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

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

AS AMENDED AND SUPPLEMENTED)

(CONVENED FOR 17 APRIL 2025 IN A SINGLE CALL)

8. Authorisation to purchase and dispose of treasury shares pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of Legislative Decree No. 58/1998, and Article 144-bis of the Regulations approved by Consob with resolution 11971/1999 subject to revocation of the authorisation approved by the Shareholders' Meeting on 18 April 2024 not executed. Related and consequent resolutions.

Dear Shareholders,

The Board of Directors has convened an ordinary Shareholders' Meeting, at the registered office of BFF Bank S.p.A. (the "**Bank**" or the "**Company**") in Milan, Viale Lodovico Scarampo no. 15 (the "**Registered Office**"), in a single call (the "**Shareholders' Meeting**"), to discuss and resolve, among other things, on the proposal to authorise the purchase and disposal of treasury shares pursuant to the combined provisions of arts. 2357 and 2357-ter of Italian Civil Code and Article 132 of Legislative Decree No. 58/1998, as subsequently amended and supplemented (the "**TUF**"), with simultaneous revocation of the previous shareholders' resolution of 18 April 2024 not executed (the "**2024 Authorisation**").

Article 73 of the regulation of the National Commission for Companies and the Stock Exchange (Consob) adopted by resolution no. 11971/1999, as subsequently amended (the '**Issuers' Regulations**'), provides that the board of directors, within 21 days prior to the date set for the shareholders' meeting convened to resolve on the purchase and sale of treasury shares, must make available to the public at the company's registered office, on the company's *website* and in any other manner indicated by Consob, an illustrative report prepared in accordance with Annex 3A, Schedule no. 4, of the Issuers' Regulations.

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1. Reasons for which authorisation to purchase and/or dispose is required of own shares

The purpose of this request for authorisation (the "**Authorisation Request**") is to grant the Board of Directors the power to purchase and dispose of the Bank's treasury shares, in compliance with the laws and regulations, including those of the European Union, of reference in force at the *time*¹, in order to allow the Company to

¹ It is understood that the actual commencement of the treasury share purchase programme may be resolved upon by the Board of Directors subject to the Bank Italy's approval,

- (a) potentially carry out, directly or through intermediaries, any stabilisation and/or liquidity support operations on the Bank's stock;
- (b) to dispose of treasury shares that can be used: (i) to service share incentive plans reserved for Directors and/or employees of the Company and/or its direct or indirect subsidiaries, *pro tempore* in force, (ii) to fulfil the purposes of balancing the variable remuneration of the so-called "Risk Takers" in execution of the BFF Group's incentive system pursuant to the "*Remuneration and Incentive Policy for members of the strategic supervision, management and control bodies, and personnel of the BFF Banking Group*" in force from time to time; and
- (c) have a "securities warehouse" to be used in the context of any extraordinary operations, such as, for example, acquisitions, issues of bonds convertible into shares of the Company, or other operations in relation to which it is necessary or opportune to exchange or dispose of share packages for example, by means of an exchange, contribution or other act of disposal and/or use.

The Authorisation Request also includes the power of the Board of Directors to carry out repeated and successive purchase and sale transactions (or other acts of disposal) of the shares in portfolio, also on a *revolving* basis and for fractions of the maximum authorised quantity. These transactions shall be carried out in such a way that, at all times, the quantity of shares subject to the proposed purchase, and in the Company's ownership, does not exceed the limits provided for by law and by the authorisation of the Shareholders' Meeting, and in such a way that the applicable laws and regulations², market practices of

of the authorisation pursuant to Article 78 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (the "**CRR**").

² In this regard, reference is made, by way of example, to the TUF, the Issuers' Regulation, Regulation (EU) No. 596 of 16 April 2014 on market abuse (so-called "**MAR**"), Delegated Regulation (EU) No. 1052 of 8 March 2016 on conditions applicable to share buybacks and stabilisation measures.

time to time permitted³, and the statutory and/or regulatory provisions applicable to banks⁴.

2. Maximum number, category and nominal value of the shares to which it refers the authorisation

The maximum number of ordinary shares of the Bank (the "Treasury Shares") which, in accordance with this Authorisation Request, it is proposed to purchase, in one or more tranches, may not exceed 9,027,027.70 shares with no par value, taking into account the Treasury Shares already in stock at the date of this Report.

For the purposes of assessing compliance with this limit, any shares acquired by companies controlled by it must also be taken into account.

3. Information useful for a full assessment of compliance provided for Article 2357(1) and (3) of the Civil Code and Article 132 of the Consolidated Law on Finance

The maximum amount of Own Shares referred to in this Request for Authorisation is No. 9,027,027.70, corresponding - taking into account the own shares already in the Company's stock as at the date of this Report - to 5% of the 188,369,074 shares with no par value representing, as at the date of this Report, the entire subscribed and paid-up share capital of the Bank, amounting to Euro 145,044,186.90.

Therefore, the authorisation to purchase Treasury Shares covered by this proposal is pursuant to Article 2357(3) of the Civil Code.

As of the date this Report, the Company holds 391,426 Treasury Shares.

³ Please refer, with reference to Consob's accepted market practice, to Consob Resolution No. 21318 of 7 April 2020.

⁴ On this point, we mention, by way of example, Delegated Regulation (EU) No 241 of 7 January 2014 adopted by the European Commission for the purposes of Articles 77 and 78 of the CRR and Part Two, Chapter I, Section VI of the Supervisory Provisions for Banks (Circular No 285/2003).

Pursuant Article 2357, paragraph 1, of the Italian Civil Code, the purchase of Treasury Shares must take place within the limits of the distributable profits and available reserves resulting from the last financial statements approved at the time the transaction is carried out, as well as in compliance with the provisions of Article 132 of the Consolidated Law on Finance, as better specified in paragraph 6 of this Report.

In this regard, please refer to the draft financial statements for the year ended 31 December 2024 (available in the "*Investor/Governance/Assembly Documents*" section of the Website), assuming its approval by the Shareholders' Meeting within the terms proposed by the Board of Directors. These draft financial statements show available reserves of €245,936,138.

It should also be noted that the Board of Directors is required to verify compliance with the conditions required by Article 2357, paragraphs 1 and 3, of the Italian Civil Code, for the purchase of Treasury Shares at the time when it resolves to commence purchases.

When shares are purchased or disposed of, exchanged, transferred or written down, the appropriate accounting entries must be made, in accordance with applicable laws and regulations (including applicable regulations and accounting standards). The proceeds from the sale, exchange, contribution or devaluation of the Bank's Own Shares may be reused for further purchases of Own Shares, until the expiry of the term of Shareholders' Meeting authorisation, subject to the quantitative and expenditure limits and the conditions established by the Shareholders' Meeting.

4. Duration for which authorisation is required

The authorisation for the purchase of Own Shares is requested for the maximum duration permitted by Article 2357, paragraph 2, of the Italian Civil Code, i.e. 18 (eighteen) months, starting from the date of the resolution of eventual approval of this Authorisation Request by the Shareholders' Meeting.

During this period, the Board of Directors may proceed with the transactions envisaged herein on Treasury Shares on one or more occasions and at any time, to the extent and at the times freely determined, in compliance with the regulations, including EU regulations, of reference, and

accepted market practices *pro tempore*, with the gradualness deemed appropriate in the interest of the Bank.

Authorisation for the sale, disposal and/or use of any Treasury Shares in the portfolio, and/or which will be purchased, is requested without time limits, in consideration of the non-existence of regulatory constraints in this regard and the opportunity to have maximum flexibility, also in terms of timeframe, for their possible disposal.

5. Minimum and maximum remuneration, as well as market valuations on the basis of these will be determined

The Request for Authorisation provides that the purchases of Own Shares must be made at price conditions that comply with the provisions of Article 3, paragraph 2, of the Delegated Regulation 2016/1052/EU, i.e., as of the date of this Report, at a price no higher than the higher of (i) the price of the last independent transaction, and (ii) the price of the highest current independent bid on Euronext Milan, managed by Borsa Italiana S.p.A., or in compliance with the regulations in force from time to time.

In any event, purchases must be made at a price per share that may not deviate, either downwards or upwards, by more than 20% from the reference price recorded by the share in the stock exchange session preceding each individual transaction.

6. Modalities through which purchases and deeds will be made

The Request for Authorisation envisages that the transactions for the purchase of Treasury Shares be carried out on regulated markets, in the manner to be identified by the Board of Directors, with the gradualness deemed appropriate in the Bank's interest, in accordance with the provisions of the law and regulations, including European ones, in force from time to time and, therefore, inter alia, with the applicable provisions of the Consolidated Law on Finance, the Issuers' Regulation, the *MAR*, the aforementioned Delegated Regulation (EU) No. 1052 of 8 March 2016, as well as market practices from time to time as applicable. In particular, in compliance with the provisions Article 132, paragraph 1, of the TUF, the purchases of

Own Shares must be made in such a way as to ensure equal treatment among Shareholders. In this last regard, among the modalities identified in Article *144-bis*, paragraph 1 of the Issuers' Regulation, it is envisaged that purchases of Shares may be made:

- a) by means of a takeover or exchange offer; or
- b) on regulated markets, in accordance with the operating procedures laid down in the rules governing the organisation and management of those markets, which do not permit the direct matching of trading proposals on purchase with predetermined trading proposals on sale.

It should also be noted that, given exemption set forth Article 132, paragraph 3, of the Consolidated Law on Finance, the aforesaid operating methods will not be applied in the event of the purchase of Own Shares held by employees of the Company, its subsidiaries or its parent company and assigned or subscribed to pursuant to Articles 2349 and 2441, paragraph 8, of the Italian Civil Code, or resulting from compensation plans approved pursuant to Article *114-bis* of the Consolidated Law on Finance.

This Request for Authorisation also provides for the disposal or other acts of disposition or use of any Treasury Shares held in portfolio or acquired by virtue of the authorisation requested herein:

- (a) if executed in cash, shall be carried out at a price per share to be established on the basis of the criteria set forth in the market practices recognised from time to time, which, however, may not deviate, either downwards or upwards, by more than 10% from the reference price recorded by the share during the stock exchange session preceding each individual transaction;
- (b) if carried out as part of extraordinary transactions referred to in paragraph 1, letter (c) above, to be out, for example, by way of exchange, contribution, exchange or other act of disposition and/or use, shall be carried out in accordance with the price limits and under the terms and conditions to be determined by the Board of Directors;
- (c) if performed in the context of equity incentive plans or remuneration policies, shall be granted to the recipients of such plans or remuneration policies, in the manner and under the terms set forth in such plans, or in accordance with applicable policies and regulations.

7. Information in the event that the purchase transaction is instrumental to the reduction of capital

This Request for Authorisation is not instrumental to the reduction of the share capital.

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Therefore, the following proposal is submitted for your approval:

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

this item on the agenda,

resolution

1. *to revoke the previous authorisation to purchase and dispose of the Bank's treasury shares granted by the Shareholders' Meeting on 18 April 2024, which was not executed;*
2. *to authorise the Board of Directors - pursuant and for the purposes of Article 2357 of the Italian Civil Code - to proceed with the purchase of the Bank's shares, on one or more occasions and for a period of eighteen months from the date of this resolution, in order to pursue the purposes set forth in the Board of Directors' Explanatory Report to today's Shareholders' Meeting relating to this item on the agenda, under the terms and conditions set forth below:*
 - (i) *the maximum number of shares to be purchased is 9,027,027.70 ordinary shares of the Company, representing, taking into account the treasury shares already in stock, 5% of the shares into which the Bank's share capital is divided, which currently amount to 391,426 ordinary shares with no par value; purchases shall be made within the limits of the distributable profits and available reserves resulting from the last duly approved financial statements;*
 - (ii) *purchases must be made:*
 - *at price conditions in accordance Article 3(2) of the Delegated Regulation 2016/1052/EU;*
 - *in any event, at a price per share that may not deviate, either downwards or upwards, by more than 20% from the reference price recorded by the share during the stock exchange session preceding each individual transaction.*

- (iii) *the purchases must be made in such a way as to ensure equal treatment among the Shareholders and in accordance with the procedures provided for by the reference legislation, including EU legislation, and by the market practices permitted pro tempore in force, as referred to in the Board of Directors' explanatory report to today's Shareholders' Meeting relating to this item on the ;*
3. *to authorise the Board of Directors - pursuant and for the purposes of Article 2357-ter of the Italian Civil Code - to proceed with the disposal, on one or more occasions, of all or part of the treasury shares in portfolio, without time limits, even before having exhausted the maximum quantity of shares that can be purchased, as well as the possible repurchase of the shares themselves to the extent that the treasury shares held by the Company and, if applicable, by its subsidiaries, do not exceed the limit established by the authorisation pursuant to point 2 above. The acts of disposition and/or use of treasury shares in portfolio may be carried out to pursue the purposes set forth in the illustrative report of the Board of Directors to today's Shareholders' Meeting relating to this item on the agenda:*
- *if executed in cash, must be carried out at a price per share to be established on the basis of the criteria set forth in the market practices recognised from time to time, which, however, may not deviate, either downwards or upwards, by more than 10% from reference price recorded by the share during the stock exchange session preceding each individual transaction;*
 - *if performed as part of extraordinary transactions referred to in paragraph 1, letter (c) above, to be carried out, for example, by way of exchange, contribution, exchange or other act of disposition and/or use, shall be carried out in accordance with the price limits and under the terms and conditions to be determined by the Board of Directors;*
 - *if executed in the context of equity incentive plans or remuneration policies, shall be granted to the recipients of such plans or remuneration policies, in the manner and under the terms set forth in such plans, or in accordance with applicable policies and regulations.*

4. *to vest the Board of Directors with all powers necessary to implement the resolutions set forth in the preceding points, taking any and all actions required, appropriate, instrumental and/or connected thereto, as well as to provide for the disclosure to the market as required by the applicable laws and regulations, including those of the European Union, and by the accepted market practices in force at the time".*

Milan, 12 March 2025

On behalf of the Board of Directors

THE CHAIRMAN

(Ranieri de Marchis)