management of some main subsidiaries. In this regard, it should be recalled that the control functions have direct responsibility for their respective analogous structures in relation to BFF Finance Iberia S.A.U., while they are recipients of functional reporting from the corresponding similar functions of the BFF Polska Group.

The Board of Statutory Auditors therefore considers the instructions issued by the Bank to its subsidiaries to be adequate on the whole, including for the purpose of providing all the information necessary to fulfill the disclosure obligations pursuant to Art. 114, paragraph 2, of the Consolidated Law on Finance.

5. Supervisory activities on the adequacy of the internal control and risk management system, the administrative-accounting system, and the financial reporting process

5.1 Internal control and risk management system

The main characteristics of the internal control and risk management system ("ICRMS") are described in the Report on Corporate Governance and Ownership Structure.

The ICRMS consists of the rules, procedures, and corporate structures that support the effective operation of the Company and the Group, and that serve to identify, manage, and monitor the main risks to which the Bank and its subsidiaries are exposed. The ICRMS is an integrated system that involves the entire organizational structure. Its proper functioning relies on coordinated and interdependent contributions from both the corporate boards and company structures, including the control functions.

The Board of Statutory Auditors monitored the adequacy of the ICRMS adopted by the Company and the Group, and verified its actual implementation.
The Board of Statutory Auditors oversaw the adequacy of the internal control and risk management systems through *(i)* regular meetings with the Chief Executive Officer and the control functions - *Internal Audit, Compliance and AML, Risk Management*, the

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Financial Reporting Officer, and the independent auditors KPMG - and *(ii)* ongoing participation in the activities of the Control and Risks Committee.

As part of its oversight of the ICRMS, the Board of Statutory Auditors paid particular attention during the 2024 financial year, following the commencement of its term of office and continuing into the early months of 2025, to, among other things, the issues and processes followed by the Bank in redefining and formulating the Risk Appetite Framework (RAF). In this regard, appropriate changes have been made to the RAF in order to:

– enhance its alignment with, and responsiveness to, the Bank's and the Group's most significant risks; and
– revise the authorization elements inherent to the escalation process when risk thresholds are exceeded.

In addition to the above, the Board of Statutory Auditors closely monitored the initiatives aimed at appointing a Head of ICT Risk Management within the Risk Management Function—a position that is currently held on an interim basis by the Risk Management Function Head. In this regard, the Board strongly encourages the prompt appointment of a dedicated manager with appropriate seniority and professional expertise.

The Board of Statutory Auditors also oversaw compliance with the Remuneration Policy with respect to the control functions, and participated in all meetings of both the Remuneration Committee and the Control and Risks Committee.

In light of the remedial actions implemented or initiated following the findings issued by the Bank of Italy as part of its follow-up inspection, and based on the activities carried out, the information received, the contents of the quarterly and annual reports prepared by the control functions, and in particular the overall favorable opinion expressed by the Group Internal Audit Function regarding the internal control system, the Board of Statutory Auditors believes that, at present, there are no significant critical issues concerning the structure of the internal control and risk management system. In view of the fact that some of the remedial actions are still in the implementation phase, it is, moreover, believed that, in this case as well, the adequacy and effectiveness of the Bank's internal control and risk management system may be fully assessed at the outcome of the analysis of the results of the remedial actions themselves, the actual effects of which, therefore, will be subject to verification over time through dedicated monitoring.

5.2 Administrative and accounting system and financial reporting process

The Board of Statutory Auditors has taken note that the Board of Directors of BFF, in compliance with the provisions of Italian Law No. 262 of December 28, 2005 ("*Provisions for the protection of savings and the regulation of financial markets*") and Art. 154-*bis* of the Consolidated Law on Finance, established in its governance structure the role of Financial Reporting Officer, and approved the “Financial Reporting Officer Functioning Regulations” and the “Methodological Note of the Financial Reporting Officer.”

The Board of Directors - having obtained from Bank of Italy, by letter dated August 8, 2022, confirmation of eligibility for the position and having received the favorable opinion of the Control and Risks Committee, Nominations Committee and Board of Statutory Auditors - appointed Mr. Manno as Financial Reporting Officer, effective October 1, 2022.

With regard to the administrative and accounting system and the financial reporting process, the Board of Statutory Auditors monitored, among other activities, the work carried out by the CFO and the Financial Reporting Officer, through dedicated meetings, aimed at continuously assessing the adequacy of the model and its effective implementation.

The Report on Corporate Governance and Ownership Structure describes the main features of this model.

The Board of Statutory Auditors held periodic meetings with representatives of the independent audit firm KPMG for the legally required exchange of information. Based on the exchange of relevant data and information necessary for the performance of their respective duties, no issues emerged that require disclosure in this report pursuant to Article 150, paragraph 3, of the Consolidated Law on Finance.

The Board of Statutory Auditors reviewed the additional report prepared by KPMG pursuant to Article 11 of EU Regulation No. 537/2014 and noted that no significant deficiencies in the internal control system related to the financial reporting process were identified therein. Key matters were discussed and further examined during the regular information exchanges between the Board of Statutory Auditors and the independent auditors.

At the same meeting, the Board also reviewed the report issued pursuant to Article 154-bis of the Consolidated Law on Finance, prepared by the Chief Executive Officer and the

Financial Reporting Officer. This report indicated that the internal control and administrative-accounting systems are, overall, adequate with respect to both the separate and consolidated financial statements as well as the sustainability report.

In light of the remedial actions currently underway, the adequacy and effectiveness of the Bank's administrative-accounting system and financial reporting process may be fully assessed by the Board of Statutory Auditors once the results of those actions are available. Their actual effectiveness will therefore be subject to ongoing monitoring over time.

5.3 Sustainability reporting process

The Board of Statutory Auditors notes that, starting from financial year 2024, pursuant to Legislative Decree No. 125 of 6 September 2024 ("Legislative Decree 125/2024"), which transposed Directive 2022/2464/EU (CSRD), the Company is required to prepare and include a sustainability report ("Sustainability Reporting") in a dedicated section of the report on operations. This reporting was prepared in accordance with the European Sustainability Reporting Standards (ESRS) and is subject to a limited assurance engagement performed by the same statutory auditor engaged to audit BFF's financial statements. The engagement is to be conducted in accordance with the "Standard on Sustainability Assurance Engagement – SSAE (Italy)". As provided for under Article 10, paragraph 1, of Legislative Decree 125/2024, the Board of Statutory Auditors, in carrying out the functions assigned to it under applicable laws and regulations, oversaw compliance with the provisions governing the preparation and publication of the Sustainability Reporting, also taking into account the provisions of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

The Board of Statutory Auditors also monitored, through meetings with the Financial Reporting Officer, the CFO, and the Group ESG & Financial Reporting Officer, the process through which the information included in the Sustainability Reporting was produced.

The Board of Statutory Auditors verified that the Sustainability Report was approved by the Board of Directors on March 12, 2025.

It also took note that the independent auditors issued its assurance report on the Sustainability Reporting on 27 March 2025, pursuant to Article 8, paragraph 10, of Legislative Decree 254/2016, the contents of which confirmed what had previously been shared during information exchanges. In this report, KPMG attested that the

Sustainability Reporting was prepared, in all material respects, in accordance with the ESRS and the provisions of Article 8 of Regulation (EU) 2020/852.

The Board of Statutory Auditors, in turn, notes that, as a result of its activities, no elements of non-compliance with the relevant regulatory provisions on Sustainability Reporting have come to its attention.

6. Additional activities carried out by the Board of Statutory Auditors

6.1. Additional periodic audits

In addition to the above, the Board of Statutory Auditors carried out additional specific activities consistent with the applicable legal and regulatory provisions for the banking industry.

In particular, the Board, in its previous composition, participated in the work carried out by the internal functions aimed at:

(i) the self-assessment, conducted during the meeting of the Board of Statutory Auditors on April 2, 2024, regarding capital adequacy (ICAAP) and the adequacy of the governance and liquidity risk management system (ILAAP);

(ii) defining, during the same Board of Statutory Auditors meeting of April 2, 2024, the report on the controls performed on outsourced critical or important functions (CIF) outsourced to service providers outside the Group.

In its current composition, through participation in the activities of the Control and Risks Committee and based on its own assessments, the Board of Statutory Auditors acknowledged the assumptions underlying the updated Funding Plan for the 2025–2026 period and submitted its observations in this regard.

6.2 Additional activities carried out by the Board of Statutory Auditors

During the 2024 financial year, the streamlining of the organizational structure and management of the Internal Audit Function continued and intensified through the implementation of changes relating to the various phases of the audit plan, with particular reference to the planning and execution of the Function's activities, as well as the adoption of an organizational model in line with new international standards (*Global Internal Audit Standards*).

The Board monitored and supervised this process of alignment with international best practices through an ongoing dialog with the Function Head.

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The Board of Statutory Auditors, based on the reports prepared by the Internal Control Functions, then issued its *opinion* on the AML activities carried out by the Bank's Greek and Portuguese branches, prepared for the respective local Supervisory Authorities.

7. Organization and management model pursuant to Legislative Decree 231/2001

BFF first adopted its own Organization, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter, the "231 Model") in 2004. The Model has since been periodically updated to reflect regulatory and corporate developments.
The most recent update to the 231 Model was presented by the Supervisory Body (Organismo di Vigilanza, "OdV") - in collaboration with the Compliance & AML Function and with the methodological and advisory support of Protiviti S.r.l. - and submitted for approval to the Board of Directors at its meeting held on December 19, 2024.

The amendments to the 231 Model involved:

– the formalization of Risk Assessment & Gap Analysis activities, following the definition and implementation of methodologies designed to identify and document the key control elements in place to mitigate the mapped predicate crime risks;
– the streamlining of the structure of the 231 Model and the related Protocols, in accordance with the agreed approach, formalizing the control principles identified as part of the Risk Assessment & Gap Analysis activities;
– the update of information flows to the Supervisory Body;
– the integration and alignment of the 231 Model with the Bank's Anti-Corruption framework.

The Risk Assessment & Gap Analysis activities enabled the mapping of key control elements currently in place to mitigate the identified predicate crime risks.

In detail, rationalisation measures were proposed for the risk areas already identified, while at the same time new risk areas were identified, also taking into account the new predicate offences introduced under Legislative Decree 231/2001 ([1]).

([1]) Following the assessment, the predicate offences under Legislative Decree 231/2001 deemed not relevant to BFF were identified as follows:
– Female genital mutilation practices (Article 25-quater.1 Legislative Decree 231/2001);
– Liability of entities for administrative offences resulting from criminal acts (Art. 12 of Law No. 9/2013, applicable to entities operating within the virgin olive oil supply chain).

With regard to the protocols, in order to avoid redundancies and improve accessibility for recipients, updates were made to the Protocols of BFF's Departments and Functions, as well as those of the Chief Executive Officer and the Board of Directors.
Specifically, the families of offences were reorganised and simplified, the behavioural principles were integrated and enhanced, and the control safeguards were formalised.

The update of information flows to the Supervisory Body included the introduction of specific Key Risk Indicators (KRIs) and qualitative-quantitative red flags designed to highlight exceptions or anomalies compared to standard procedures and/or potential points of concern. A reporting template was also introduced for the collection of specific and standardised information flows.

The following additional amendments and additions were also introduced:

– the 231 Model was brought into line with the applicable regulatory framework, including with respect to predicate offences;
– the scope of the 231 Model's addressees and of the Bank's subsidiaries was updated;
– the "*Governance and internal control system*" section was added to the general part, detailing the Bank's corporate bodies, committees and control functions involved. In this context, the respective roles and responsibilities, as well as the relevant coordination arrangements, were formalised;

The offences that, since the previous update of the 231 Model, have *(i)* been introduced, amended or repealed in the list of predicate offences under Legislative Decree 231/2001 and *(ii)* incorporated into the updated 231 Model are as follows:

– Art. 24 D. Lgs. 231/2001 - Fraudulent receipt of payments, fraud against the State, a public body or the European Union or to obtain public payments, computer fraud against the State or a public body and fraud in public procurement;
– Art. *24-bis* Legislative Decree 231/2001 - Cybercrime and unlawful data processing;
– Art. 25 D. Lgs. 231/2001 - Embezzlement, extortion, undue inducement to give or promise benefits, bribery;
– Art. *25-ter* D. Lgs. 231/2001 - Corporate Offenses;
– Art. *25-octies1* Legislative Decree 231/2001 - Offences involving non-cash means of payment and fraudulent transfer of assets;
– Art. *25-novies* Legislative Decree 231/2001 - Offences relating to copyright infringement;
– Art. *25-undecies* Legislative Decree 231/2001 - Environmental crimes;
– Art. *25-duodecies* Legislative Decree 231/2001 - Employment of third-country nationals whose stay is irregular;
– Art. *25-quinquesdecies* Legislative Decree 231/2001 - Tax offences;
– Art. *25-sexesdecies* Legislative Decree 231/2001 - Smuggling (fully amended by Legislative Decree 141/2024);
– Art. *25-septiesdecies* Legislative Decree 231/2001 - Crimes against cultural heritage.

- a new section on “*Periodic information flows*” to be transmitted to the Supervisory Body was included in the general part to highlight the various types of information flows required from the relevant structures;
- a section on the “*Anti-Corruption Framework*” was added to the general part to ensure the integration and alignment of the 231-related information flows transmitted by the structures to the Supervisory Body with the Anti-Corruption flows. In particular, the Anti-Corruption Policy complements the measures set out in the 231 Model and the Code of Ethics, extending the scope of risk prevention to all broader forms of corruption. A new section was also introduced on the management of sponsorship initiatives, specifying that under no circumstances may sponsorships be used to conceal acts of corruption; where it is believed that a sponsorship may increase the risk of corruption, the internal controls set out in the internal regulations must be carried out prior to disbursement. Finally, further detail was also provided on the beneficiaries of donations that are permitted and those that are excluded;
- a chapter on the “*Whistleblowing System*” was added to the general part of the 231 Model, updated in line with Legislative Decree No. 24 of 10 March 2023 and the related disciplinary sanction system.

  With respect to this topic, the Board of Statutory Auditors highlighted certain areas for consideration concerning the collective nature of the body responsible for receiving and managing whistleblowing reports. It is believed that this activity should be carried out by the Supervisory Body as a whole and not solely by the Internal Audit Function Head.

Another issue worthy of consideration presented to the Board of Directors is to review and update the Supervisory Board Regulations regarding the composition and independence of its members.

8. Adherence to the Corporate Governance Code, Composition of the Board of Directors and Remuneration

BFF adheres to the Corporate Governance Code issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. (the “Corporate Governance Code”). The compliance checklist for the principles and criteria set out in the Corporate Governance Code is included in the Information Summary of the 2024 Report on Corporate

Governance and Ownership Structure, available on the Bank's website and to which reference should be made.
The Board of Statutory Auditors acknowledges that the Board of Directors has carried out the evaluation on the functioning, size, and composition of the Board itself and of the board committees, in accordance with the provisions of Article 4 of the Corporate Governance Code and Circular 285.
The process and results of the Board of Directors' self-assessment for the 2024 financial year were presented, shared and discussed by the Board of Directors, with the support of an external advisor, at the meeting held on 10 February 2025, in which the Board of Statutory Auditors also took part.
The Board of Statutory Auditors monitored the application of the process put in place by the Board of Directors to assess the independence of directors classified as "independent" and the related criteria. In this regard, and also in response to the indications received from the Supervisory Authority, the Board of Statutory Auditors followed the process that led to a revision of the rules governing the activities of independent directors, through the update of their internal regulation. The aim of this revision was to support the improved contribution of independent directors to board discussions, with a view to better balancing powers within the corporate bodies.

In early 2025, in line with Standard Q.1.7 of the Code of Conduct and Circular 285, the Board of Statutory Auditors conducted its annual self-assessment for the 2024 financial year, focusing on its composition and functioning. It also issued statements confirming compliance with the legal and regulatory requirements of independence, integrity, and professionalism, with a view to discussing the overall results at the meeting on 7 February 2025.

The Board of Statutory Auditors monitored the corporate processes underlying the definition of the Company's compensation policies—particularly those concerning the remuneration and incentive criteria for the heads of the Control Functions and the Financial Reporting Officer—through the participation of its Chairperson and/or Members in all meetings of the Compensation Committee, the Control and Risks Committee, and the Board of Directors. These processes are still being modified and adapted with the aim of bringing them in line with industry *best practices*.
As mentioned above, the BFF undertook a thorough review of the characteristics of the entire remuneration system in the 2024 financial year. This review was also carried out

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taking into account the considerations gathered in the dialogue with the representatives of institutional investors, on the one hand, and the guidelines of the Bank of Italy, on the other.

The Board has no comments on the consistency of the proposal to the Shareholders' Meeting referring to the remuneration policy with the recommendations of the Corporate Governance Code.

9. Statutory audit

9.1. Activities of the Board of Statutory Auditors in relation to the 2024 financial year

KPMG, the audit firm appointed to carry out the statutory audit of the Bank's separate financial statements and the Group's consolidated financial statements for the nine-year period from 2021 to 2029, verified during the 2024 financial year that the accounting records had been properly kept and that the transactions had been correctly recorded in the accounts.

On March 27, 2025, the independent auditors issued its reports pursuant to Articles 14 and 16 of Legislative Decree No. 39/2010, respectively for the Bank's separate financial statements and the Group's consolidated financial statements as at December 31, 2024. These reports confirm that the financial statements were clearly prepared and provide a true and fair view of the financial position, results of operations and cash flows for the year then ended, in accordance with the applicable accounting standards and regulatory framework.

Furthermore, the independent auditors issued a consistency opinion stating that the Directors' Report on Operations accompanying the separate and consolidated financial statements as at December 31, 2024, as well as certain specific disclosures included in the "Report on Corporate Governance and Ownership Structures" pursuant to Article 123-bis, paragraph 4 of the Consolidated Law on Finance, for which the directors are responsible, were prepared in compliance with legal requirements.

As part of the aforementioned reports, KPMG also issued an opinion on the compliance of the separate and consolidated financial statements with the provisions of Regulation (EU) 2019/815 (the ESEF Regulation).

On March 12, 2025, the Financial Reporting Officer and the Chief Executive Officer issued the certifications and attestations required under Article 154-bis of the Consolidated Law on Finance in relation to the Company's separate and consolidated financial statements as at December 31, 2024.

The Board of Statutory Auditors monitored, within the scope of its responsibilities, the general approach taken in preparing the separate and consolidated financial statements, ensuring their compliance with applicable laws and regulations governing the preparation of financial statements by banks.

The Board of Statutory Auditors acknowledges that the Bank prepared the separate and consolidated financial statements of the Group in accordance with the international accounting standards (IAS/IFRS) issued by the IASB and endorsed by the European Union, pursuant to Regulation (EU) No. 1606 of July 19, 2002, the Consolidated Law on Finance, the Consolidated Law on Banking, and the relevant regulatory framework. The Notes to the Financial Statements describe the measurement criteria applied and provide the disclosures required under current legislation.

The Report on Operations, prepared by the Board of Directors and attached to the Parent Company's separate financial statements, provides an overview of operations, highlighting both current and future developments.

The Board of Statutory Auditors, through its participation in the meetings of the Control and Risks Committee – attended also by the Financial Reporting Officer and representatives of the independent auditing firm – reported to the Board of Directors at the meeting held on March 12, 2025 that it had no comments regarding the accounting standards applied or the consistency of their application in the preparation of the consolidated financial statements.

In this regard, reference should be made to the comments in paragraph 2.2(b) concerning the change in estimate regarding the accrual accounting of late payment interest and its effects on the Bank's income statement and equity.

As mentioned above, on March 27, 2025, the independent auditor issued to the Board of Statutory Auditors, in its capacity as the internal control and audit committee, the additional report required under Article 11 of Regulation (EU) No. 537/2014. Pursuant to Article 19, paragraph 1, letter (a), of Legislative Decree No. 39/2010, the Board of Statutory Auditors promptly forwarded this report to the Board of Directors without making any observations.

During the year, the Board of Statutory Auditors also held meetings with representatives of the independent audit firm KPMG, including in accordance with Article 150, paragraph 3, of the Consolidated Law on Finance. As part of the oversight activity referred to in Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors obtained information from KPMG regarding the planning and execution of the audit. These meetings also involved the exchange of relevant data and information necessary for the performance of their respective duties, and no facts or circumstances emerged that required reporting.

Pursuant to Article 19, paragraph 1, letter (e) of Legislative Decree No. 39/2010, the Board of Statutory Auditors, also in its role as the internal control and audit committee, verified and monitored the independence of the independent auditors. In performing these controls, no situations were identified that could compromise the independence of the independent auditors or cause incompatibilities under the applicable legislation. This was also confirmed by the declaration issued by KPMG pursuant to Article 6, paragraph 2, letter (a), of Regulation (EU) No. 537/2014.

9.2 Activities of the Board of Statutory Auditors with regard to non-audit services

Regard the topic of *non-audit services*, it should be noted that the Bank has adopted a specific procedure governing the assignment of engagements to the independent auditors and to entities belonging to its network for services other than statutory audit engagements (the "Group Regulation for the approval of Non-Audit Services to be assigned to the statutory audit firm"). During the 2024 financial year, the Board of Statutory Auditors oversaw compliance with the aforementioned guideline, ensuring its application in order to prevent the emergence of potential risks to the auditor's independence.

During the 2024 financial year, in compliance with the provisions of Article 19, Paragraph 1(e), Legislative Decree 39/2010 and Article 5, paragraph 4, EU Regulation 537/2014, the Board of Statutory Auditors, in its role as the internal control and audit committee, reviewed the proposals for the assignment of *non-audit services* to the independent auditors KPMG or entities belonging to its network that were submitted to it in accordance with the aforementioned procedure. In conducting its assessment, the Board of Statutory Auditors verified the compatibility of such services with the prohibitions set out in Article 5 of Regulation (EU) No. 537/2014, as well as with the provisions of *(i)* Articles 10 et seq. of Legislative Decree No. 39/2010, *(ii)* Article 149-bis et seq. of the Issuers' Regulation, and *(iii)* the "*Code of ethics on professional conduct, confidentiality and professional secrecy, as well as the independence and objectivity of entities authorized to perform statutory audits*," published on March 30,

2023, and adopted by decision of the State General Accounting Office of the Ministry of Economy and Finance on March 23, 2023.
Following its reviews, and where the legal requirements were met, the Board of Statutory Auditors approved the engagement of KPMG or other entities in its network to perform the services.
The fees for services other than the statutory audit provided by the independent auditors or other entities in its network to the Company and its subsidiaries in the 2024 financial year are detailed in the Notes to the Financial Statements, to which reference is made.
During the year, the Board of Statutory Auditors, in its capacity as the internal control and audit committee, also monitored the development of such fees in light of the provisions of Article 4, paragraph 2, of Regulation (EU) No. 537/2014.

10. Opinions issued by the Board of Statutory Auditors during the year

On December 16, 2024, the Board of Statutory Auditors, pursuant to the Corporate Governance Code (Article 6, Recommendation 33, letter c.), issued a favorable opinion on the 2025 Audit Plan, which was approved by the Board of Directors at its meeting held on December 18, 2024.

11. Petitions, complaints under Article 2408 of the Italian Civil Code. Any omissions, censurable facts or irregularities noted

During the 2024 financial year, following the appointment of the current Board of Statutory Auditors, no complaints pursuant to Article 2408 of the Italian Civil Code or other reports were brought to its attention.

In the course of its supervisory activities, and following an audit requested by the Board of Statutory Auditors and approved by the Board of Directors, the Board of Statutory Auditors has identified a case which, in its opinion, falls within the scope of Article 149, paragraph 3 of the Consolidated Law on Finance and Article 52 of the Consolidated Law on Banking.

In this regard, the Board submitted a formal report to the Supervisory Authorities. It should be noted that the relevant functions of the Bank took action to amend the business processes related to the matter in question, with a view to further strengthening the control measures.

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In light of all the considerations set out in this Report, the Board of Statutory Auditors has identified no impediments to the approval of the Separate Financial Statements as of December 31, 2024, as submitted to you by the Board of Directors.

Milan, March 27, 2025

The Board of Statutory Auditors

[signature]

Simone Scettri (Chairperson)

[signature]

Simona Pesce

[signature]

Vittorio Dell'Atti

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(The accompanying translated separate financial statements of BFF Bank S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
BFF Bank S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of BFF Bank S.p.A. (the "bank"), which comprise the statement of financial position as at 31 December 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of BFF Bank S.p.A. as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the bank in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

BFF Bank S.p.A.
Independent auditors' report
31 December 2024

Recognition of late payment interest on performing loans and receivables acquired without recourse

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.1 - General "Change in estimates relating to the percentage recognition of late payment interest and the lump-sum compensation for recovery costs ("40 euros")"

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets measured at amortised cost"

Notes to the separate statements "Part A - Accounting policies": paragraph A.2.15 "Other information - Revenue recognition criterion"

Notes to the separate financial statements "Part B - Information on the statement of financial position - Assets": section 4 "Financial assets measured at amortised cost"

Notes to the separate statements "Part C - Income statement: paragraph 1.2 "Interest and similar income: other information"

Key audit matter	Audit procedures addressing the key audit matter
When measuring loans and receivables with customers acquired without recourse, the director include the estimated late payment interest that is deemed to be recoverable, in line with Document no. 7 on the treatment of late payment interest under Legislative decree no. 231/2002 on performing loans and receivables acquired without recourse issued jointly by Bank of Italy, Consob (the Italian Commission for listed companies and the stock exchange) and IVASS (the Italian supervisory body for private insurance) on 9 November 2016. We focused on this issue because: • the carrying amount of uncollected late payment interest is significant; • the parameters used to estimate such compensation require the use of statistically-reliable historical figures, based on cash flows and collection times observed at the reporting date; • it requires judgement by the directors. The complexity of the directors' estimation process has been affected by the ongoing uncertainties which have an impact on the current economic conditions and potential future macroeconomic scenarios, with potentially significant effects stemming from the energy market, supply chains, inflationary pressure and the effects of monetary policies on interest rates in the main economies. For the above reasons, we believe that the recognition of late payment interest on performing loans and receivables acquired without recourse is a key audit matter.	Our audit procedures included: • gaining an understanding of the parent's processes and IT environment in relation to the estimation of default interest; • analysing the late payment interest estimation models used and checking the reasonableness of the main assumptions and variables included therein; • checking, on a sample basis, the accuracy of the accounting records; • assessing the appropriateness of the disclosures about late payment interest.

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BFF Bank S.p.A.
Independent auditors' report
31 December 2024

Recognition of the lump-sum compensation for recovery costs ("40 euros")

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.1 - General "Change in estimates relating to the percentage recognition of late payment interest and the lump-sum compensation for recovery costs ("40 euros")"

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets measured at amortised cost"

Notes to the separate financial statements "Part B - Information on the statement of financial position - Assets": section 4 "Financial assets measured at amortised cost"

Notes to the separate financial statements "Part C - Information on the income statement": section 14.2 "Other operating income: breakdown"

Key audit matter	Audit procedures addressing the key audit matter
In accordance with Directive 2011/7/EU of the European Parliament and of the Council on combating late payment in commercial transactions, which established that a creditor is entitled to obtain from the debtor, as a minimum, a fixed sum of €40 as compensation for recovery costs, since 2018, the directors have been claiming €40 from its debtors for each past-due invoice as lump-sum compensation for recovery costs. In its decision of 20 October 2022, the Court of Justice of the European Union confirmed the bank's right to recover €40 for each invoice. Based on their analysis of historical trends of collected compensation, the directors obtained a reliable estimate of the collectable amount. Therefore, starting from the separate financial statements at 31 December 2022, they decided to recognise the above compensation on an accruals basis, based on the same collection percentage adopted in the late payment interest model. At the reporting date, the directors recognised the estimated compensation accrued during the year of €39 million. We focused on this issue because: • the parameters used to estimate such compensation require the use of statistically-reliable historical figures, based on cash flows and collection times observed at the reporting date; • it requires judgement by the directors. For the above reasons, we believe that the recognition of the lump-sum compensation for recovery costs (€40) on an accruals basis is a key audit matter.	Our audit procedures included: • gaining an understanding of the parent's processes and IT environment in relation to the estimation of the lump-sum compensation for recovery costs (€40); • analysing the models used to estimate the lump-sum compensation for recovery costs (€40) and checking the reasonableness of the main assumptions and variables included therein; • checking, on a sample basis, the accuracy of the accounting records; • assessing the appropriateness of the disclosures about the recognition of the lump-sum compensation for recovery costs (€40).

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KPMG

BFF Bank S.p.A.
Independent auditors' report
31 December 2024

Recoverability of the carrying amount of investments in subsidiaries

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.5 "Equity investments"

Notes to the separate financial statements "Part B - Information on the statement of financial position - Assets": Section 7 "Equity investments"

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2024 include investments in the subsidiaries BFF Polska Group, BFF Finance Iberia, Unione Fiduciaria, BFF Immobiliare S.r.l. and BFF Techlab S.r.l. recognised at a cost of €109.2 million, €32.7 million, €8.6 million, €79 million and €0.4 million, respectively, accounting for 1.9% of total assets. At each reporting date, the directors check whether there is evidence that these equity investments may be impaired. If indicators of impairment are identified, the directors test these equity investments for impairment by comparing their carrying amount to the cash-generating unit's ("CGU") recoverable amount, calculated using appropriate valuation methods under the circumstances, including with the assistance of external consultants. The complexity of the directors' estimation process has been affected by the ongoing uncertainties which have an impact on the current economic conditions and potential future macroeconomic scenarios, with potentially significant effects stemming from the energy market, supply chains, inflationary pressure and the effects of monetary policies on interest rates in the main economies. Considering the materiality of the financial statements caption and the high level of estimate required to measure the equity investments' recoverable amount, we believe that the recoverability of the carrying amount of investments in subsidiaries is a key audit matter.	Our audit procedures included: • understanding the process adopted to measure investments in subsidiaries and to identify any related indicators of impairment; • understanding the process adopted to prepare the impairment tests approved by the bank's directors; • assessing the key assumptions used by the directors to determine the equity investments' recoverable amount. Our analyses included, for each equity investment, checking the indicators of impairment and the assumptions underlying the valuation models and comparing the key assumptions used to external information, where available; • assessing the appropriateness of the disclosures about investments in subsidiaries and the related impairment test.

BFF Bank S.p.A.
Independent auditors' report
31 December 2024

Measurement of intangible assets with a finite useful life

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.7 "Intangible assets"

Notes to the separate financial statements "Part B - Information on the statement of financial position - Assets": Section 9 "Intangible assets"

Notes to the separate financial statements "Part C - Information on the income statement": section 13 "Amortisation and impairment losses on intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
Further to the business combination with DEPOBank S.p.A., which occurred in 2021, and the completion of the PPA procedure, the directors recognised an intangible asset with a finite useful life of €25.7 million relating to customer contracts. Customer contracts amount to €16 million in the separate financial statements at 31 December 2024. Amortisation and net impairment losses relating to intangible assets with a finite useful life recognised in profit or loss during the year total €2.7 million and solely comprise amortisation charges. The complexity of the directors' estimation process has been affected by the ongoing uncertainties which have an impact on the current economic conditions and potential future macroeconomic scenarios, with potentially significant effects stemming from the energy market, supply chains, inflationary pressure and the effects of monetary policies on interest rates in the main economies. For the above reasons, we believe that the measurement of intangible assets with a finite useful life is a key audit matter.	Our audit procedures included: • gaining an understanding of the process used to draft the bank's long-term plan approved by the directors; • checking any discrepancies between the previous year historical and business plan figures, in order to check the accuracy of the forecasting process; • assessing the conditions leading to impairment; • analysing the criteria used to identify the CGUs and tracing the carrying amounts of the assets and liabilities allocated thereto to the separate financial statements; • assessing the appropriateness of the disclosures about intangible assets with a finite useful life.

Responsibilities of the bank's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the bank's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the bank or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the bank's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

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31 December 2024

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 2 April 2020, the bank's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2021 to 31 December 2029.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the bank in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The bank's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2024 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2024 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The bank's directors are responsible for the preparation of the reports on operations and on corporate governance and ownership structure at 31 December 2024 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the report on operations and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the separate financial statements;
- express an opinion on the consistency of the report on operations and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;

- issue a statement of any material misstatements in the report on operations and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the bank's separate financial statements at 31 December 2024.

Moreover, in our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 27 March 2025

KPMG S.p.A.

(signed on the original)

Simone Archinti
Director of Audit

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