

2025

Annual Report

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Consolidated Financial Statements and Report





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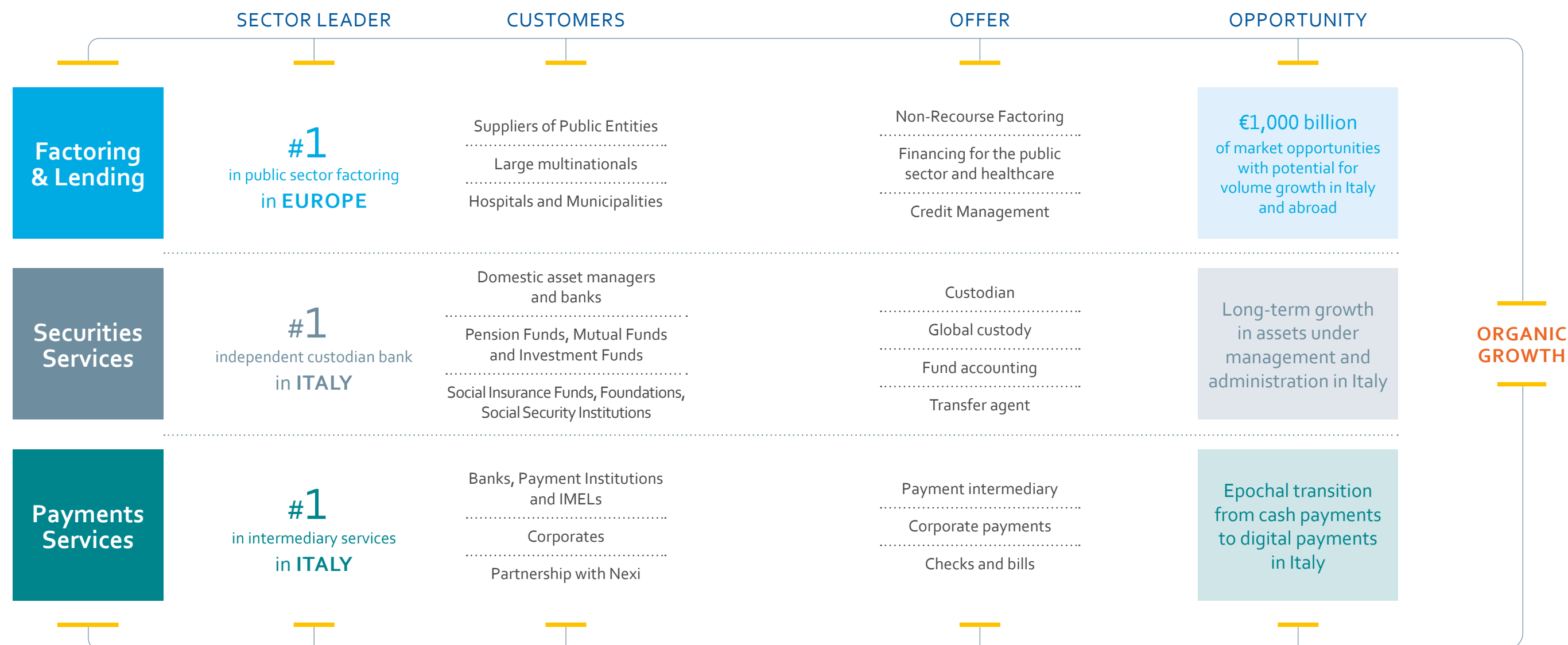
The BFF Group

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1985-2025: the evolution of BFF



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. The scheme below provides an overview of the services offered and the corresponding benefits for customers.



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.

SECURITIES SERVICES

- ▶ **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.

PAYMENTS

- ▶ **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

Mission

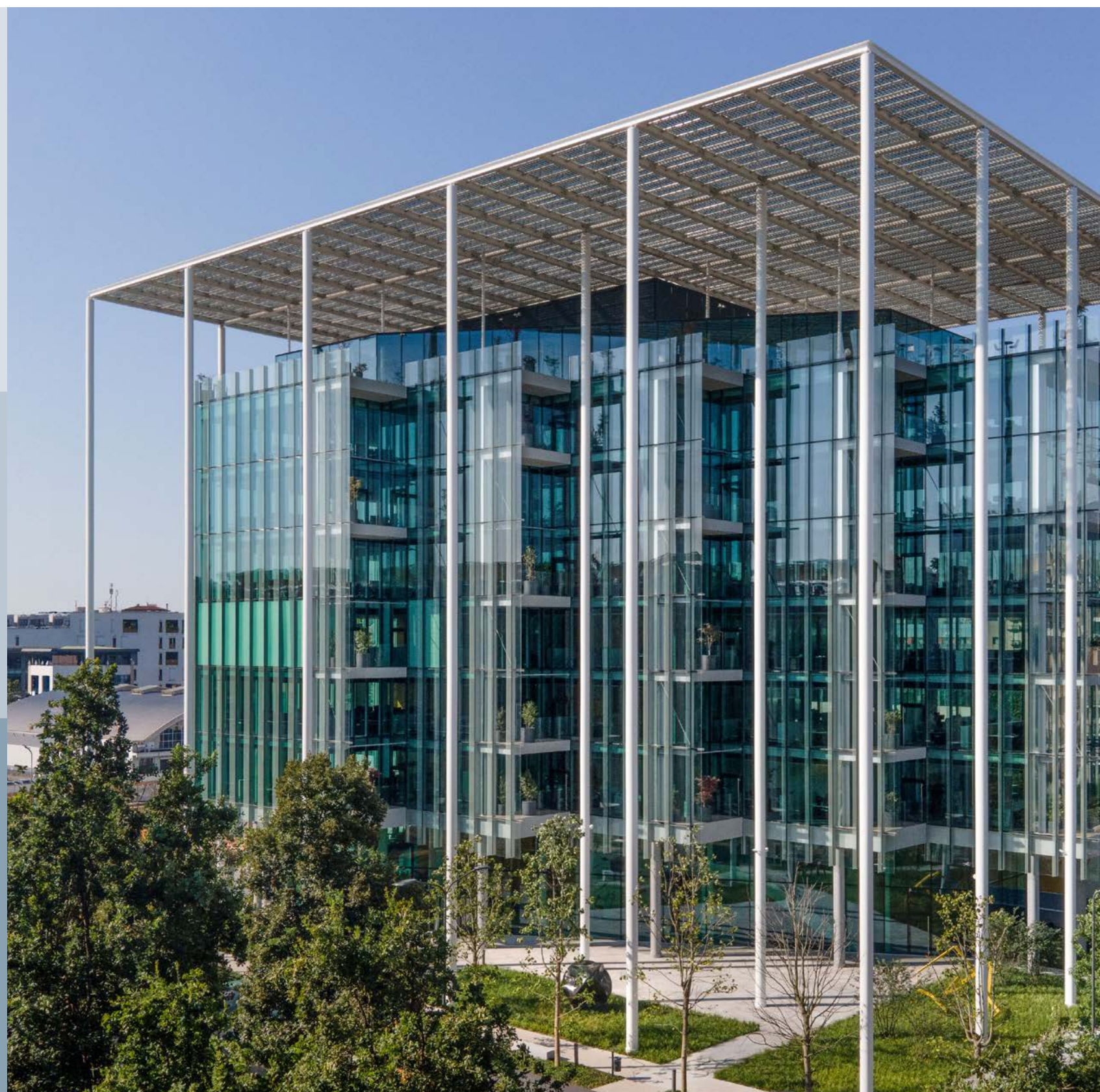
Work with honesty and transparency, respecting and valuing people, maintaining leadership in innovation, customer service and execution in the markets, with a low risk profile and high operational efficiency.

Vision

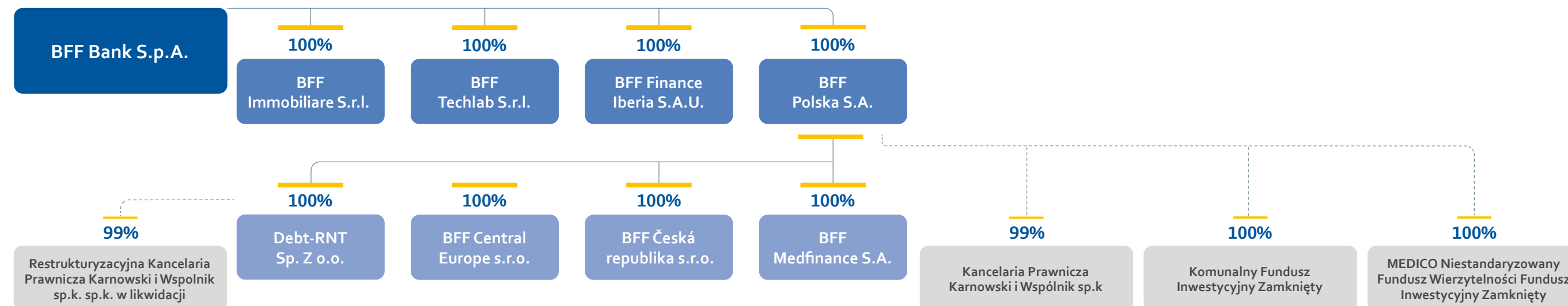
Be a leader in specialty finance thanks to a value proposition that is unique in its target markets: a highly specialized and sustainable bank like no other.

Values

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



Group Structure



At December 31, 2025, BFF Banking Group included the Parent 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. BFF Finance Iberia S.A.U.	Madrid - Paseo de la Castellana, 81	1	BFF Bank S.p.A.	100%	100%
4. BFF Polska S.A.	Łódź - Jana Kilińskiego, 66	1	BFF Bank S.p.A.	100%	100%
5. BFF Medfinance S.A.	Łódź - Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
6. BFF Česká republika s.r.o.	Prague - Roztylská 1860/1	1	BFF Polska S.A.	100%	100%
7. BFF Central Europe s.r.o.	Bratislava - Mostova, 2	1	BFF Polska S.A.	100%	100%
8. Debt-RNT Sp. Z o.o.	Łódź - Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
9. Komunalny Fundusz Inwestycyjny Zamknięty	Warsaw - Sienna, 75	4	BFF Polska S.A.	100%	100%
10. MEDICO Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty	Warsaw - Sienna, 75	4	BFF Polska S.A.	100%	100%
11. Kancelaria Prawnicza Karnowski i Wspólnik sp.k.	Łódź - Jana Kilińskiego, 66	4	BFF Polska S.A.	99%	50%
12. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspólnik sp.k. sp.k. w likwidacji	Łódź - Jana Kilińskiego, 66	4	Debt-RNT Sp. Z o.o.	99%	50%

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 9 and 10 are concerned, voting rights refer to the investors' right to vote at the Shareholders' Meeting.

The companies in points 11 and 12 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.

Since November 2024, the Bank has subscribed for 33% of the share capital of €6,600 of the new law firm "PB & Partners Società tra Avvocati a responsabilità limitata" (hereinafter referred to as "STA"). On June 19, 2025, the Bar Council approved the registration of STA with the special register of companies between lawyers.

As at July 2025, STA is fully operational.

During the last quarter of 2025, the securitization vehicle SPV Project 2214 Srl (hereinafter the "Vehicle") left the scope of consolidation. In fact, the closed-end, reserved alternative investment fund called "FPAM1", which had completed a single investment transaction in ABS securities issued by the Vehicle, was liquidated early. 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.

Corporate Boards as at December 31, 2025

BOARD OF DIRECTORS

Chairperson	Ranieri De Marchis
Chief Executive Officer ¹	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 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 ¹	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 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.

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 at December 31, 2026.

INDEPENDENT AUDITORS

KPMG S.p.A.

FINANCIAL REPORTING OFFICER

Giuseppe Manno

¹ As stated in the section on subsequent events, on February 2, 2026 Massimiliano Belingheri stepped down from his position as Chief Executive Officer, while remaining a non-executive Director of the Board of Directors. At the same time, the Board of Directors of BFF Bank appointed Giuseppe Sica as General Manager, giving him all powers previously exercised by Massimiliano Belingheri. Moreover, on March 17, 2026, the Board of Directors resolved to co-opt Giuseppe Sica in his capacity as Director, appointing him as Chief Executive Officer. Giuseppe Sica will also continue to act as General Manager, appointed to this position in February 2026. Massimiliano Belingheri, on the other hand, stepped down from his position as non-executive Board Member..

Composition of the Board Committees as at December 31, 2025

REMUNERATION COMMITTEE

NAME	QUALIFICATIONS	POSITION
Guido Cutillo	Independent director	Chairperson
Mimi Kung	Independent director	Committee Member
Susana Mac Eachen	Independent director	Committee Member

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

NAME	QUALIFICATIONS	POSITION
Anna Kunkl	Independent director	Chairperson
Alexia Ackermann	Independent director	Committee Member
Guido Cutillo	Independent director	Committee Member

APPOINTMENTS COMMITTEE

NAME	QUALIFICATIONS	POSITION
Mimi Kung	Independent director	Chairperson
Susana Mac Eachen	Independent director	Committee Member
Piotr Henryk Stepniak	Independent director	Committee Member

CONTROL AND RISKS COMMITTEE^(*)

NAME	QUALIFICATIONS	POSITION
Alexia Ackermann	Independent director	Chairperson
Mimi Kung	Independent director	Committee Member
Piotr Henryk Stepniak	Non-Executive Director	Committee Member

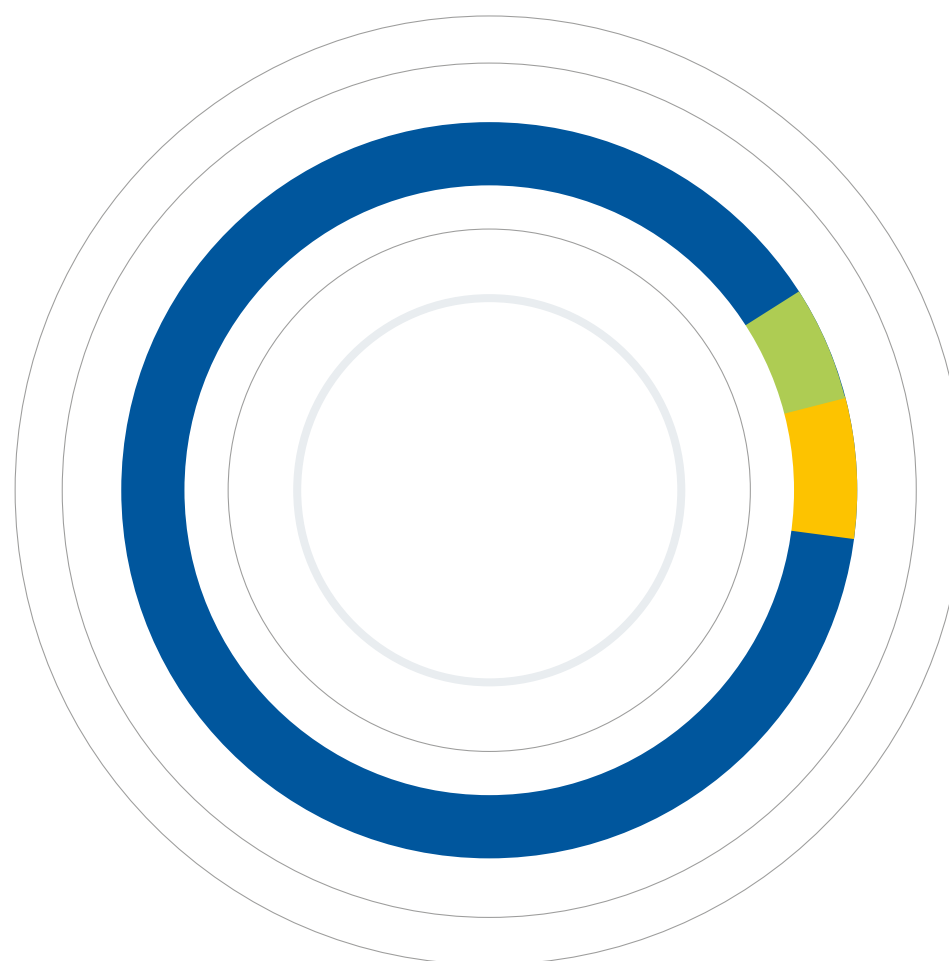
(*) As at 2020, the Board of Directors assigned the following responsibilities in the Environment, Social and Governance ("ESG") area to the Control and Risks Committee: fact-finding, advisory and proposal functions and, more generally, support to the Board of Directors on sustainability issues. This 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, 2025, Management and their Closely Associated Persons held 0.1% of the share capital, stable when compared to December 31, 2024. Massimiliano Belingheri, who stepped down from his position as Chief Executive Officer on February 1, 2026, holds a share capital of 6.0%. As at December 31, 2025, the Bank held no treasury shares.

88.9%
Free Float below 3%



5.0%
Artisan ⁽¹⁾

6.0%
M. Belingheri ⁽²⁾

0.1%
Management ⁽³⁾

0.0%
Treasury Shares

Total number of shares issued 188,830,452

Source: CONSOB and BFF internal records. Percentages are calculated on the total number of share issued as at 12/31/2025.

(1) As at 09/20/2024, Artisan Partners Limited Partnership held 9.4 million BFF shares, equal to 5.0% of the Bank's share capital.

(2) As at 12/31/2025 pursuant to the Market Abuse Regulation, Massimiliano Belingheri - a Bank's Relevant Person - and his Closely Associated Persons were beneficiaries (directly or indirectly) of a total shareholding of 11.4 million shares equal to 6.0% of the Bank's share capital; 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.

(3) The percentage refers to the BFF shares held by the General Manager and by the 4 Vice President in force at that date, and their respective Closely Associated Persons.

Letter from the Chairman of the Board of Directors

Dear Shareholders,

the year 2025, characterized by a stronger than expected global growth, albeit in a context marked by persistent geopolitical uncertainties and profound economic and technological transformations, which are still influencing 2026, represented a phase of profound reflection for the banking and financial system in the European Union. At Community level, strategic initiatives were launched that aim to strengthen competitiveness, simplify the regulatory framework and improve the functioning of the internal market.

In this scenario, in itself complex, BFF's 2025 Financial Report represents a considerable discontinuity compared to the past, reflecting a period marked by significant events for the Group, in which the Management, the Board of Directors and the Board of Statutory Auditors acted with a sense of responsibility and in the full interest of all stakeholders.

At the end of 2025, BFF undertook, on its own initiative, an internal survey, which identified incorrect practices that had led to errors in the accounting method, making a 2024 restatement necessary. This had an impact on equity as at January 1, 2024 of €21.3 million.

In December of the same year, the Bank of Italy launched a general inspection, during which, in March 2026, it appointed Raffaele Lener and Francesco Fioretto as External Administrators temporarily alongside the Board of Directors, in order to assist it in the process to revise the operational/accounting framework and in the management of remedial actions, also in its factoring sector and internal control system, in the context of initiatives already undertaken by BFF.

In February 2026, moreover, after more than a decade, a change in corporate leadership was announced, with the appointment of Giuseppe Sica as Chief Executive Officer in March 2026. Already General Manager of BFF and advisor during key moments of its growth, Giuseppe Sica joined the Group in 2025 as CFO.

These events also clearly affected the preparation of these financial statements, which entailed some significant changes in the supervisory ratios for which the Group's recovery plan was activated; a capital conservation plan was also presented to the Regulator, with new financial targets for 2026 and with the actions planned to ensure, also in the future, compliance with the capital ratios beyond the regulatory requirement.

The above inevitably calls for reflection on the Group's business model, although there is no doubt that today factoring represents a financial infrastructure capable of guaranteeing stability and business continuity for small, medium and large enterprises and that, in the specific case of loans to the public sector, historically loss rates are very low. In 2025, the European factoring market reached a turnover of €2,540 billion. Italy remains one of the leading countries, with €289 billion, up 3.8% compared to the previous year. Sector consolidation is also expected, despite the persistent considerable uncertainty at a global macroeconomic level.

BFF also benefits from two business areas characterized by a low risk profile and significant capacity for liquidity generation. On the one hand, in fact, the Italian asset management market continued to grow, supported by the positive performance of the markets and net inflows, despite a challenging currency environment. This confirmed the structural importance of the custodian and global custody services of BFF, which is the only Italian custodian bank and among the main intermediaries in the domestic market, in the sector of pensions as well as Italian-registered mutual funds.

On the other hand, the payments sector continued to evolve towards advanced digital solutions, with a strong acceleration in instant transfers and in a regulatory context undergoing considerable transformation. During 2025, BFF – which routes around 20% of payments made in Italy every day and guarantees access to banking infrastructure to over 130 Payment Service Providers, mainly Italian banks – further strengthened its role as an intermediary, supporting an ever-expanding ecosystem. 2026 will be a particularly important year for the launch of the Digital Euro project. BFF has the ambition to play a key enabling role for Payment Service Providers, in particular medium and small businesses, guaranteeing them competitive access to infrastructure and contributing to the success of the European initiative.

In this context, the Group operates with responsibility in steering the best possible solutions, aimed at ensuring the continuity of a business confirmed to have a low intrinsic risk and solid foundations. This approach makes it possible to guarantee, with reliability and continuity, essential services that, over time, have supported and protected companies, banks, primary payment circuits, and the savings sector.

Ranieri de Marchis

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



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Operational context and significant events

International Economic Landscape

2025 was marked by the start of aggressive trade and tax policies in the United States, which will shape global growth for years to come. In fact, the Trump Administration, believing the growing American trade deficit to be a problem, launched a series of tariffs against the rest of the world. As for fiscal policy, the US Congress approved the 'Big Beautiful Bill Act', which, according to the estimates of the Congressional Budget Office, should increase the public deficit by as much as USD 3,000 billion over the next decade, leaving it constantly above 6% of GDP. The uncertainty created by the threats of tariffs, even if used as a negotiating tool, is likely to hold back the global economy - especially in the US - causing a decrease in confidence both among business owners, worried about the contraction that both margins and sales may suffer, and among households, who fear rising inflation. To date, these effects have been partly hidden by increased demand aimed at anticipating the entry into force of protectionist measures and the fall in the price of oil (reflecting the expectation of a decrease in demand for crude oil, in particular from China), but they could become more evident in 2026. In the year that ended, US GDP slowed significantly (estimated from 2.8% in 2024 to 2.2%), causing the Federal Reserve to restart the expansionary cycle, with official rates being cut by 75 bps to 3.50% - 3.75%.

The European economy

THE MAIN MACROECONOMIC INDICATORS OF THE EUROPEAN UNION

Indicators	2024	2025	2026	2027
Real GDP (annual change)	1.1%	1.6%*	1.5%*	1.6%*
Inflation rate (annual change)	2.5%	2.3%	2.0%*	2.0%*
Unemployment rate	6.6%	6.6%	6.6%*	6.5%*
Balance of payments (% of GDP)	3.4%	2.6%*	2.6%*	2.4%*
Public Budget Balance (% of GDP)	-3.1%	-3.2%*	-3.4%*	-3.4%*

(*) Consensus estimates from Bloomberg, updated at 02/03/2026.

In 2025, the European economy continued to recover, benefiting from a better demand from households and businesses brought about by the gradual improvement in real incomes and the expansionary conduct of monetary policy. Production continued to be stagnant and this penalized the two main manufacturing countries, Germany and Italy, where growth was slower (0.2% and 0.6%, respectively, compared to 1.6% in the EU). In 2026, growth should be held back by lower US demand caused by the slowdown in the US economy, tariffs and the weakening of the dollar (which lost as much as 13% against the euro in 2025). Overall, according to consensus estimates, GDP growth is expected to reach 1.5% in 2026 and 1.6% in 2027.

In December, inflation fell to 2.3% from 2.7% at the end of December 2024, benefiting from lower energy prices and a drop in the core figure (excluding the volatile components of food, energy, alcohol and tobacco) from 2.9% to 2.5%. On average, analysts estimate that inflation should remain on a downward path, going from 2.3% in 2025 to 2.0% in 2026 and 2027.

The European Central Bank, in light of declining inflation, cooling labor cost indicators and concerns about the negative impact US tariffs may have on already sluggish economic growth, has cut official interest rates four times, each by a quarter of a point, specifically bringing the deposit rate down to 2.00%.

In bond markets, the positive slope of the yield curves has significantly increased, reflecting, on the one hand, expectations for an accommodative conduct by the Federal Reserve, and on the other hand, higher country risks as a consequence of more expansionary fiscal policies in the United States and Germany. While two-year Treasury yields fell by 77 basis points and Bund yields rose by 4 basis points, thirty-year US bond yields and German bond yields increased by 6 and 88 basis points respectively. It should be noted that despite fears of rising prices caused by tariffs, inflation expectations implied by long-term Treasuries and Bunds have not increased, but instead have slightly decreased.

In Italy, the expansive monetary policy and public accounts kept under control (which allowed the main rating agencies to revise their creditworthiness: Standard & Poor's and Fitch, from BBB to BBB+, and Moody's from Baa3 to Baa2) led to the fall in the Btp-Bund ten-year spread of 46 basis points to 70 basis points.

Despite the ECB's easing and the lower risk-premium required from investors to buy Italian government bonds, the rise in European long-term rates was negatively reflected on BTPs of the same maturity, with yields rising by 3 basis points on the ten-year maturity and by 19 basis points on the thirty-year maturity. Moreover, considering that yields in the 1-7 year portion fell (in particular, the two-year BTP yield fell by 22 basis points) and that CCTs, taking advantage of the fall in the risk premium, appreciated by a brilliant 5.1% (representing excellent news for the BFF portfolio), the bond market overall gained 3.1% (based on the MTS General index).

The budgetary policies being implemented are mildly expansionary and, according to consensus estimates, are expected to bring the EU government deficit from 3.1% of GDP in 2024 to 3.4% in 2026.

This slight increase in the deficit should be the result of a revenue increase which is less than that of government spending. The European Commission estimates an increase of 4.6% in 2025 and 4.2% in 2026, resulting in the impact on GDP growing from 49.2% in 2024 to 49.6% in 2025 and 50.0% in 2026. Looking at the countries where BFF operates, public spending is expected to grow by 4.2% in 2025 and 3.5% in the current year, with an impact on GDP of 51.1% in 2024 expected to rise to 51.5% in 2026; the largest increases are expected to be achieved by Poland (+8.8% in 2025 and +10.1% in 2026), Slovakia (+8.5% in 2025 and +4.5% in 2026), Croatia (+10.3% in 2025 and +6.3% in 2026) and Portugal (+7.7% in 2025 and +5.9% in 2026).

PUBLIC EXPENDITURE OUTLOOKS IN THE COUNTRIES WHERE BFF IS PRESENT

Countries	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	2027 Public Expenditure (billion euros)	2027 Public Expenditure (% of GDP)	Chg 2027/2026
European Union (27 countries)	9,276	49.6	4.6%	9,668	50.0	4.2%	9,956	49.7	3.0%
BFF countries	4,589.4	51.4	4.2%	4,748.6	51.5	3.5%	4,875.3	51.1	2.7%
France	1,718	57.8	2.7%	1,745	57.4	1.6%	1,804	57.7	3.3%
Italy	1,140	50.7	2.8%	1,168	50.9	2.5%	1,189	50.5	1.8%
Spain	767	45.6	5.7%	798	45.6	4.1%	818	45.0	2.4%
Poland	456	50.2	8.8%	502	52.0	10.1%	520	51.0	3.6%
Czech Republic	143	42.4	3.7%	148	42.2	4.0%	154	41.7	3.6%
Portugal	133	44.1	7.7%	141	44.9	5.9%	139	42.9	-0.9%
Greece	120	48.5	5.6%	127	49.0	5.3%	128	47.6	1.2%
Slovakia	67.1	49.1	8.5%	70.1	48.9	4.5%	72.7	48.2	3.6%
Croatia	45.4	49.6	10.3%	48.3	49.9	6.3%	50.4	49.5	4.3%

Source: BFF Insights calculations based on European Economic Forecast, Autumn 2025 and Eurostat data.

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

In the European Union, the dynamics of public spending on goods and services has been less lively than in recent years. In the first nine months of 2025, public spending grew by 4.7% in annualized terms (from 6.1% in 2024 and from 5.4% in 2023), with an increase in intermediate consumption and social benefits in kind of 3.8% and 5.8% respectively. In countries where BFF is present, growth was substantially similar to that of the European Union, at 4.6%, but with a dynamic that was more sustained for intermediate consumption (+4.9%) and slower for social benefits in kind (+4.2%). The increase in public spending on goods and services was particularly strong in Greece (+11.9%), Croatia (+11.5%) and Poland (+9.5%), while it was lower in Italy (+3.3%) and France (+3.5%).

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

Countries	Intermediate Consumption to Q3 2025 (€ billion)	Intermediate Consumption to Q3 2025 (% GDP)	YTD ann. chg.	Social Benefits in Kind to Q3 2025 (€ billion)	Social Benefits in Kind to Q3 2025 (% GDP)	YTD ann. chg.	Public Expenditure on Goods and Services to Q3 2025 (€ billion)	Public Expenditure on Goods and Services to Q3 2025 (% GDP)	YTD ann. chg.
European Union (27 countries)	1,140.7	6.1	3.8%	1,008.2	5.4	5.8%	2,148.9	11.6	4.7%
BFF countries	514.9	5.8	4.9%	338.1	3.8	4.2%	852.9	9.6	4.6%
France	165.9	5.6	4.0%	189.9	6.4	3.1%	355.8	12.0	3.5%
Italy	131.4	5.9	3.1%	52.5	2.3	3.8%	183.8	8.2	3.3%
Spain	92.3	5.6	4.3%	43.7	2.6	3.8%	136.0	8.2	4.1%
Poland	60.9	6.8	7.4%	20.4	2.3	16.4%	81.3	9.0	9.5%
Czech Republic	19.4	5.8	5.3%	11.7	3.5	5.2%	31.1	9.2	5.2%
Portugal	15.9	5.3	7.1%	6.1	2.0	8.3%	22.0	7.3	7.4%
Greece	14.3	5.8	19.8%	6.5	2.6	-2.7%	20.8	8.5	11.9%
Slovakia	7.7	5.7	5.7%	5.2	3.8	7.2%	12.9	9.6	6.3%
Croatia	7.1	7.8	11.9%	2.1	2.3	10.2%	9.1	10.1	11.5%

Source: BFF Insights calculations based on Eurostat data.

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, their share of GDP is to have increased from 3.7% in 2024 to 3.8% in 2025 and 4.0% in 2026. In countries where BFF is present, its weight is estimated to remain at higher levels, rising from 3.8% in 2024 to 4.0% in 2025 and 4.1% in 2026. This is expected to occur subsequent to substantial growth both in 2025 (equal in the EU to 6.6% and in countries where BFF operates to 7.9%) and in 2026 (8.8% and 6.0%, respectively). In particular, decidedly bright and significantly higher growth trends than in the EU are estimated for Slovakia (+51.7% in 2025 and +8.9% in 2026), Portugal (+34.8% in 2025 and +12.9% in 2026), Greece (+28.2% in 2025 and -0.5% in 2026), Poland (+11.6% in 2025 and +14.8% in 2026) and Spain (+13.3% in 2025 and +11.3% in 2026).

PUBLIC INVESTMENT OUTLOOKS IN THE COUNTRIES WHERE BFF IS PRESENT

Countries	2025 Public Investments (billion euros)	2025 Public Investments (% GDP)	Chg 2025/2024	2026 Public Investments (billion euros)	2026 Public Investments (% GDP)	Chg 2026/2025	2027 Public Investments (billion euros)	2027 Public Investments (% GDP)	Chg 2027/2026
European Union (27 countries)	710.6	3.8	6.6%	773.5	4.0	8.8%	801.3	4.0	3.6%
BFF countries	355.2	4.0	7.9%	376.5	4.1	6.0%	387.7	4.1	3.0%
France	127.8	4.3	1.8%	127.7	4.2	-0.1%	134.4	4.3	5.2%
Italy	83.2	3.7	5.0%	89.5	3.9	7.6%	91.8	3.9	2.6%
Spain	48.8	2.9	13.3%	54.3	3.1	11.3%	52.7	2.9	-2.9%
Poland	45.4	5.0	11.6%	52.2	5.4	14.8%	57.1	5.6	9.5%
Czech Republic	16.1	4.8	7.1%	16.9	4.8	4.5%	17.3	4.7	2.6%
Portugal	10.5	3.5	34.8%	11.9	3.8	12.9%	7.8	2.4	-34.5%
Greece	10.9	4.4	28.2%	10.9	4.2	-0.5%	13.5	5.0	24.0%
Slovakia	7.1	5.2	51.7%	7.7	5.4	8.9%	7.5	5.0	-2.7%
Croatia	5.2	5.7	17.0%	5.4	5.6	3.8%	5.5	5.4	1.3%

Source: BFF Insights calculations based on European Economic Forecast, Autumn 2025 and Eurostat data.

The factoring market in Europe

The European factoring market, in terms of turnover, reached €2,540 billion in 2025, registering a growth of 3.3% compared to the same period of the previous year².

After the slowdown observed in recent years, the factoring market in Europe returned to growth at a faster pace, encouraged by various factors, such as: 1) the reduction in interest rates resulting from an expansionary conduct of monetary policy; 2) the growing demand for liquidity from businesses, caused by the uncertainty generated by geopolitical and trade tensions; 3) technological development, digitalization and artificial intelligence, that supported the development of factoring services and their deployment by improving operational efficiency, simplifying processes and enabling greater risk oversight.

With reference to the Italian factoring market³, the data as at December 31, 2025 show a turnover increasing by 3.8% over the previous year to €289.1 billion (of which 17% in recourse and 83% in non-recourse), net of purchases of tax credits from building bonuses (operations that are now ending, however). It should be noted that the trend in turnover improved considerably in the second half of the year, representing a good basis for an acceleration in growth in 2026. In addition, in the fourth quarter, growth in international turnover, which is worth 26% of the Italian market, continued, registering an increase of 2.1% compared to the same period in 2024. At the end of the year, the outstanding amount reached €71 billion (of which 21% recourse and 79% non-recourse), up 1.0% compared to the previous year. Advances and fees paid amounted to €59.8 billion (+1.0% compared to December 2024) and the ratio between advances and outstanding amounts came to 84%, in line with 2024.

Based on estimates in the ForeFact Report⁴, which gathers the assessments of industry players, expectations for the Italian factoring market in 2026 are for growth in both factoring volumes (+4.0%), outstanding amounts (+3.3%) and average loan size (3.2%). Sector consolidation is therefore expected, despite the persistent considerable uncertainty at a global macroeconomic level. Restricting the analysis only to factoring for the Italian public administration⁵, in the fourth quarter of 2025 there was a slight decrease in turnover of 0.4% compared to the same period in 2024, with a total turnover rising to €20.6 billion, equal to 7.1% of the overall factoring volume in Italy. Outstanding loans to Public Bodies as at December 2025 amounted to a total of €7.7 billion (of which 23% were recourse and 77% non-recourse), down 1.4%. Past due receivables amounted to a €3.1 billion, of which €1.7 billion were past due by over a year. Based on the breakdown of outstanding receivables by type of debtor, those from the health care sector were equal to 30.4% of the total, and those from central, local and other Public Bodies were equal to 69.6%.

Non-performing loans as a percentage of total gross exposures with PA stood at 20.5%. This share is much higher than for private loans, for which past due accounts for 2.0% of gross exposures. Due to the public sector's notoriously long payment times, the complexity of administrative procedures, and Italy's regulatory and bureaucratic constraints, the application of the new definition of default, particularly with regard to the calculation of exposures more than 90 days past due, has generated an increase in the frequency with which loans with the public sector are classified as impaired, which however is not justified by the actual low underlying risk.

The relevance of impaired exposures for factoring for the Public Administration also appears significant in relation to the banking system as a whole: although exposures for factoring for the PA represent a marginal share (0.4%) of total bank loans, impaired exposures make up more than 80% of impaired bank loans to PA⁶.

In this scenario, BFF's market share in relation to the PA⁷ came to 35.6% in terms of non-recourse outstanding amounts and 19.8% in terms of overall turnover (non-recourse and recourse).

² Source: EUF 10th European Factoring Summit.

³ Assifac – Monthly statistics, preliminary data December 2025.

⁴ Source: ASSIFCAT - ForeFact 2026, no. 1.

⁵ Source: Assifac - Quarterly statistics, September 2025.

⁶ Source: Assifac, *The definition of default in factoring and the PA*, February 2025.

⁷ Source: Internal reports. The market share relating to outstanding is calculated using the market value relating to non-recourse receivables with the public administration (central and local governments, health care and welfare bodies); the market share on turnover, on the other hand, is calculated using the market value including both non-recourse and recourse receivables (as the detail is not available) and net of tax receivables and credits.

The Securities Services Market

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

In 2025, the value of assets under management in Italy, to which the performance of the Group's Fund Services and Global Custody businesses is closely linked, rose to €2,636 billion, up 5.3% from the end of 2024, benefiting from the considerable upswing in equity markets and the increase in net inflows of €38.2 billion, but held back by the sharp depreciation of the dollar.

THE ITALIAN MANAGED SAVINGS INDUSTRY

Management Schemes	Net funding 2025* million euros (A)	(A)/ Assets under management Dec '24	Assets under management Dec '25* million euros	Assets under management Dec '25/ Dec. '24	Assets under management Dec '24 € million
Collective management	21,475	1.6%	1,421,562	5.3%	1,350,369
Open funds	16,350	1.3%	1,344,329	5.2%	1,277,772
Italian-law funds		4.4%	308,658	8.7%	283,897
Funds under foreign law		0.4%	1,035,671	4.2%	993,876
Harmonized (UCITs)	17,130	1.4%	1,296,105	5.5%	1,229,117
Alternatives	-780	-1.6%	48,224	-0.9%	48,655
Closed funds	5,125	7.1%	77,233	6.4%	72,597
Portfolio management	16,681	1.4%	1,214,859	5.3%	1,154,219
Management of retail assets	7,053	4.4%	174,053	8.1%	160,960
Management of institutional assets	9,628	1.0%	1,040,806	4.8%	993,259
Management of insurance products	1,237	0.2%	738,396	2.8%	718,630
Management of social security assets	3,547	2.9%	136,208	9.8%	124,076
Other management	4,845	3.2%	166,203	10.4%	150,553
Total managed savings	38,156	1.5%	2,636,421	5.3%	2,504,588

Source: BFF Insights calculations based on Assogestioni data.

Analyzing the disaggregated data on net inflows, it can be seen that growth was driven, in order, by open-end funds (+€16.4 billion) - especially Italian funds (+€12.5 billion) - institutional asset management (+€9.6 billion), retail asset management (+€7.1 billion) and closed-end funds (+€5.1 billion). Compared to December 2024, the increase was 7.1% for closed-end funds, 4.4% for Italian open-end funds, 4.4% for retail asset management, 1.0% for institutional asset management and 0.4% for foreign open-end funds.

Among open-end funds, based on data for the first nine months, harmonized funds reported the highest growth (€17.1 billion, +1.4% from the end of 2024), while alternative funds reported a decrease (-€780 million, -1.6%).

Assets under management thus came at the end of the year to €1,344 billion for open-end funds (51% of the total), €77.2 billion for closed-end funds (2.9%), €174.1 billion for retail portfolio management (6.6% of the total) and €1,041 billion for institutional portfolio management (39.6% of the total). Among open-end funds, Italian funds reached €308.7 billion, and foreign funds exceeded the one billion mark, at €1,036 billion. Compared to the end of the previous year, the value under management increased by 8.7% for Italian open-end funds, 8.1% for retail asset management, 6.4% for closed-end funds, 4.8% for institutional asset management and 4.2% for foreign open-end funds.

Among institutional portfolio management, pension assets - relevant to BFF's business - increased to €136.2 billion, up 9.8% compared to the end of 2024, partly as a result of the contribution from net inflows (+€3.5 billion, up 2.9% compared to the start of the year).

The Payment Market in Italy

In line with observations made in recent years, the increase in volumes of digital payments other than payment cards (e.g. wire transfers and inflows), with particular reference to instant transfers, is also confirmed in 2025.

The Instant Payments Regulation (IPR), which came into force in 2024, had an effect in 2025, driven by the obligation for European banks to offer the instant payments service. A further growth phase is expected in instant payments; these are partly replacing current ordinary wire transfers or other payment instruments (e.g. Cheques, Cards, etc.), but are generating important market stimuli paving the way for new uses.

Within the scope of these changes required by the aforementioned IPR, BFF Bank developed specific brokerage services and activated processing with more than 60 Banks, IMELs and Payment Institutions between 2024 and 2025, with prospects for further growth in the near future. The volume of instant transfers recorded a more than four-fold increase compared to the previous year. As mentioned, a portion of ordinary wire transfers handled by banks and BFF are - in contrast - being replaced with the new instant wire transfers; at present, the replacement rate is approximately 3%.

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:

1. Payment Systems Directive (PSD3) and its Regulation (PSR);
2. Open Finance Regulation (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 and pursuing the goals outlined by the European Commission's 2020 Retail Payments Strategy.

The proposed update to the PSD, in addition to addressing security issues in the "customer to bank" portion, aims to harmonize equity investments and supervision rules for Payment Institutions (a category that will encompass current Payment Institutions and IMELs). Other important developments include the incorporation of the Second E-money Directive into the PSD3 and the revision of the authorization requirements for the activity of Payment Service Providers. The regulation on Open Finance (FIDA) is also continuing its approval process: 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 possible entry of new players who will be able to offer competitive services (e.g. information on investments, insurance policies and individual financial assessments). Among the main issues still under discussion is access to the market of international Big Tech companies. Although some European PSPs have in recent months requested that this regulation be postponed due to overlap with other directives and projects, the Commission has reaffirmed the need for it.

The Digital Euro project is continuing with institutional emphasis and the first version of the rulebook has also been published. The Digital Euro proposal outlines the basic principles regarding the function of the ECB's digital currency, which is intended to stand alongside cash, have the same free features for end users and facilitate both financial inclusion and access to digital payments. BFF is part of the ABI, ABILab and Bank of Italy working groups overseeing the evolution of the project in the interbank sphere; BFF has also participated in the working groups with the aim of facilitating and optimizing the access and functionality of the new services related to the Digital Euro for current PSP customers (Banks, IMELs and Payment Institutions).

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.

One of the main decisions taken by the ECB's Governing Council in Florence in October 2025 concerned the progress of the project for the digital euro, which is entering the technical infrastructure construction phase and could be launched in 2029. The central banks of the euro area will therefore start to build the technical infrastructure necessary for a possible issue, scheduled for 2029 and the pilot project could be launched in 2027. As known, the project's main objective is to make European payment solutions more competitive, resilient and inclusive, while respecting citizens' freedom of choice and privacy.

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.

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.

Finally, it is worth highlighting the expansion of the SEPA area with the entry of new countries such as Albania, Kosovo, Moldova, North Macedonia and the future entry of Serbia; the expansion of the SEPA area offers new opportunities in underserved markets.

Key events in the Group

This section describes the main events that occurred during 2025.

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. On May 28, 2025, the European Court issued a further ruling ordering the Italian state to ensure, within three months of the date of the ruling, the enforcement of the pending domestic judicial orders by appropriate means, and also awarding further amounts for moral damages and legal fees.

On February 10, 2025, in order to strengthen its management structure in light of the opportunities outlined in the strategic plan, the Parent Company announced a major review of its organization. The changes particularly affected the first line of reporting to the Chief Executive Officer, with the aim of further improving operational efficiency and supporting the future growth of the bank. As a result of the organizational review, the Group saw the addition of Daniele Di Febo as Group Compliance & AML Director, a role previously held by Michela Della Penna, who was assigned the position of Corporate Affairs Secretary Director. Piergiorgio Bicci, formerly CFO, was given the new role of Vice President, Head of Countries, with the task of ensuring effective guidance of the various countries in the implementation of the strategic plan, leveraging his in-depth knowledge of the business and processes.

On February 17, 2025, upon completion of the above review, BFF announced that Giuseppe Sica will join the Group, effective February 25, to assume the role of Vice President, Finance & Administration (CFO).

On April 17, the Shareholders' Meeting approved the 2024 annual financial statements, and the proposed allocation of the result for the year ended December 31, 2024 to the legal reserve in the amount of €211,816 and retained earnings in the amount of €159,984,604. The Shareholders' Meeting also approved the Remuneration Policy 2025, the Severance, the Long-Term Incentive Plan ("Incentive Plan 2025"), the Stock Grant Plan, and the board of directors' proposal to authorize the repurchase and disposal of treasury shares.

On May 8, 2025, the Bank of Italy (the "Regulator") notified BFF and the Chief Executive Officer of the application of administrative pecuniary sanctions upon conclusion of the sanctioning proceedings initiated as a result of the inspection conducted by the Regulator between September 11, 2023 and January 12, 2024.

On May 27, 2025, BFF communicated that Moody's rating agency had affirmed the Bank's ratings, following its recent change of the Italian Government's Outlook of a "Baa3" rating to positive from stable and the upgrade of Italy's Macro Profile from "Strong -" to "Strong".

On June 18, 2025, the rating agency DBRS Morningstar ("DBRS") 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 Outlook⁸.

The online deposit account in Greece has been operational since July 1, 2025. BFF's deposits have been collected since 2014 under the "Facto" brand in Italy, Germany, Ireland, the Netherlands, Poland, Spain, and – now – in Greece. The BFF deposit rating assigned by Moody's and DBRS is in the investment grade category.

On September 19, the Bank of Italy, at the end of the process for determining the minimum consolidated requirements for own funds and eligible liabilities ("MREL"), announced that BFF must comply with the following consolidated capital requirements, unchanged from those in force to date:

- ▶ the MREL in terms of TREA (Total Risk Exposure Amount) equal to 20.00% to which the Combined Buffer Requirement (CBR) is added;
- ▶ the MREL in terms of LRE (Leverage Ratio Exposure) of 5.40%. No subordination requirement has been assigned to meet the requirements and the calculation of other eligible liabilities.

On October 30, 2025, the Bank received from the Bank of Italy notice of the closure of the proceedings in relation to:

- ▶ the lifting of restrictive measures concerning (i) the distribution of profits or other assets; (ii) the payment of the variable part of remuneration to personnel; (iii) expansion into new foreign markets;
- ▶ the allocation of the new capital requirements as a result of the Supervisory Review Evaluation Process (SREP), which confirms the additional pillar II (Pillar II Requirement – P2R) currently in force.

In fact, the SREP communication requires BFF, as from the reporting of own funds as at December 31, 2025, to adopt the same capital ratios at consolidated level, already currently in force: a Common Equity Tier 1 ratio (CET 1 ratio) equal to 9.00%, a Tier 1 ratio equal to 10.50%, a Total Capital Ratio (TC ratio) equal to 12.50%, to which the requirements of the Countercyclical Capital Buffer ("CCyB") and the Systemic Risk Buffer ("SyRB"), equal overall to 0.74% as at December 31, 2025 are added.

On November 2, 2025, with the aim of continuously consolidating its capital strength, the Board of Directors approved an update to its dividend policy, increasing its capital target by 100 basis points, from 12% to 13%.

On November 18, 2025, the rating agency Moody's revised all its ratings of BFF upwards by one notch, with an increase that also includes the Baseline Credit Assessment (BCA) of BFF, changing to "ba2", and the Long-term Bank Deposits, changing to "Baa2", a notch higher than Investment Grade. The positive rating reflects Moody's assessment that the Bank's capital position has improved and refinancing risk has decreased, as well as the update to Moody's methodology on bank ratings.

As indicated in the section "Subsequent events", after confirming all the ratings of BFF on February 13, 2026, on April 1, 2026, Moody's revised all its Ratings and the ratings of the Bank downwards by one notch and put them under review for a downgrade, including the Adjusted BCA. The latter was subject to a further negative adjustment of a notch relating to Strategy, Risk Appetite and Governance, changing to "ba3" from "ba2". The long-term (LT) and short-term (ST) deposit ratings of BFF equal to "Baa3"/"Prime-3" respectively have remained at Investment Grade.

Starting from December 4, 2025, the Bank of Italy (hereinafter, the "Regulator" or the "Supervisory Authority") began further inspections of the BFF Group, also as a result of critical issues in the factoring sector identified by the Bank and reported to the market on February 2, and February 10, 2026. These inspections are still ongoing and in the meantime, in light of their preliminary findings, on March 28, 2026, the Bank received order no. 670024, issued by the Regulator pursuant to Articles 69-octiesdecies and following of the Consolidated Law on Banking ("TUB") (below, the "Order"). With this Provision, the Bank of Italy appointed Raffaele Lener and Francesco Fioretto as External Administrators temporarily alongside the Board of Directors, pursuant to Article 75-bis of the Consolidated Law on Banking, in order to assist it in the rapid process to re-organize its operational/accounting framework and in the management of remedial actions, also in the factoring sector and internal control system, already started by the Bank (below, the "Remedial Actions"). The findings and Remedial Actions also refer to the internal control system and organizational safeguards, with particular reference to accounting and credit management systems.

On December 20, Standard Ethics Ltd. ("Standard Ethics") - an independent sustainability rating agency - improved the Bank's outlook from "Stable" to "Positive", confirming the Corporate Standard Ethics Rating (SER) as "EE-".

⁸ As indicated in the section "Subsequent events", on February 20, 2026, the rating agency Morningstar DBRS ("DBRS") revised its credit ratings of BFF downwards, including the Long-Term Issuer Rating to "BB" from "BB (high)" and the Short-Term Issuer Rating to "R-4" from "R-3". In addition, DBRS downgraded the Bank's Long-Term Deposit rating to "BB (high)" from "BBB (low)". The rating agency finally changed the Outlook on BFF's long-term creditworthiness from Stable to Negative. On April 2, DBRS also downgraded its credit ratings of BFF, including the Long-Term Issuer Rating to "BB (low)" from "BB". In addition, DBRS lowered its credit rating to "BB" from "BB (high)" on the Bank's Long-Term Deposits. The rating agency also placed the long-term credit ratings of the Bank Under Review, including the Long-Term Issuer Rating of "BB (low)".

Focus on the main phenomena affecting the Consolidated Financial Statements as at December 31, 2025

The most important elements that affected the Consolidated Financial Statements as at December 31, 2025 concern:

- ▶ the reclassification of receivables from the factoring portfolio to default as a result of, i) the inclusion, among overdue exposures, of interest on arrears accrued and still to be collected on invoices for which the relative principal is collected after maturity and ii) the deactivation of certain mitigation instruments that can be used for the purpose of suspending the calculation of past due credit exposures (so-called "mitigants");
- ▶ the adoption of a new policy governing the management of the provisioning process in the light of negative rulings on legal actions initiated for the recovery of credit exposures carried out for the Italian factoring portfolio;
- ▶ the extension of the expected times for collecting late payment interest;
- ▶ the restatement of the financial statements following the identification of an incorrect recognition of inflows in the Factoring & Lending sector.

Classification of receivables as defaulting

Considering the content of the Order on the classification of receivables as defaulting, the Bank is carrying out a review of its procedures and application practices in order to better align with the regulatory provisions and their more restrictive, prudential interpretation. With particular reference to the new definition of default ("New DoD") referred to in the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013" (hereinafter, "EBA GL"), also to take into account the interpretative clarifications that have emerged and are emerging during the work to review the EBA GL, the Bank:

- ▶ included under past due exposures, for the purposes of determining the days of arrears, default interest accrued and not collected, regardless of the collection of the principal. This choice led to the classification of a total of €771 million as past due, and
- ▶ adopted more restrictive choices in the use of mitigation tools for the purpose of suspending the calculation of past due credit exposures (so-called "mitigants"). The consequent deactivation of some mitigants entailed the classification of €589 million as past due.

It should be noted that, with reference to the reclassification of past due exposures, the evaluations carried out mainly focused, on the one hand, on the definition of the perimeter of the positions concerned, considering it consistent with the Order and the assumptions underlying the exclusion of exposures to Italian Ministries and Government Bonds, and, on the other hand, on the identification of a reference date for the reclassification, identified as December 31, 2025, with the consequent first manifestation of the effects of calendar provisioning starting from the first quarter of 2028, in continuity with the methods already adopted in previous financial years in relation to reclassifications subject to requests by the Supervisory Authority.

The counterparties of receivables subject to reclassification refer to receivables from public bodies not subject to procedures that, in themselves, involve risks of loss. Therefore, there are no material impacts in terms of increased provisions pursuant to IFRS 9. On the other hand, the changes adopted in the classification of receivables resulted in:

- ▶ a significant impact as at December 31, 2025 in terms of capital absorption (RWA). Following the reclassification mentioned above, RWAs increased by €1,636 million;
- ▶ as previously stated, a greater capital absorption, starting from the first quarter of 2028, in line with the phasing-in mechanisms provided for by prudential calendar provisioning.

In line with the disclosure provided in the financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

New method of managing the provisioning process in view of the negative rulings (final and not final) regarding the Italian factoring portfolio

Based on the financial statements as at December 31, 2025, the Bank undertook a review of its Italian factoring portfolio, which involved the definition of a new method of managing the provisioning process in the face of negative (or partially negative) judgments on legal actions initiated for the recovery of non-recourse exposures to Italian debtors. This initiative, which took place in a context characterized by a progressive increase in unfavorable rulings regarding legal actions over a specific timeframe, led to the preparation of a procedural and IT configuration, suitable for carrying out a weighting of the underlying risks in a granular manner, invoice by invoice, and resulted in the approval, on February 1, 2026, of a specific internal policy (the "Policy"). This Policy governs the rules and the process to be followed to identify the probability of an adverse outcome, from which provisions will arise, to be applied to the entire perimeter of credit exposures subject to negative (or partially negative) rulings. The approach described in this Policy specifically contemplates, therefore, the analysis of these rulings, without taking into account, as a weighting effect, the possibility of reaching settlement agreements. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis of each ruling to estimate the so-called risk of an adverse outcome (high, medium or low), meaning the risk of the non-existence or the faulty existence/legitimacy of the receivable due from

debtors, estimating a provision relating to the amounts not acknowledged in the ruling, estimated as non-recoverable from the debtors and/or customers. In such cases, in fact, BFF has the right to remit the receivable, for the part relating to the principal, to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the principal of the receivable and to pay the Bank generally only the retrocession interest. Certain items, for example late payment interest or additional loan interest, are difficult to remit to the assignors and, therefore, a provision has been allocated for a part of these. The risk of an adverse outcome determined based on the Policy's guidelines has been treated as an element that directly affects the estimate of the cash flows recoverable from the financial asset, and therefore its measurement pursuant to IFRS 9. In this approach, the contractual guarantees of the assignor acquire importance as elements that contribute to setting the minimum level of recoverable flows, contributing to defining the variability of the expected economic outcomes and, consequently, the measure of the adjustment of the value of the receivable.

The Policy, in accordance with the provisions of paragraph 34 of IAS 8, introduces a change in the estimation process related to the recoverability of non-recourse factoring credit exposures to debtors sold in the Italian market:

- ▶ based on a change in the circumstances on which the previous estimate was made (following the systematic analysis carried out and the possibility of defining an assessment model applicable to the case);
- ▶ also as a result of new information, new developments and greater experience, such as the detailed analyses carried out from the second half of 2024 onwards, which have made it possible to fully understand the causes of the negative rulings, the materiality, and possible interrelationships with incorrect accounting practices (for more details, please refer to the section "Incorrect registration of Factoring & Lending inflows"), and moreover
- ▶ based on a more conservative estimation approach, which did not take into account, in the assessment of negative rulings, any possibility and/or probability of reaching settlement agreements with debtors.

As at December 31, 2025, the application of the aforementioned analysis resulted in the recognition of approximately €104.1 million⁹ of provisions pursuant to IFRS 9 for Italian factoring portfolio exposures affected by negative (and partially negative) rulings amounting to around €400 million.

Extension of the expected times for collecting late payment interest

The historical series that determine the recognition percentages and the expected collection times of ancillary items are updated at least annually; the evolution of inflows is analyzed quarterly, to confirm these percentages as part of the preparation of periodic disclosure. If the updates bring to light significant deviations, the Bank updates the estimates used for accounting purposes, in compliance with IAS 8. In 2025, the Bank, as part of the model

⁹ Amount including 100% late payment interest and flat-rate compensation for debt collection.

for estimating the collection times of late payment interest, introduced a refinement to the methodology adopted in previous financial years for the valuation of uncollected items. This led to the extension of the average days estimated from 2,100 to 2,400, to be applied from the most recent between the date of purchase of the receivable and the due date.

As at December 31, 2025, the extension described above resulted in the recognition of a negative impact on the income statement amounting to approximately €22.4 million.

Incorrect recognition of Factoring & Lending inflows

During the 2025 financial year, an incorrect registration of inflows was identified, relating mainly to the period between 2019 and June 2023, amounting to approximately €54 million, limited to the factoring business in Italy. In particular, from the analyses carried out by the Internal Audit Function, it emerged that these sums, collected from debtors in relation to the principal amount of the receivable, had been erroneously registered through reversals and subsequent reallocations, as additional loan interest, resulting in the recognition of higher revenues and higher taxes. The correction of this error, considered material under IAS 8, resulted in a negative cumulative effect on 2025 opening equity of €(15.1) million.

In addition, the accounts were specifically investigated also with reference to the methods of directly allocating inflows to debit notes and so-called "40 euros" active invoices and ancillary charges, applying, in particular, structured statistical sampling based on the Monetary Unit Sampling (MUS) methodology, which allows for the overall error potentially present in the population to be estimated in a prudent manner, in line with a predetermined level of confidence and a tolerable error threshold. The results showed an error of approximately €3.4 million (€2.5 million euro after taxes).

In conclusion, therefore, the Bank restated in full the amount of the error, including the error determined with statistical criteria. This resulted in a restatement of the 2024 financial statements, in accordance with IAS 8, whose cumulative effect on the opening equity of 2025 is negative and equal to €(17.6) million. For more details, please refer to the section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)" in the notes to the 2025 consolidated financial statements.

As regards the period 2024 – 2025, all the analyses showed no allocation errors, confirming the substantial correctness of the operating practices adopted.

The Bank carried out further investigations aimed at verifying, among other things, whether the increase in negative rulings was attributable to the erroneous registration of inflows and incorrect accounting practices underlying the errors subject to the restatement. The results of these analyses showed that the negative rulings were not attributable, predominantly or significantly, to the aforementioned errors. Given that the errors in registering the inflows refer to a period prior to June 2023, the Bank, supported by an external advisor, is implementing a series of actions aimed at strengthening:

- ▶ control safeguards and process regulations relating to the management

of inflows;

- ▶ the Law 262/2005 controls model; and
- ▶ its own procedural and administrative-accounting regulatory system.

Subsequent events

On February 1, 2026, based on the results of the analysis conducted by the Bank with the support of an external advisor for the period 2015–2025, with reference to the process to recognize factoring inflows, the Board of Directors resolved to proceed with a restatement of the previously approved financial statements.

Although no anomalies were detected in the 2024 and 2025 financial years, and the errors detected are mainly attributable to the period 2019-June 2023, the Bank has implemented a number of actions, also in light of the aforementioned analysis, which are still in progress. These actions are aimed at strengthening i) the safeguards and process regulations relating to the management of inflows, ii) the Law 262/2005 controls model and iii) its own procedural and administrative-accounting regulatory system.

On February 2, 2026, Massimiliano Belingheri stepped down from his position as Chief Executive Officer, while remaining a non-executive Director of the Board of Directors. The Board of Directors of BFF Bank appointed Giuseppe Sica as General Manager, giving him all powers exercised up until that time by Massimiliano Belingheri.

On February 13, 2026, the rating agency Moody's confirmed all BFF ratings, including the Baseline Credit Assessment (BCA) of "Ba2" and the investment grade ratings on long-term (LT) and short-term (ST) deposits, respectively equal to "Baa2"/"Prime-2". The Outlook on the ratings for Long-Term Deposits, Long-Term Issuer Ratings and Senior Unsecured Debt Ratings is Stable.

On February 16, 2026, following news reported in the press, the Bank communicated that it was aware of preliminary investigations by the Public Prosecutor's Office of Milan. The Bank is being investigated for an administrative offence pursuant to Italian Legislative Decree 231/01, in relation to the crimes referred to in Article 640, paragraph 2, of the Italian Criminal Code, Article 2622 of the Italian Civil Code and Article 185 of Italian Legislative Decree no. 58/1998, for acts committed from 2020 until December 2023. From the outset, BFF has been willing to cooperate with the Public Prosecutor's Office and to provide any useful information to the investigating bodies. At the date of preparation of this document, the Bank had not received any formal notice from the investigating bodies.

On February 20, 2026, the rating agency Morningstar DBRS ("DBRS") revised its credit ratings of BFF downwards, including the Long-Term Issuer Rating to "BB" from "BB (high)" and the Short-Term Issuer Rating to "R-4" from "R-3". In addition, DBRS downgraded the Bank's Long-Term Deposit rating to "BB (high)" from "BBB (low)". The rating agency finally changed the Outlook on BFF's long-term creditworthiness from Stable to Negative.

On February 28, 2026, the United States of America and Israel launched a

joint attack against Iran. The outbreak of war in the Middle East will have impacts on the European macroeconomic scenario, the extent of which will depend on the duration of the conflict. The effects will be higher inflation, due to rising oil and gas prices, and lower growth, following a slowdown in exports. The uncertainty also concerns the fiscal measures that governments will eventually adopt, to counteract the increase in prices rather than to increase defense spending. At present, it seems premature to assess the effects on BFF's business, although it is possible that there will be a need for more liquidity that would be positive for factoring.

On March 17, 2026, the Board of Directors resolved to co-opt Giuseppe Sica in his capacity as Director, appointing him as Chief Executive Officer. Giuseppe Sica will also continue to act as General Manager, appointed to this position in February 2026. Massimiliano Belingheri also stepped down from his position as non-executive Board Member.

On March 19, 2026, the Bank started disciplinary proceedings against some company officers involved in the operations that generated the errors in the registration of some factoring inflows, as previously described.

On March 28, 2026, the Bank received an Order pursuant to Articles 69 octiesdecies and following of the Consolidated Law on Banking from the Bank of Italy as part of its supervisory inspections. With this Provision, the Bank of Italy appointed Raffaele Lener and Francesco Fioretto as External Administrators temporarily alongside the Board of Directors, pursuant to Article 75-bis of the Consolidated Law on Banking, in order to assist it in the rapid process to re-organize its operational/accounting framework and in the management of remedial actions, also in the factoring sector and internal control system, already started by the Bank (below, the "Remedial Actions"). The findings and Remedial Actions also refer to the internal control system and organizational safeguards, with particular reference to accounting and credit management systems.

On April 1, 2026, the rating agency Moody's revised all Ratings and evaluations of BFF downwards by one notch and placed them under review for a downgrade, including the Adjusted BCA. The latter was subject to a further negative adjustment of a notch relating to Strategy, Risk Appetite and Governance, changing to "ba3" from "ba2". The long-term (LT) and short-term (ST) deposit ratings of BFF equal to "Baa3"/"Prime-3" respectively have remained at Investment Grade.

On April 2, 2026, the rating agency Morningstar DBRS ("DBRS") downgraded its credit ratings of BFF, including the Long-Term Issuer Rating to "BB (low)" from "BB". In addition, DBRS lowered its credit rating to "BB" from "BB (high)" on the Bank's Long-Term Deposits. The rating agency also placed the long-term credit ratings of the Bank Under Review, including the Long-Term Issuer Rating of "BB (low)".

Pursuant to IAS 10, in the period between the end of 2025 and the date of the approval of these consolidated financial statements, no events took place that would require an adjustment of the data presented in the consolidated financial statements. Please refer to the section "Key events in the Group".

Operating performance

KEY HIGHLIGHTS

Operating performance

- ▶ Adjusted Profit for the year 2025 equal to €139.1 million (-2.7% year-on-year). Adjusted ROE¹⁰ equal to approximately 22%. Accounting Profit of €37.0 million;
- ▶ F&L Loans Portfolio amounting to €5.8 billion (stable year-on-year) and F&L Volumes to €8.9 billion (+5% year-on-year).
- ▶ Solid level of liquidity with a 74% Credit/Deposit Ratio, with deposits from the Transaction Services department increasing by €0.8 billion, +15% year-on-year;
- ▶ Implementation of actions for de-risking the factoring portfolio, also aimed at a potential securitization transaction.

Past due

- ▶ Application of the reclassification for prudential purposes of the Loan Portfolio, with the consequent generation, as at December 31, 2025, of Incremental Past Dues for €1,359 million and additional RWA for €1,636 million. For more details, please refer to the paragraph "Focus on the main phenomena that affected the consolidated financial statements as at December 31, 2025" in this Report on Operations.

Other significant information

- ▶ CET1 ratio at 9.94% (12.2% at December 31, 2024), TIER 1 equal to 12.3% (compared to 15.1% in 2024), above the minimum requirements required by the Regulator, equal to 9.8% and 11.3% respectively. The Total Capital Ratio SREP (TCR) is 12.3% (compared to 15.1% in 2024), on the other hand, below the minimum requirement required by the Regulator of 13.3%. The reduction is mainly due to the increase in RWAs indicated above;
- ▶ Mark to market of the portfolio of floating-rate bonds amounting to €95 million;
- ▶ Presentation of the new strategic plan in the second half of 2026.

¹⁰ Adjusted profit/CET1.

MAIN ITEMS IN THE INCOME STATEMENT

	(€ million)		
Normalized Income Statement ¹¹	12.31.2024	12.31.2025	%
Factoring & Lending Revenue	436.1(**)	390.7	-10%
Payments Revenue	67.2	69.6	4%
Securities Services Revenue	24.7	27.4	11%
Other revenue	263.0	190.9	-27%
of which HTC Securities Portfolio	192.3	129.5	-33%
Total Revenue ^(*)	790.9	678.7	-14%
Cost of money ¹²	(391.0)	(273.3)	-30%
Total Net Revenue	399.8	405.3	1%
Operating costs incl. Depreciation, amortization and net impairment losses on property, equipment and investment property and intangible assets	(190.7)	(194.8)	2%
Cost/income ratio (%)	48%	48%	-
Net impairment losses/gains for credit risk	(9.3)	(22.3)	141%
Normalized pretax profit	199.9	188.2	-6%
of which F&L	150.0 (**)	134.7	-10%
of which Payments	41.4	39.2	-5%
of which Securities Services	5.6	10.6	90%
of which Corporate Center	2.9	3.6	28%
Normalized profit for the year	143.0(**)	139.1	-2.7%
Reported profit for the year ¹³	219.3	37.0	-83%

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

(**) The revenues and the normalized net profit of the F&L BU do not include the impact of the restatement amounting to €5.3 million and €3.7 million, respectively.

¹¹ 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.

¹² Including the profit on trading in derivatives used to hedge exposures to interest rates and currencies.

¹³ The reported profit for the year includes some non-recurring items. In 2025, these items referred to provisions relating to adverse legal rulings on receivables due from the Italian public sector for €71.9 million, the extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days for €15.4 million, the cost of stock options and stock grants for €5.5 million, the amortization of customer contracts for €1.8 million, the penalty imposed by Bankit following the inspection concluded in 2024 for €1.5 million and other non-recurring costs for €6.0 million. In 2024, these items referred to: the change in asset values, including the change relating to late payment interest and the flat-rate compensation for debt collection (so-called "40 euros") for (€94.3) million, the cost of stock options for €4.7 million, the amortization of customer contracts amounting to €1.9 million, and other non-recurring costs for €11.4 million..

During 2025, the Group continued to focus on consolidating and developing its core businesses, offering new products and services and boosting its role as a "second-tier bank".

With regard to funding, the Group's 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 - which has grown by 15% year-on-year - and by the online deposit account, collected since the end of June also in Greece.

In 2025, total net revenue increased by 1%, showing an improvement in margins despite a lower contribution from the corporate center.

The normalized profit before tax show a 6% decrease compared to the same period in 2024, due to the lower contribution from the Payments BU (-5%), and F&L BU (-10%), partially offset by the performance of the Security Services BU (+90%), and the Corporate Center (+28%).

The normalized profit of €139.1 million decreased by 2.7% compared to 2024. The accounting profit of €37.0 million decreased by 83% year-on-year. This decrease is mainly attributable to the fact that in 2025 the extension of the expected times for collecting late payment interest from 2,100 to 2,400 days and the provisions relating to adverse legal rulings on receivables due from the Italian public sector led to the recognition of non-recurring costs for €87.4 million, whereas in 2024 the profit was affected by the non-recurring positive impact, equal to €94.3 million, relating to the change in value of assets, including those relative to late payment interest and the flat-rate compensation for debt collection (so-called "40 euros").

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 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 €37.0 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 as at December 31, 2025, the Group's normalized profit would stand at €139.1 million, down by 2.7% compared to the same period of the previous year.

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

- ▶ Net revenue of the F&L BU amounting to €209.7 million increased by 1% compared to the same period of the previous year (€207.0 million), as a result of a smaller reduction in the average rate of return on loans, compared to the ECB/MRO benchmark rates (4.25% in 2024 and 2.15% in 2025), due to the improvement in the spread, which increased from 3.26% in 2024 to 4.38% in 2025. In addition, during 2025, reschedulings¹⁴ amounted to -€29.9 million (-€20.8 million in 2024), and capital gains, up compared to the same period of the previous year, amounted to €29.1 million (€25.2 million in 2024). As a result, the range of "rescheduling/gains" on late payment interest collected was -€0.8 million in 2025 compared to €4.4 million in 2024;
- ▶ The pre-tax profit of the Payments BU is 5% lower than 2024 due to internal transfer pricing which, with constant volumes, was affected by the fall in rates on the bankers' drafts component. The pre-tax profit of the Securities Services BU increased by 90% compared to 2024 thanks to the increase in assets under deposit and a different allocation of assets by customers;
- ▶ The cost/income ratio stood at 48%, stable compared to 2024 (48%), despite the higher costs faced in order to support business growth and implement initiatives to improve the Group's IT processes and architecture.

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

Adjustments - €m	12.31.2024(*)	12.31.2025	YoY %
BFF Group - Reported profit	219.3	37.0	-83%
Provisions relating to adverse legal rulings on receivables due from the Italian public sector		71.9	
Extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days		15.4	
<i>Stock Options & Stock Grants</i>	4.7	5.5	
Amortization of DEPObank's "customer contracts"	1.9	1.8	
Changes in asset values, including those relating to late payment interest and the flat-rate compensation for debt collection ("40 euros") ¹⁵	(94.3)	-	
Administrative fine received from the Bank of Italy		1.5	
Other non-recurring items ¹⁶	11.4	6.0	
BFF Group - Normalized profit	143.0	139.1	-2.7%

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 as at December 31, 2025 and December 31, 2024.

¹⁴ Rescheduling will be recognized as revenue in subsequent quarters.

¹⁵ Includes the effect of tax credit rescheduling under Article 4-bis of Decree Law No. 39 of March 29, 2024.

¹⁶ The item other non-recurring items for 2024 includes an extraordinary provision (€11.7 million) for risks for legal actions against debtors with assignors in extraordinary proceedings.

GROUP STATEMENT OF FINANCIAL POSITION

On the statement of financial position front, during 2025 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 remained stable at €5.8 billion compared to 2024.

The HTC securities portfolio amounted to €4.5 billion (€4.6 billion as at 31 December 2024); the mark to market of the HTC variable rate portfolio amounted to €95 million.

Liquidity was in line with the size of the loan portfolio, with a Loan-to-Deposit ratio at 74%.

The Transaction Services department, with its Securities Services and Payments BUs, raised approximately €6.6 billion, an increase of 15% compared to €5.7 billion as at 31 December 2024. The increased funding of the Transaction Services department allowed a reduction in online deposits, -54%, compared to the same period of the previous year.

Statement of Financial Position	12.31.2024 ¹⁷	12.31.2025	% change
Assets			
Loan portfolio	5,859	5,821	-1%
Government securities (HTC)	4,595	4,547	-1%
Intangible assets	78	67	-13%
Other assets ¹⁸	1,615	1,844	14%
Total Assets	12,146	12,279	1%
Liabilities and equity			
Deposits Transaction Services	5,724	6,557	15%
Online deposits ¹⁹	2,763	1,258	-54%
Repos	1,564	2,350	50%
Bonds and other liabilities	1,235	1,226	-1%
Equity	859	888	3%
Total liabilities and equity	12,146	12,279	1%
Ratio			
Loan / deposit ratio (%)	69%	74%	
Leverage ratio (%)	6.3%	6.1%	
Off-statement of financial position Reserves	529	604	14%

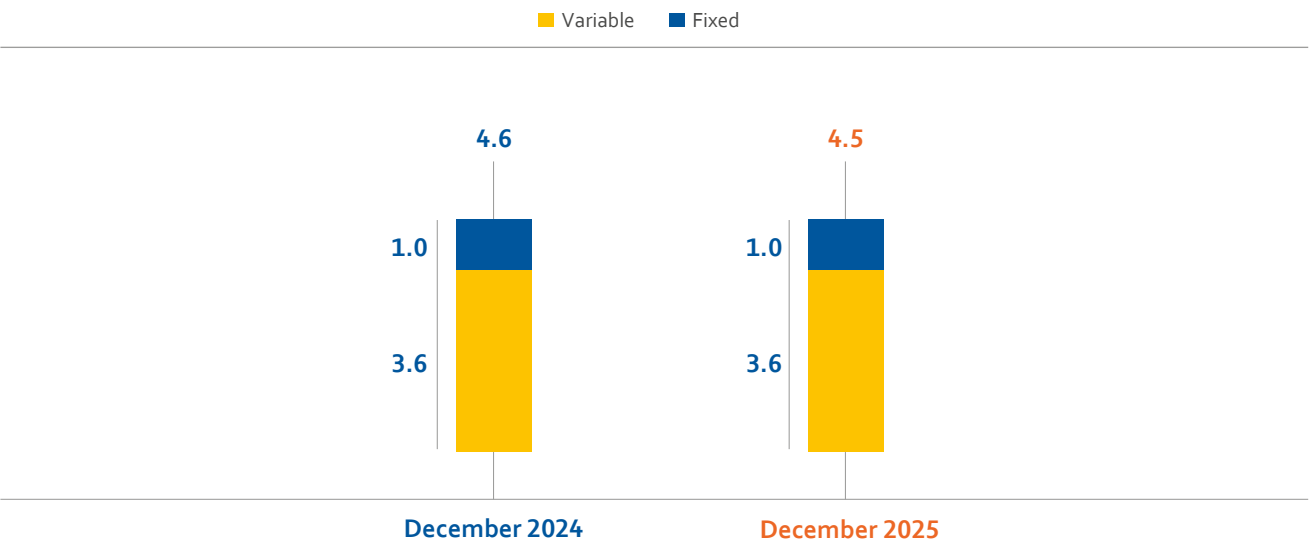
Lending

The Factoring & Lending Loan Portfolio was €5.8 billion, stable compared to December 2024. International markets now account for around 40.0% of total loans to customers.

Loan Portfolio (€ mln) ²⁰	12.31.2024	12.31.2025
Italy ²¹	3,655	3,487
Spain	492	446
Poland	983	1,102
Slovakia	224	236
Portugal	229	208
Greece	217	205
France	58	135
Other countries	2	1
Total	5,859	5,821

The Government bonds portfolio reached 4.5 billion (4.6 billion as at December 31, 2024). It should be noted that the mark-to-market of the variable bond portfolio is equal to €95 million, with the current yield on fixed-rate bonds equal to 0.59%. During 2025, BFF sold some securities in the HTC portfolio, realizing a capital gain of €10.4 million.

HTC SECURITIES PORTFOLIO (€ billion)



17 The December 31, 2024 balances have been restated considering the changes made in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors). For details of the impacts on the various items of the statement of financial position, please refer to the section "Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)" in the notes to the consolidated financial statements.

18 This item includes deposits with the European Central Bank, tax assets, repos (€595 million in 2025), equity investments and other assets.

19 Online deposits in equity amounted to €362 million.

20 (*) Including "Ecobonus" tax assets for €158.7 million according to the HTC Business Model (€251.6 million as at December 31, 2024) and €269.0 million according to the Trading Business Model (€212.0 million as at December 31, 2024), recognized under Other Assets in the Statement of Financial Position, and 'on statement of financial position provisions relating to late payment interest and the flat-rate compensation for debt collection (so-called "40 euros") for €789 million (€733 million as at December 31, 2024).

21 The December 31, 2024 balances have been restated considering the changes made in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors). In particular, Italy's loan portfolio decreased by approximately €19.7 million. For details of the impacts on the various items of the statement of financial position, please refer to the section "Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)" in the notes to the consolidated financial statements.

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 non-performing loans increased by €3,124.5 million at December 31, 2025 compared to €1,888.0 million at December 31, 2024.

In line with the disclosure provided in the financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

Non-Performing exposures, whose overall gross amount was €3,251.5 million at December 31, 2025 with impairment losses totaling €127.0 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, 2025, the total non-performing loans of the Banking Group, net of impairment, amounted to €95.3 million. Among these non-performing exposures, €88.5 million (92.8% 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 €128.9 million (€113.6 million as at December 31, 2024) and related adjustments amounted to €33.5 million (€14.2 million as at December 31, 2024).

Please note that, as for the exposures to Local Authorities (Municipalities and Provincial Governments), 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 (ECHR) has issued multiple rulings over time, sanctioning the responsibility of the state for the failure of public bodies to fulfill their obligation to pay claims subject to final judicial orders and the related right of the creditor entity to obtain payment of the relevant sums, even pending financial distress proceedings. Specifically, as a result of 4 appeals filed by the Bank, two orders were issued in the year 2025 (dated January 21, 2025 and May 28, 2025, respectively) confirming the aforementioned principle of law, and the Italian state to ensure, within three months of the date of the ruling, the enforcement of the pending domestic judicial orders by appropriate means, and also awarding further amounts for moral damages and legal fees.

Unlikely-to-pay positions

Unlikely to pay exposures reflect the judgment made by the intermediary about the unlikelihood, excluding such actions as the en-forcement of guarantees, that the debtor will fully fulfill (for principal and/or interest) its credit obligations. This assessment should be carried out 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, 2025, gross exposures classified as unlikely to pay amounted to €85.6 million (€78.1 million as at December 31, 2024) and related adjustments amounted to €11.3 million (€9.4 million as at December 31, 2024) for a net amount of €74.3 million (€68.8 million as at December 31, 2024).

It should be noted that a significant portion of these net exposures, amounting to approximately €66.6 million, relates to Polish public hospitals, which the Bank has prudentially classified as unlikely to pay as they have undertaken restructuring procedures, to which the Bank believes they are not entitled, and which, in themselves, are not representative of an actual deterioration in asset quality.

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, 2025, net past due exposures amounted to a total, for the entire Banking Group, of €2,954.8 million (€1,719.8 million as at December 31, 2024). Gross exposures amounted to €3,037.0 million and relevant adjustments amounted to around €82.1 million. 96.2% of these exposures relate to public counterparties.

(values in thousand euro)

Type	12.31.2024 (*)			12.31.2025		
	Gross amount	Impairment losses	Net value	Gross amount	Impairment losses	Net value
Impaired exposures purchased as performing (Stage 3)	1,910,857	(25,850)	1,885,007	3,248,365	(126,584)	3,121,781
Impaired exposures purchased as non-performing (Stage 3)	3,192	(197)	2,996	3,090	(415)	2,675
Performing exposures (Stage 1 and 2)	3,563,560	(1,619)	3,561,942	2,305,134	(7,494)	2,297,640
Total	5,477,609	(27,666)	5,449,943	5,556,589	(134,493)	5,422,096

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 two Social senior unsecured-preferred bond issues, each for the nominal amount of €300 million, both issued during 2024 and maturing on March 20, 2029 and March 30, 2028, respectively and 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 €6.6 billion compared to €5.7 billion as at December 31, 2024. The Securities Services BU increased its funding by approximately €0.7 billion (€3.9 billion as at December 31, 2025 and €3.1 billion as at December 31, 2024), thanks to a different allocation of customer assets and increase in AUD (Assets under Deposit). The Payments BU recorded an increase of approximately €0.1 billion (from €2.6 billion as at December 31, 2024 to €2.7 billion as at December 31, 2025).

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, in Poland with Lokata Facto and finally in Greece with Facto Prothesmiaki.

As at December 31, 2025, inflows from Facto platform activities in the geographic segments indicated above totaled a nominal €1.3 billion, a reduction compared to December 31, 2024 in light of the increase in other forms of financing.

The nominal value of outstanding bond issues as at December 31, 2025 was €750 million in total (related to the AT1 issue and the two Social Senior Preferred bond issues) unchanged compared to December 31, 2024.

Repos amounted to €2.4 billion as at December 31, 2025, an increase compared to the figure recorded as at December 31, 2024. Reverse repos as at December 31, 2025 amounted to €595 million (€460 million as at December 31, 2024).

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

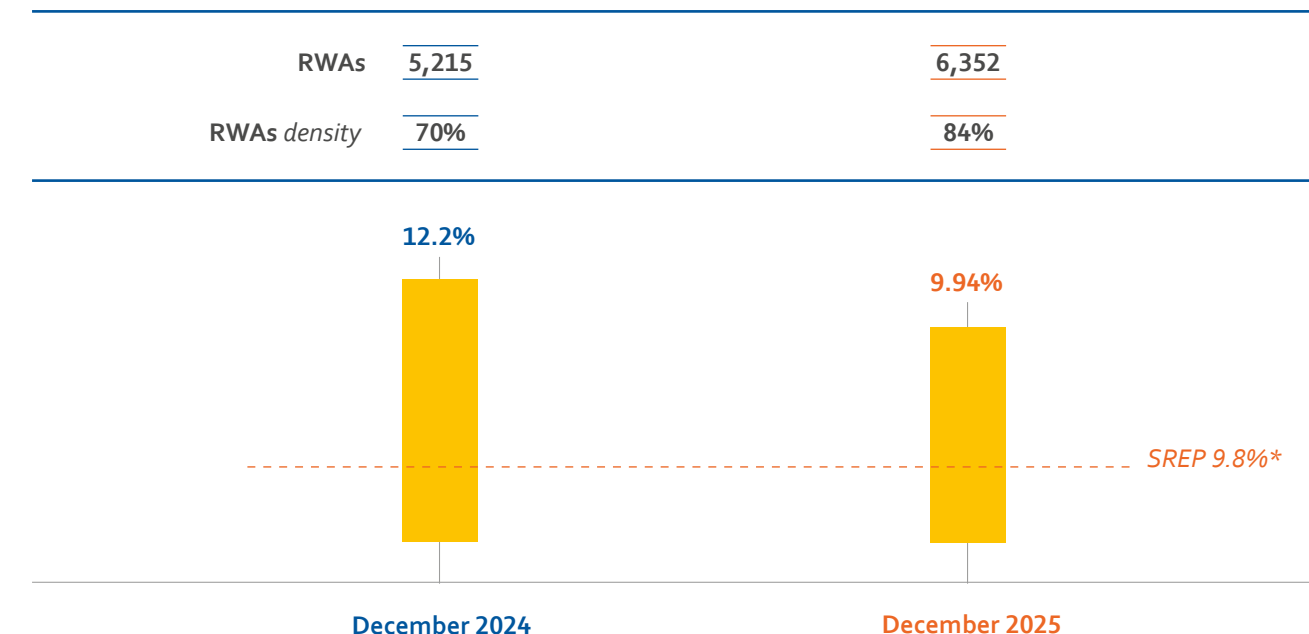
Equity as at December 31, 2025 amounted to €888.2 million, while BFF Banking Group's own funds as at the same date amounted to €781.7 million, including 150 million of Additional Tier 1 unsecured and rated subordinated bonds placed on January 19, 2022. During 2025, the Bank paid accrued interest on the AT1 loan totaling €8.8 million.

The supervisory capital ratios CET1, Tier 1 Capital Ratio and Total Capital Ratio, which include the profit for 2025, equal to €37.0 million, come to 9.94% (12.2% in 2024), 12.31% (15.1% in 2024) and 12.31% (15.1% in 2024), respectively. The CET1 and Tier1 capital ratios are slightly higher than the minimum requirements required by the Regulator, equal to 9.8% for the CET1 SREP ratio and 11.3% for TIER1. On the other hand, the Total Capital Ratio is lower than the minimum required by the Regulator equal to 13.3%. Regarding the MREL requirements, the TREA coefficient is 22.07%, 123 bps lower than the regulatory value of 23.30%, while the LER coefficient is 10.92%, well above the regulatory value of 5.40%. The decrease in all capital ratios is due to the increase in past due exposures as a result of the new portfolio classification, as previously described, and despite the capitalization of profits for the year. However, the Bank believes its capital ratios can already return to above the regulatory limits in 2026, through the implementation of short and medium-term initiatives that are the basis for the assumptions of its assessments carried out on the business as a going concern (for details, please refer to the section "Disclosure regarding the going concern assumption"). The Leverage indicator decreased to 6.1% compared to 6.3% in the previous year.

The RWA²² density came to 84%, up from 70% in 2024, following the increase of past dues in the portfolio, as previously described.

Finally, it should be noted that on September 19, 2025, the Bank of Italy, as Resolution Authority, adopted the 2024 Resolution Plan for BFF Banking Group, confirming resolution as the crisis management strategy for BFF Bank Group and defining MREL requirements, which are found to be met.

COMMON EQUITY TIER 1 RATIO



(*) The SREP requirement includes the capital conservation buffer, the countercyclical capital buffer and the systemic risk capital buffer.

²² RWA density is calculated as the ratio of RWA to total assets excluding cash and cash equivalents and the HTC securities portfolio.

Bonds and ratings

On June 18, 2025, rating agency 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.

Specifically, the rating agency DBRS confirmed the following ratings for BFF:

- ▶ Long-Term Issuer Rating: "BB (high)," Stable Outlook;
- ▶ Short-Term Issuer Rating: "R-3", Stable Outlook;
- ▶ Long-Term Senior Debt: "BB (high)", Stable Outlook;
- ▶ Short-Term Debt: "R-3", Stable Outlook;
- ▶ Long-Term Deposits: "BBB (low)", Stable Outlook;
- ▶ Short-Term Deposits: "R-2 (middle)", Stable Outlook.

For further information refer to the DBRS press release published on the agency's website and the [Investors > Debt > Ratings](#) section of the Group website²³.

On June 27, 2025, to complete the Bank's rating review process, DBRS published the Rating Report, taking up the topics already outlined in the June 18 press release.

For additional details, please refer to the DBRS website.

As regards the bonds issued by BFF, please note that the following issues are outstanding as at December 31, 2025:

- ▶ the Additional Tier 1 bonds 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 "B2" in relation to the upgrade approved by Moody's in November 2025;
- ▶ the social unsecured senior preferred bonds 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 rating agency gave a rating of "Ba2" at the time of issuance. The rating to date is "Ba2" following the upgrade decided by Moody's in November 2025;
- ▶ the social unsecured senior preferred bonds 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. The rating to date is equal to "Ba2" following the upgrade decided by Moody's in November 2025 and equal to "BB (high)" from DBRS.

On November 18, 2025, the rating agency Moody's revised all its ratings of BFF upwards by one notch, with an increase that also includes the Baseline Credit Assessment (BCA) of BFF, changing to "ba2", and the Long-term Bank Deposits, changing to "Baa2", a notch higher than Investment Grade. The positive rating reflects Moody's assessment that the Bank's capital position has improved and refinancing risk has decreased, as well as the update to Moody's methodology on bank ratings.

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

- ▶ Outlook: Stable;
- ▶ the Baseline Credit Assessment, increased to "Ba2" from "Ba3";
- ▶ the Long-Term Bank Deposit Rating, increased to "Baa2" from "Baa3", Stable;
- ▶ the Short-Term Bank Deposit Rating, increased to "Prime-2" from "Prime-3";
- ▶ the Long-Term Issuer Rating, increased to "Ba2" from "Ba3", Stable;
- ▶ the Senior Unsecured Regular Bond/Debenture Rating, increased to "Ba2" from "Ba3", Stable.

As indicated in the section 'Subsequent events', after confirming all the ratings of BFF on February 13, 2026, on April 1, 2026, Moody's revised all its Ratings and the ratings of the Bank downwards by one notch and put them under review for a downgrade, including the Adjusted BCA. The latter was subject to a further negative adjustment of a notch relating to Strategy, Risk Appetite and Governance, changing to "ba3" from "ba2". The long-term (LT) and short-term (ST) deposit ratings of BFF equal to "Baa3"/"Prime-3" respectively have remained at Investment Grade.

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.

Please refer to the Consolidated Sustainability Report for ESG ratings.

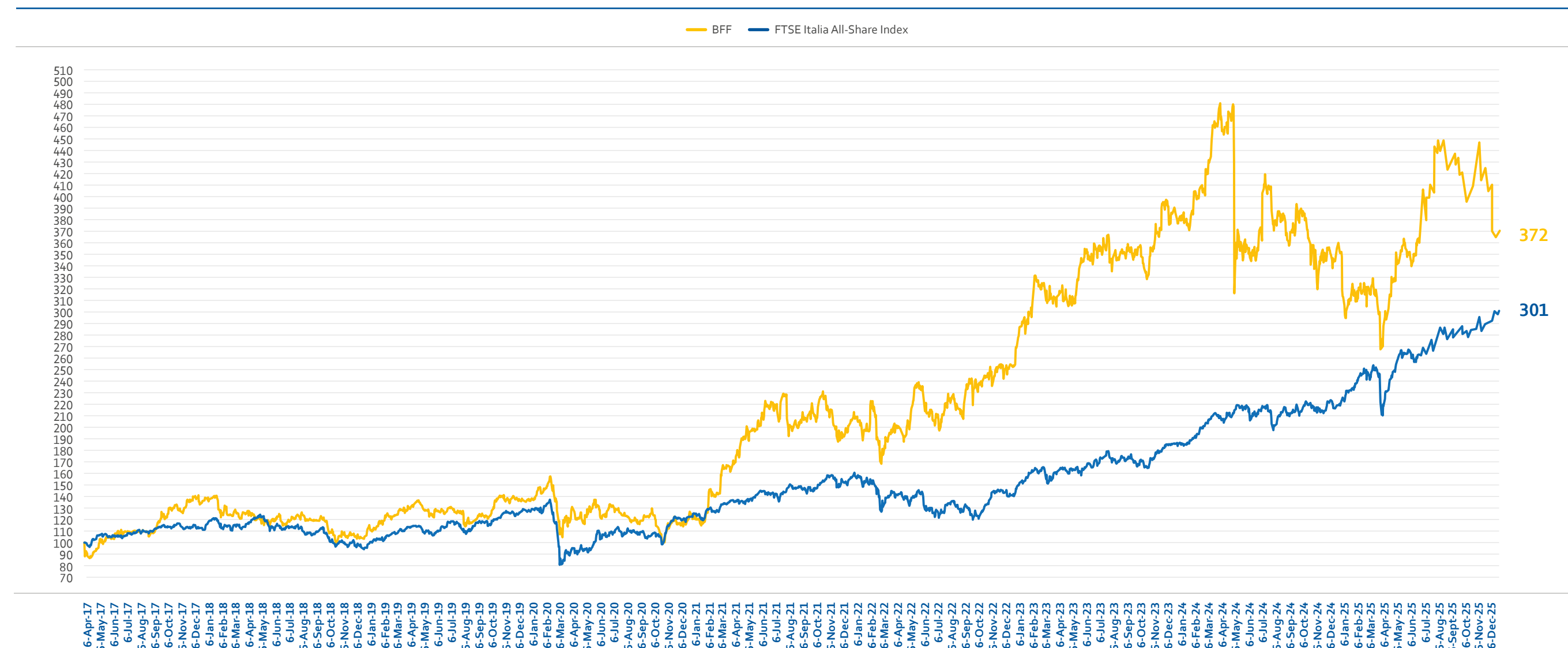
²³ As indicated in the section "Subsequent events", on February 20, 2026, the rating agency Morningstar DBRS ("DBRS") revised its credit ratings of BFF downwards, including the Long-Term Issuer Rating to "BB" from "BB (high)" and the Short-Term Issuer Rating to "R-4" from "R-3". In addition, DBRS downgraded the Bank's Long-Term Deposit rating to "BB (high)" from "BBB (low)". The rating agency finally changed the Outlook on BFF's long-term creditworthiness from Stable to Negative. On April 2, 2026, DBRS also downgraded its credit ratings of BFF, including the Long-Term Issuer Rating to "BB (low)" from "BB". In addition, DBRS lowered its credit rating to "BB" from "BB (high)" on the Bank's Long-Term Deposits. The rating agency also placed the long-term credit ratings of the Bank Under Review, including the Long-Term Issuer Rating of "BB (low)".

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, 2025 was €9.50, up by 102% over the IPO share placement price of €4.70. From listing to December 30, 2025, 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 30, 2025 compared to the IPO placement price was 272%. The FTSE Italia All-Share Index total return was 201%. As at February 2, following the Bank’s communication regarding, among other things, derisking initiatives that led to provisions allocated for rulings on legal actions initiated for the recovery of non-recourse factoring credit exposures with Italian debtors, the performance of the stock recorded a marked reduction. This dynamic is expected to be reflected negatively on the Total Return for the 2026 financial year.

TOTAL RETURN SINCE THE IPO, WITH REINVESTED DIVIDENDS(*)



(*) As at December 30, 2025, BFF stock is part of the following FTSE Indexes, 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 RAFI Custom RPMI All-World 3000 Concentrated 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 All World 3000 Index, FTSE RAFI All World 3000 Index - QSR, 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

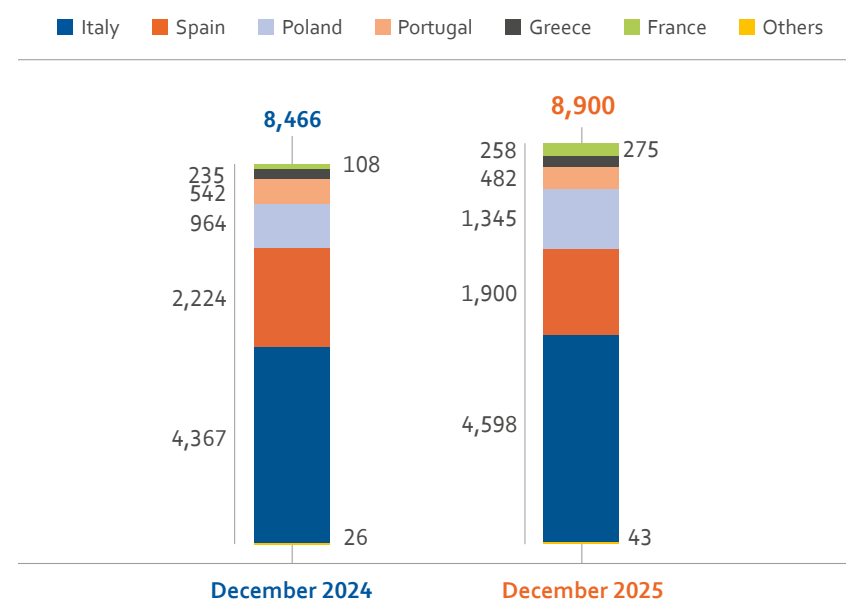
The Factoring & Lending BU carries out its lending activities and offers its services through products such as non-recourse factoring, lending and credit management to public administration bodies and private hospitals.

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 €5.8 billion as at December 31, 2025, and was stable compared to December 31, 2024.

The volumes of loans purchased and disbursed increased by +5% compared to the previous year (€8,900 million as at December 31, 2025 compared to €8,466 million as at December 31, 2024) in most countries. In particular, the positive performance of Italy (+5%) and Poland (+39%) is confirmed, with Spain (-15%) still impacted by government liquidity inflows at the end of 2025. Volumes in France, an important country with significant growth potential, increased by 155%.

VOLUMES



The DSOs recorded by BFF on third-party factoring and credit management activity, compared to December 31, 2024, remained stable except for Portugal, Greece and Slovakia, where they decreased due to liquidity injections by governments.

In France, the increase recorded can be attributed mainly to the increase in purchases made during the period (+346% compared to the same period of the previous year).

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

	12.31.2024	12.31.2025
Italy	183	177
Spain	117	116
Portugal	121	105
Greece	300	231
France	182	293
Slovakia	1,130	715

The provision for late payment interest and the provision for the flat-rate compensation for debt collection (so-called '40 euros') amounted to €1,126 million and €267 million, respectively, and in total were up 10% 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, 2025 and December 31, 2024.

€ million	2024	2025
Provision for late payment interest	1,002	1,126
Lump-sum indemnity provision	260	267
Provision for late payment interest not transferred to the income statement	438	510
Lump-sum indemnity provision not transferred to the income statement	90	94
Gross yield on loans and receivables with customers % (net of "40 euros")	7.5%	6.5%

Net revenue of the F&L BU amounting to €209.7 million increased by 1% compared to the same period of the previous year (€207.0 million), as a result of a smaller reduction in the average rate of return on loans, compared to the ECB/MRO benchmark rates (4.25% in 2024 and 2.15% in 2025), due to the improvement in the spread, which increased from 3.26% in 2024 to 4.38% in 2025. In addition, during 2025, reschedulings²⁴ amounted to -€29.9 million (-€20.8 million in 2024), and capital gains, up compared to the same period of the previous year, amounted to €29.1 million (€25.2 million in 2024). As a result, the range of "rescheduling/capital gains" on late payment interest collected was -€0.8 million in 2025 compared to €4.4 million in 2024.

Normalized other operating expenses and income, included in Other Revenue, include the economic impacts deriving from the flat-rate compensation for debt collection ("40 euros") which in the course of 2025 led to an impact of €16.0 million, down from €20.2 million in 2024, essentially due to a different mix of volumes in Italy.

€M (normalized values)	2024	2025
Interest income	408.7	369.5
of which "rescheduling/gains" spread	4.4	(0.8)
Other Revenue (including other operating expenses and income)	27.3	21.2
Total revenue	436.1	390.7
Total net revenue	207.0	209.7

²⁴ Rescheduling will be recognized as revenue in subsequent quarters.

Securities Services BU - Main KPIs and Economic Results

The Securities Services BU is the business unit that handles custodian banking services for investment funds and Social Security Institutions and related activities such as global custody, fund accounting and transfer agents, addressing asset managers, pension funds, mutual funds, alternative funds, banks and other financial institutions (i.e. SIMs), with a focus on the domestic market.

In 2025, Fund Services recorded an increase in assets under management thanks to commercial actions within the area of Alternative Investment Funds (AIFs) and good market conditions, and the positive performance of net inflows of Mutual Funds and Pension Funds.

However, growth has been limited so far by the non-publication of the Investment Regulation of Pension Funds, which, among other things, would introduce the requirement for Privatized Social Security Institutions to have a custodian bank. A further area of development is Health Care Funds increasingly interested in custodian bank services, despite the absence of regulatory requirements, but inclined to favor a banking operator, such as BFF, focused on efficient cash remuneration and payment management. The Fund Services area was adversely affected by the bans imposed by the Regulator: several business initiatives, although already planned, have in fact been postponed or put on stand-by by customers.

In the supplementary pension sector, BFF holds first place by market share in terms of the number of pension fund customers served in custodian banking activities.

This leadership is consolidated through the provision of value-added services, including the portfolio reporting application, Look Through, ESG, and, most importantly, the NAV calculation service. BFF is the only operator to provide this service not only for open pension funds, but also for closed occupational pension funds and pre-existing pension funds, standing out in the national panorama for the completeness and innovation of its offering.

Regarding Global Custody, the good results recorded in 2025 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 Issuing and Paying Agent, Account and Custodian Bank services to Corporate customers, including foreign ones and iii) seizing opportunities also deriving from regulatory measures, such as SHID II, Emir Refit, ECMS, CSRD 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 revenue during the year.

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

The Custodian's Assets under Deposit (AuD) amounted to €83.5 billion, up 13% from December 31, 2024. Global Custody's Assets under Custody (AuC) amounted to €135.1 billion, an increase of 8% from December 31, 2024.

However, the balance of customer deposits shows an increase of +23% over the same period of the previous year, confirming the growth trend.

	12.31.2024	12.31.2025
Custodian Bank (AuD, €M)	73,963	83,539
Global Custody (AuC, €M)	125,641	135,113
Deposits - Final Balance (€M)	3,126	3,855

Normalized net fee and commission income increased by 10% due to higher volumes.

€M (normalized values)	2024	2025
Net fee and commission income	24.5	26.9
Other Revenue (including other operating expenses and income)	0.2	0.5
Total revenue	24.7	27.4
Profit before tax	5.6	10.6

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 banks, Payment Institutions, IMELs, medium-large corporates and institutional customers. The business is concentrated on mainly domestic customers. The Payments BU supports the management of the State SME Guarantee Fund, in cooperation with the principal MCC Banca del Mezzogiorno.

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 2025, the BU performed better than expected in the area of wire transfer and collection processing, card settlement and other settlement services. 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. Also noteworthy are the renewal of the ICT contract with Nexi until 2032 and the signing of an agreement with Nexi and EquensWorldline for domestic processing, which secures BFF's intellectual property of critical applications. Lastly, BFF will become EquensWorldline's exclusive provider of card settlement services.

The structural decline in traditional and domestic payment instruments (bank drafts, CIT, RIBA, MAV, etc.), activities for the disposal of BI-COMP by the Bank of Italy and the ongoing infrastructural change of Bancomat debit cards, could favor BFF in acquiring new customer banks, which reasonably will no longer find it convenient to handle this range of transactions by themselves.

At the same time, BFF is also focusing attention on finding innovative solutions aimed at increasing its customer base and expanding and optimizing its service portfolio.

The trend of the past few years is confirmed for the payments market, which continues to register the impact of system-wide evolution and digitization, of banking aggregation and of the greater competitiveness of new entrants to this segment as a result of the sector policies of the European Authorities.

The presence in the payments market of these new players (Payment Institutions, IMELs, TPPs, and Fintechs) represents a positive catalyst for growth in the sector, in which BFF has successfully positioned itself in an authoritative and robust manner, developing specific services to support the regulatory obligations imposed by regulations, allowing for continued growth in its chosen sector of brokerage and settlement services.

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, encouraging BFF to focus further on innovation, process efficiency and an optimized risk management.

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 1% to 915 million transactions thanks mainly to the SEPA and instant payments sectors.

The balance of deposits, amounting to €2,703 million, increased compared to the figure of €2,598 million as at December 31, 2024.

	12.31.2024	12.31.2025
Deposits - Final Balance (€M)	2,598	2,703

The level of Net Fee and Commission Income was higher than in 2024 and amounted to €57.8 million.

€M (normalized values)	2024	2025
Transactions (no. trans. € million)	908	915
Net fee and commission income	55.7	57.8
Other Revenue (including other operating expenses and income)	11.5	11.7
Total revenue	67.2	69.6
Profit before tax	41.4	39.2

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 2025 in line with 2024 (48%), despite the investments made and aimed at improving processes, improving the Group's technology infrastructure, and accompanying the Group's growth in its core businesses.

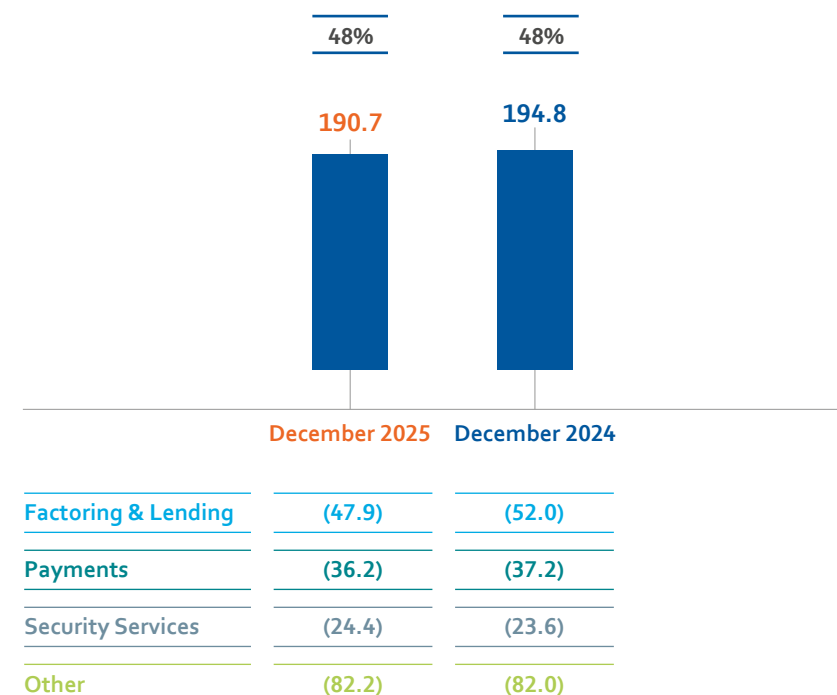
The costs of the Factoring & Lending BU increased by 9% compared to 2024, while the costs of the Payments and Securities Services BUs increased by 3% compared to the same period in 2024.

Other Costs remained broadly stable at approximately €82 million.

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, 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 2025, the resolution fund was not paid after the Single Resolution Board targets were met.

COST / INCOME RATIO



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 EU's CRR regulation (Capital Requirements Regulation) and in the European Directive CRD IV (Capital Requirement Directive) of June 26, 2013 as amended.

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, 2025 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;
- ▶ operational risk, through the 'Business Indicator Component' (BIC) methodology;
- ▶ "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 of the Banking Group, has prepared the "ICAAP/ILAAP 2025 Report" (sent to the Bank of Italy on April 18, 2025) on internal processes for determining adequacy of capital and of the governance system and liquidity risk management systems.

Pillar III – Disclosure to the public

In accordance with the CRR, banks publish the required information at least on an annual basis, and the Core Metrics on a semi-annual basis. Credit institutions are responsible for evaluating the need to provide the required information more frequently, in light of the relevant characteristics of their activity and elements susceptible to rapid changes. The guidelines specify minimum content consistent with the significance of the reporting institution, particularly with reference to capital requirements, the breakdown and adequacy of capital, the leverage ratio, risk exposure and the general characteristics of systems in place to identify, measure and manage such risks. To this end, the Board of Directors of BFF Bank has approved a dedicated procedure, called the "Procedure for Public Disclosure (Pillar III)", according to which Public Disclosure must be: approved by the Board of Directors before its dissemination; published on the website www.bffgroup.com (Section: <https://investor.bff.com/it/pillar-iii> in Italian and <https://investor.bff.com/en/pillar-iii> in English) at least once a year and every six months with regard to the Main Metrics, within the deadlines set for the publication of the financial state-ments and, therefore, within thirty days from the date of approval of the financial statements by the General Meeting of Shareholders. In addition, with regard to the provisions of the Bank of Italy Circular no. 285 of December 17, 2013, and subsequent updates, the Group will publish on its website www.bff.com, 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

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 as 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 provisions 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, 2025, the impact on CET1 deriving from the application of calendar provisioning on individual debtor exposures was approximately €51.2 million, compared to December 31, 2024 when it amounted to approximately €16.6 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. In addition, on December 10, 2025, the European Central Bank published its guideline on the supervisory approach by national competent authorities to coverage of non-performing exposures held by less significant supervised entities. The Guideline aims to standardize the prudential treatment – between significant and less significant banks – of non-performing exposures originating before April 26, 2019, and excluded, to date, from calendar provisioning capital deduction requirements.

In line with the disclosure provided in the consolidated financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

Monitoring and control of Liquidity

Despite the current macroeconomic scenario, characterized by the continuation of the tensions deriving from the Russia/Ukraine conflict, and, in general, widespread critical issues on an international level among which the “tariff war” adopted by the US administration is also included, 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 February 2026. 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

As required by IAS 1 and by the indications in Document no. 2 of February 6, 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Board of Directors carried out a careful assessment of the going concern assumption. On the basis of its own assessments, the consolidated financial statements as at December 31, 2025 were prepared considering the use of the going concern assumption to be appropriate.

The assessment of the Directors was carried out taking into account, among other things, the following circumstances:

- ▶ the Bank's context which, as from December 4, 2025, has been subject to audits, that are still ongoing, by the Supervisory Authority, also following an internal analysis carried out on factoring business inflows;
- ▶ the Bank received the Order as previously described in the section "Key events in the Group" of the Report on Operations;
- ▶ the events that affected the Consolidated Financial Statements as at December 31, 2025, also relating to the Remedial Actions. For more details, please refer to the section "Focus on the main phenomena affecting the Consolidated Financial Statements as at December 31, 2025".

In this context, the going concern assessment must take into account the breach of the overall capital requirements as at December 31, 2025. At present, based on expected projections, even in the absence of external initiatives (e.g. securitizations), no capital shortfalls have been estimated below the SREP requirements for 2026 and 2027. Instead, for 2028, in the absence of external initiatives, based on expected projections, capital shortfalls have been estimated, mainly due to the progressive application of so-called calendar provisioning to receivables classified as past due with an effective date of December 31, 2025. With reference to the liquidity indicators, compliance with the regulatory requirements is confirmed both as at December 31, 2025 and over the 2026-2028 time horizon.

These events and circumstances may raise significant doubts as to the appropriateness of the going concern assumption, starting from 2028, in the absence of external initiatives as illustrated below.

The above made it necessary, in accordance with applicable legislation, to activate the so-called Recovery Plan and define a Capital Conservation Plan, approved by the Board of Directors at its meeting of April 30, 2026 and sent at the same time to the Bank of Italy. This Plan describes the Group's current financial position and its implications on the regulatory ratios, as well as the approach to aligning with applicable regulatory requirements. The Plan illustrates the actions identified to restore capital adequacy, in accordance with the relevant regulatory framework, and constitutes a reporting tool for the Supervisory Authority, providing a comprehensive overview of the available evidence, the measures adopted and the initiatives envisaged, as well as the related governance and monitoring safe-guards.

In application of the above, the Bank has arranged for a specific forward-looking analysis of the evolution of the Group's financial position and performance for the years 2026-2028, which incorporates some initiatives considered mitigating applied over the plan time horizon (hereinafter, the "26-28 Projections").

In particular, also in order to limit capital absorption, a so-called "baseline" scenario has been identified with reference to the years 2026 and 2027. This scenario is based on the assumption of the continuity of the Bank's current business model, assuming a more moderate growth, compared to previous years, in the new business volumes of the Factoring & Lending segment (referred to below as the "Base-line Initiatives"). Considering this growth, the Group expects to maintain profitability levels and capital requirements over the next 24 months.

To prevent the aforementioned risks for 2028, alternative scenarios have therefore been prepared – also with the support of leading advisors. In this context, the Bank is evaluating certain external initiatives aimed at enhancing specific portfolios (e.g. securitizations) or assets, possibly accompanied by the use of new operating methods in the factoring sector (referred to below, together with the Base-line Initiatives, as the "Intervention Measures").

On April 24, 2026, on a preliminary basis, and on April 30, on a final basis, the Board of Directors analyzed the Intervention Measures, which were then included in the Capital Conservation Plan approved on April 30, 2026, considering them adequate to ensure compliance with the prudential requirements provided for by applicable legislation (CRR and CRD) and to resolve the shortfalls expected in 2028. These alternative scenarios will be further developed in the process for the preparation and approval of the future Strategic Plan. By adopting the Intervention Measures, the Bank expects compliance with the capital requirements even over a longer period than 24 months from the reporting date of the consolidated financial statements in question.

As for the feasibility and effectiveness of the Intervention Measures in response to events or conditions that pose uncertainties regarding the existence of the going concern assumption, the short-term initiative based on a more moderate growth than in previous years of the new business volumes of the Factoring & Lending segment (as factored in the Baseline scenario) is considered feasible, as it comes under the direct control of the Bank. On the contrary, the implementation of the Intervention Measures, separately or together, is affected by external factors and by complex execution times and profiles. Having said that, the Directors believe that the mix of initiatives available to the Board of Directors for strengthening capital can reduce the risk associated with the execution of these measures.

In addition, the Directors consider it reasonable to achieve the objectives set out in the 26-28 Projections, also considering the mitigating factors which highlight the quality and capacity of the Bank to cope with the current context. This is also in light of the economic data relating to 2025, which demonstrate, net of the related extraordinary items, the Bank's industrial capacity to generate income by performing its typical activity.

With the support of financial advisors, the Board of Directors has also started to seek out one or more financial and strategic partners.

In view of the above, the Directors note that the Intervention Measures, by their nature, are uncertain, as they refer to actions the implementation of which – although partly under the control of Management – depends on external factors; and these actions might not be carried out in the times and manner estimated by the Board of Directors. It follows that there is significant uncertainty, such as to raise considerable doubts over the appropriateness of the assumption of the Bank as a going concern, connected with the implementation of the Intervention Measures to the extent necessary to recover the shortfall expected in 2028. In addition, the Directors point out that the 26-28 Projections on which the so-called baseline scenario has been determined are based on market assumptions that may not materialize. They would therefore require the adoption of further corrective actions and measures, which cannot be hypothesized at present.

Therefore, despite the significant uncertainty related to the risk of carrying out one or more of the Intervention Measures in the times and methods indicated in the 26-28 Projections, the Directors consider, in the light of the above considerations and despite the Group's context, that it will continue to operate as a functioning entity in the foreseeable future and has therefore prepared these consolidated financial statements under the going concern assumption.

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.

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 are described below:

- ▶ **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 such 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 General Manager 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 process-es and methodologies of company activities by coordinating with the relevant company structures; oversees the realization of the in-ternal 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. In particular, during 2025, the RAF was updated mainly in order to: (i) revise the methodology for calibrating risk indicator thresholds resulting in a further revision/strengthening of the escalation process; (ii) strengthen the indicator system with the inclusion of Monitoring Indicators to ensure a broader and more timely measurement of the different risk profiles; (iii) update the thresholds relating to overall capital adequacy in order to ensure full alignment of the RAF, the capital decision received on October 30, 2025, the Dividend Distribution Policy approved by the Board of Directors on November 2, 2025 and further guidance expressed in the final order of the administrative procedure relating to the lifting of restrictive measures.

In addition, the Function conducted 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 the Recovery Plan, as well as contributed and actively participated in the activities envisaged for ESG planning. Finally, the Function developed specific activities and updated its frameworks in the area of resolution, consistent with requests received from the Bank of Italy.

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 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.

The Parent Company's Compliance Function carries out supervision and coordination activities in relation to the counterpart Functions of the subsidiaries and/or branches, ensuring a uniform and consistent interpretation of the Group's principles arising from applicable regulatory obligations. It therefore interacts with subsidiaries and/or branches to ensure they adopt an approach aligned with regulatory provisions and shared corporate values in the area of sustainability. The remediation plan defined in February 2025 in response to a thematic, anti-money laundering assessment by the Bank of Italy with regard to the transactional monitoring of customers has been completed, and there are no significant issues still open. During 2025, the Compliance & AML Function was affected by some organizational initiatives, including (i) a new head of the Function joining, who has over twenty years of experience in compliance and anti-money laundering; (ii) two staff members joining the AML team and one joining the Compliance team and (iii) some IT and process innovations such as, among others, the Netech platform for customer due diligence, the adoption of some KPIs for monitoring main compliance and anti-money laundering risks and the revision of reporting for the Corporate Bodies.

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 2025, the Internal Audit function performed audits in line with the 2025 Audit Plan prepared according to a risk-based approach, approved by the Board of Directors in December 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).

OTHER CONTROL FUNCTIONS AND BODIES

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 Risks. 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 Directors' 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 sustainability 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's operations; ii) the Protocols of the Departments and Organizational Units of the parent, which detail the operations, audits and reporting mechanisms intended to ensure that the parent'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 makes sure that all employees receive adequate training on the Decree, especially in the event of updates to related regulations.

On June 26, 2025, a new Chairperson of the Supervisory Body was appointed following the voluntary resignation of the Chairperson-in-Office at the time. The other members of the Supervisory Body remained unchanged. In addition, the Regulations of the Supervisory Body were amended in March 2025 with a view to simplifying them and aligning them with the Model. During 2025, the Model was updated in relation, among other things, to the requirements of the members of the Supervisory Body and to some aspects related to the management of whistleblowing reports. In this context, the Supervisory Body was also assigned responsibility for the internal whistleblowing system.

The Supervisory Body reports to the Board of Directors on the results of the activities it has performed every six months. In addition, as the party responsible for the Internal Whistleblowing System, the Supervisory Body is required to prepare an annual report on the proper functioning of the internal reporting systems, containing aggregate information on the results of the activity carried out following reports received, which must be approved by the Corporate Bodies and made available to the Bank's personnel.

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.

Lastly, 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 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.

In accordance with CONSOB regulatory provisions and with the supervisory provisions of the Bank of Italy, the Board of Directors has set up the Related Parties Committee, composed exclusively of independent Directors pursuant to the Corporate Governance Code of listed companies endorsed by the Bank.

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 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 at January 1, 2021.

Research and Development

In accordance with the Group’s Business Plan in force, the projects identified have continued to pursue during the course of 2025 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.

In particular, the status of the most important initiatives is reported:

- ▶ The strategic and long-term project to implement the data platform, aimed at harnessing the value of information assets as a central lever for improving operational and decision-making processes, made progress. During 2025, the activities necessary to make the platform fully operational were completed and, in addition to the configurations initially planned and considered priorities, numerous additional solutions were developed and released that significantly expand the functional perimeter compared to the original planning.

- ▶ The long-term project continued 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.

During 2025, related party transactions reported in the information flows required by the reference standards were concluded, being of economic convenience and interest to the Bank.

Treasury shares

As at December 31, 2025, the Bank held no treasury shares.

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 2025 corporate reporting”, published in October 2025.

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 “Sustainability Strategy” section of the Sustainability Report.

Business Outlook

The financial statements as at December 31, 2025 were prepared with a view to the business being a going concern, taking into account the Group's economic and structural fundamentals, the ability of the business model to generate profits and the extraordinary nature of the events that contributed to determining the result for the financial year.

On the other hand, the reclassification of factoring portfolio receivables to a default status, as better described in the section "Focus on the main phenomena affecting the Consolidated Financial Statements as at December 31, 2025", will result in a greater capital absorption over time, in application of so-called calendar provisioning. This is leading the Group to review its business model in the medium to long term, also as part of the future preparation of the strategic plan.

In this context, a number of intervention measures have been defined that i) on the one hand, will lead the Group in the short term to continue its focus on the core business with a view to controlling the new business volumes of the Factoring & Lending segment and ii) on the other hand, will lead it in the medium term to evaluate and undertake certain initiatives - also with the support of leading advisors - aimed at enhancing specific portfolios (e.g. securitizations) or assets, possibly accompanied by new operating methods in the factoring sector.

Therefore, the Group's objectives during 2026 remain the following:

- ▶ maintain a focus on the core businesses in which the Group is market leader - the Payments, Securities Services and Factoring & Lending BUs (the latter, in particular, with a view to controlling the level of activities classified as past due);
- ▶ invest further in operational infrastructure to manage operational risks, and benefit from further efficiencies;
- ▶ continue to provide Group personnel with opportunities for growth and development;
- ▶ optimize, where possible, the Group's funding and capital structure;
- ▶ manage past due items and calendar provisioning also through securitization transactions;
- ▶ further increase a positive impact in social and environmental dimensions and for all stakeholders.

That said, on April 30, 2026, the Board of Directors revised the economic-financial objectives using the so-called "baseline" scenario formulated from the going concern considerations made, as summarized below:

- ▶ Adjusted Profit: approximately €115-140 million;
- ▶ Earnings Per Share: approximately €0.6-0.7;
- ▶ Cost/Revenue Ratio (%): 52%-47%;
- ▶ Return on Tangible Equity: approximately 16-20%.

With reference to the strategic-financial forecasts relating to capital ratios, it should be noted that, as indicated in the section on the going concern, to which reference is made for more details, the capital and liquidity position of the BFF Group would be sustainable in terms of the projections.

Lastly, also in light of the events that have taken place in recent months and the considerations outlined above, in particular regarding the choice and execution of the strategic initiatives described previously, the Group's new strategic plan, which will be prepared and presented during the second half of 2026, will become extremely relevant.

Allocation of the Banking Group's Profit

At December 31, 2025 the Banking Group's profit amounted to €36,951 thousand. This result includes, as described above, some ex-traordinary items, which, net of the related tax impacts, amounted to €102.2 million and are mainly related to (i) provisions relating to adverse legal rulings on receivables due from the Italian public sector for €71.9 million, (ii) the extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days for €15.4 million, (iii) the provision for stock options and stock grants for €5.5 million, (iv) the amortization of customer contracts amounting to €1.8 million, (v) the administrative fine received from the Bank of Italy for €1.5 million and (vi) other non-recurring costs for €6.0 million.

With a view to strengthening the Group's capital structure, the following allocations will be made:

- ▶ €78.7 thousand to the legal reserve (to bring the reserve to 20% of the Share Capital);
- ▶ €36,872 thousand to the retained earnings reserve.

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 June 16, 2026.



Consolidated Sustainability Statement

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General Disclosures

ESRS 2 – General disclosures

Basis for preparation

BP-1 – General basis for preparation of sustainability statements

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 reporting scope of this document coincides with that of the Consolidated Financial Statements of the Parent BFF Bank S.p.A., and includes the wholly owned and consolidated companies as of December 31, 2025, namely:

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

It should be noted that the companies Komunalny Fundusz Inwestycyjny Zamknięty, MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz and Debt-Rnt sp. Z O.O. were not included in the reporting boundary, because their sustainability performance was deemed to be not material; Kancelaria Prawnicza Karnowski i Wspólnik sp.k. and Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspólnik sp.k. Inwestycyjny Zamknięty are consolidated in BFF's Financial Statements according to the equity method because they are immaterial, in relation to total assets, and so were

not included in the scope of reporting, as their sustainability performance is also considered to be not material. For the company BFF Immobiliare S.r.l., data are included within the Parent as this entity does not present its own sustainability performance. In addition, BFF Bank holds 24% shares in Unione Fiduciaria S.p.A. and 33% in the new law firm 'PB & Partners Società tra Avvocati a responsabilità limitata', both measured with the equity method (and not on a line-by-line basis), as they are companies subject to significant influence; they are also excluded from the scope of reporting on sustainability performance, as they are not material. For further details about the Group structure, please refer to Part A of the Notes to Section 3 'Scope and methods of consolidation'.

The territorial scope of the Parent 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 Statement 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 included information on Tax Transparency in the section 'G1- Business Conduct', considering the interest of external stakeholders (including rating companies) since it is a topic not currently present in sector-agnostic information. In addition, as of this reporting year, the information relating to substantiated complaints of breaches of customer privacy and loss of customer data is presented in the section 'S4 – Consumers and end-users'. 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 and *GRI 418: Customer privacy 2016*. 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	
S1-6 - Characteristics of the undertaking's employees	Notes to the Consolidated Financial Statements	

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 these metrics, 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 are 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, this 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

In order to ensure greater comparability of sustainability information, this Report includes the data for the two-year period 2024-2025. Any methodological alignments or corrections to public data have been specifically indicated in the referenced chapters included in this document.

Disclosures stemming from 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		Page XX
BP-2 – Disclosures in relation to specific circumstances		Page XX
GOV-1 – The role of the administrative, supervisory and management bodies	SFDR ¹ Benchmark Regulation ² (Commission Delegated Regulation (EU) 2020/1816, Annex II)	Page XX
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		Page XX
GOV-3 – Integration of sustainability-related performance in incentive schemes		Page XX
GOV-4 – Statement on due diligence	SFDR	Page XX
GOV-5 – Risk management and internal controls over sustainability reporting		Page XX
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. Page XX
SBM-2 – Interests and views of stakeholders		Page XX
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model		Page XX
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities		Page XX
IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement		Page XX

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).

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.)

Disclosure requirements	EU legislation	Paragraph
Environmental information		
REPORTING PURSUANT TO REGULATION (EU) 2020/852		Page XX
Topic: E1-CLIMATE CHANGE		
ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes		Page XX
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	Page XX
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model		Page XX
ESRS 2 IRO-1 – Description of the processes to identify material climate-related sustainability impacts, risks and opportunities		Page XX
E1-2 – Policies related to climate change mitigation and adaptation		Page XX
E1-3 – Actions and resources in relation to climate change policies		Page XX
E1-4 – Targets related to climate change mitigation and adaptation	SFDR Pillar 3 Benchmark Regulation (Delegated Regulation (EU) 2020/1818, Article 6)	Page XX
E1-5 – Energy consumption and mix	SFDR	Page XX
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	SFDR Pillar 3 Benchmark Regulation (Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1))	Page XX
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 <i>Impact, risk and opportunity management</i> included in this chapter, which also illustrates stakeholder consultation activities in the context of the DMA.
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.
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 <i>Impact, risk and opportunity management</i> included in this chapter, which also illustrates stakeholder consultation activities in the context of the DMA.

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: 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.
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 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 <i>Impact, risk and opportunity management</i> included in this chapter, which also illustrates stakeholder consultation activities in the context of the DMA.
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 processes to identify and assess material biodiversity and ecosystem-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 <i>Impact, risk and opportunity management</i> included in this chapter, which also illustrates stakeholder consultation activities in the context of the DMA.
Social information		
Topic: S1 - OWN WORKFORCE		
SBM-2 – Interests and views of stakeholders		Page XX
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	SFDR	Page XX
S1-1 – Policies related to own workforce	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II)	Page XX
S1-2 – Processes for engaging with own workers and workers' representatives about impacts		Page XX
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	SFDR	Page XX
S1-4 – 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		Page XX
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Page XX
S1-6 – Characteristics of the undertaking's employees		Page XX
S1-7 – Characteristics of non-employees in the undertaking's own workforce		Page XX
S1-8 – Collective bargaining coverage and social dialogue		Page XX
S1-9 – Diversity metrics		Page XX
S1-10 – Adequate wages		Page XX
S1-11 – Social protection		Page XX

Disclosure requirements	EU legislation	Paragraph
Social information		
Topic: S1 - OWN WORKFORCE		
S1-12 – People with disabilities		Page XX
S1-13 – Training and skills development metrics		Page XX
S1-14 – Health and safety metrics	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II)	Page XX
S1-15 – Work-life balance metrics		Page XX
S1-16 – Remuneration metrics (pay gap and total remuneration)	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II)	Page XX
S1-17 – Incidents, complaints and severe human rights impacts	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1))	Page XX
Topic: S2 - WORKERS IN THE VALUE CHAIN		
SBM-2 – Interests and views of stakeholders	SFDR	Page XX
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model		Page XX
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))	Page XX
S2-2 – Processes for engaging with value chain workers about impacts		Page XX
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns		Page XX
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	Page XX
S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Page XX
Topic: S3 - AFFECTED COMMUNITIES		
SBM-2 – Interests and views of stakeholders		Page XX
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model		Page XX
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))	Page XX
S3-2 – Processes for engaging with affected communities about impacts		Page XX
S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns		Page XX
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	Page XX
S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Page XX

Disclosure requirements	EU legislation	Paragraph
Social information		
Topic: S4 - CUSTOMERS AND END-USERS		
SBM-2 – Interests and views of stakeholders		Page XX
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model		Page XX
S4-1 – Policies related to customers and end-users	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1))	Page XX
S4-2 – Processes for engaging with consumers and end-users about impacts		Page XX
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		Page XX
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	Page XX
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Pag.XX
Governance Information		
Topic: G1 - BUSINESS CONDUCT		
GOV-1 – The role of the administrative, supervisory and management bodies		Page XX
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities		Page XX
G1-1 – Business conduct policies and corporate culture	SFDR	Page XX
G1-2 – Management of relationships with suppliers		Page XX
G1-3 – Prevention and detection of corruption and bribery		Page XX
G1-4 – Confirmed incidents of corruption or bribery	SFDR Benchmark Regulation (Delegated Regulation (EU) 2020/1816, Annex II)	Page XX
Topic: ENTITY SPECIFIC - TAX TRANSPARENCY		Page XX

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 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. 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.

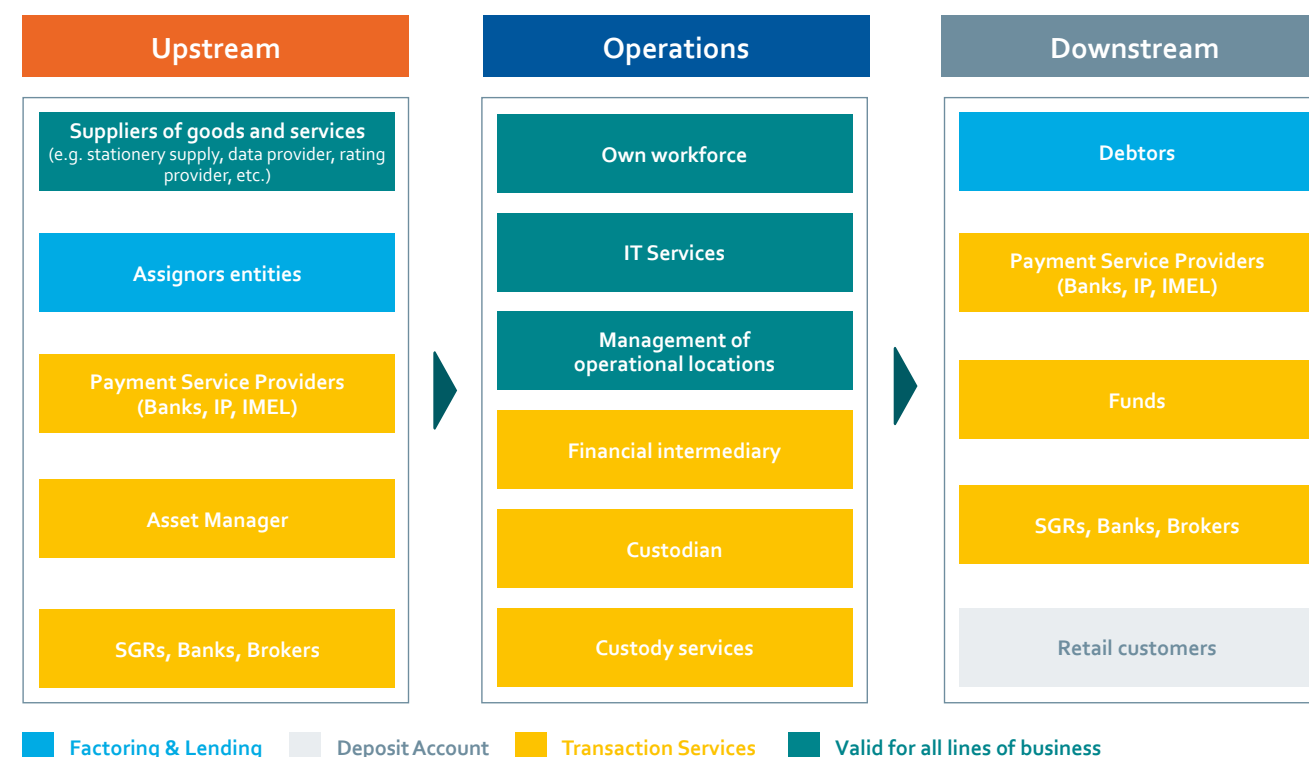
In addition to the above activities, the Group offers, as part of its business model, an online deposit account - a fixed-rate, captive savings product for retail and corporate/institutional customers. The Deposit Account is one of the Group's main funding channels.

The product is available in Italy ('Conto Facto'), Spain ('Cuenta Facto') and Poland ('Lokata Facto') and, as of 2025, also in Greece ('Prothesmiaki Facto'). The Spanish platform is also accessible to German, Dutch and Irish retail customers through 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, the customers of the Deposit Account are mainly retail customers.

In this context, considering the above and in compliance with the provisions of ESRS 2, the Group mapped its value chain (hereinafter 'value chain' or 'VC'), identifying different value chains for each business line, taking into account the specific characteristics of the financial services sector. The mapping also covers all the geographical areas in which the Group operates and all its relationships.

Subsequently, BFF identified the main clusters of stakeholders with which it maintains significant relationships (such as direct suppliers, debtors, etc.). Once the categories of stakeholders were identified, their positioning along the value chain of the corresponding business line was defined, as shown in the image below.



Therefore, within the scope of the BFF Group's activities, distinct value chains were identified on the basis of the Group's Business Units:

- ▶ **Factoring & Lending:** BFF identified assignors entities and debtors as its main stakeholders, respectively upstream and downstream in the value chain, as they are the main actors involved in non-recourse factoring activities;
- ▶ **Payments:** the Group provides intermediation services for payments, corporate payments, cheques and bills of exchange between banks and financial sector institutions. Therefore, Payment Service Providers are both upstream and downstream actors in the value chain;
- ▶ **Securities Services:** BFF identified asset managers, SGRs, banks and brokers as key stakeholders in the upstream segment of the value chain, and SGRs, banks, brokers and funds as stakeholders in the downstream segment.

The mapping also includes the **deposit account** activity of BFF, which mainly involves retail customers in the downstream segment of the value chain. In addition, the mapping process considered all the actors and activities involved in the Group's own operations, such as the workforce, IT services and the management of operational sites, to be considered as across the Group, since they are present in all the value chains described above. Finally, the process also considered direct providers of office services and materials.

With reference to BFF's offering, the Group, also as part of specific 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 Bank'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 June 27, 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.

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.

Instead, for information on the number of employees by geographical area, please refer to the chapter on own workforce and more specifically to 'S1-6 - Characteristics of the Undertaking's Employees'.

As regards total net revenue of €380,150,298⁵, please refer to the Consolidated Notes under 'Part L - Segment Reporting'.

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 in 2026 include the following:

- ▶ Develop the core businesses, in which the Group is a market leader, of the Factoring & Lending, Payments and Securities Services BUs;
- ▶ 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 13%;
- ▶ Efficiently manage past due items and calendar provisioning;
- ▶ 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.

On February 2, 2026, the Board of Directors of BFF, as part of the 2026 budget process, revised its financial targets, based on the lower growth of the loans portfolio and the performance of 2025 inflows. In particular, the following targets were defined:

- ▶ Adjusted Profit: approximately €160 million (previous target of approximately €240 million);
- ▶ Earnings Per Share: approximately €0.8 (previous target of approximately €1.3);
- ▶ Cost/Revenue ratio (%): less than 50% (previous target less than 40%);
- ▶ Return on Tangible Equity: approximately 24% (previous target greater than 40%).

Finally, it should be noted that the Group's new strategic plan will be presented during the second half of 2026.

The business remains structurally sound and profitable and is expected to continue generating growth in earnings and bring about robust capital generation.

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.

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

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 share)	Actual vs target
ESRS Sustainability Matters				
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	☑
		Relocation of the headquarters to a green building	2024	☑
		Data center migration	2024	☑
		Complete the green transition of BFF Bank's car fleet	2026	🔄
	Promote sustainable mobility – 2028	Start the transition of the Group companies' car fleet	2026	🔄
		Financed emissions monitoring	2025	☑
ENVIRONMENTAL DISCLOSURE	Ensure transparent reporting of the Group's sustainability performance	Alignment with international climate change standards - Climate Report (formerly TCFD ⁶)	2026	☑

☑ Achieved in 2025 🔄 Ongoing

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

- 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*'. More specifically, for the first year of the Plan (2023) timeframe, the Group completed initiatives mainly related to the integration of the requirements to be met by the Board of Directors and the Board of Statutory Auditors and the Strategic Plan with ESG objectives, the evaluation of sustainable finance instruments, the integration of the regulatory monitoring process in the area of sustainability as well as the training plan. In the second year of the Plan (2024) timeframe, initiatives were completed mainly concerning Risk Management and relating to evaluations on the integration of the process to identify material risks in order to also include climate and environmental risk factors, as well as the expansion of the activities of the Internal Audit and Compliance Functions. In 2025, the third and last year of the Plan timeframe, the remaining initiatives relating mainly to the integration of stress testing methodologies and the consequent possible definition of further specific risk mitigation strategies were completed, along with the integration of the information made available to the public. 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.
- Towards Carbon Neutrality:** The Group has defined and made a commitment to reducing the carbon footprint of its own operations (buildings) by 2026⁷. 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 to Casa BFF;
 - ▶ relocating the Bank's headquarters to a green building, an action completed in December 2024 with the relocation of the Parent 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, completed within scheduled times;
 - ▶ 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;
 - ▶ gradual alignment of the best practices for monitoring portfolio issues (*scope 3* issues, category 15), an action concluded in 2025 through the completion of the level of coverage of data relating to its exposures through an external *provider*.
- Environmental disclosure:** In order to consolidate its commitment to climate change and for greater transparency with its stakeholders, BFF completed activities to prepare its first Climate Report at Group level in accordance with TCFD guidelines, one year ahead of the target year of 2026. In fact, in November 2025 BFF published its first Climate Report on the institutional website.

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.

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

SOCIAL



Area	Target	Action	Target year (per share)	Actual vs target
ESRS Sustainability Matters - CLIMATE CHANGE (E1)				
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	🟡
EMPOWERMENT 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	🟡
	Fund projects with high social impact, in keeping with the Group's ESG strategy	Placing of two social bond issues, based on the Social Bond Framework published in 2023	2024	🟢

🟢 Achieved in 2025 🟡 Ongoing

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:

- 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. BFF continues 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.
- Empowerment 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 scheme⁸. The percentage of beneficiary employees in the first tranche of the LTI 2025 program was 28.2%.
- Well-being of affected communities:** in order to consolidate its commitment to community relations and ensure the well-being 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 two Social Bond issues in 2024. These Social Bonds provide 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'.

8 Long-Term Incentive

GOVERNANCE



Area	Target	Action	Target year	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	
ESRS Sustainability Matters - BUSINESS CONDUCT (G1)				
ACCOUNTABILITY	Maintain a low-risk ESG profile	Expansion of the rating coverage and improvement of current scores	Recurring target	
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	2025	

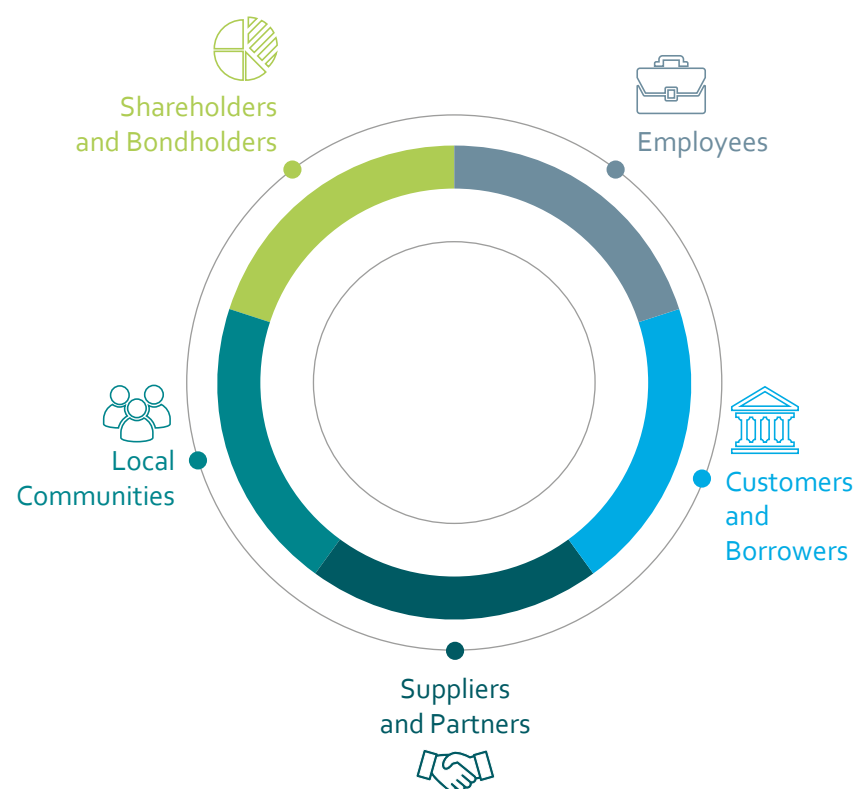
Achieved in 2025 Ongoing

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:** to ensure the monitoring, measurement and mitigation of the negative impacts connected to its operations, also in line with regulatory developments, the Group reviewed the selection and evaluation process for its supply chain in 2025, supplementing the process for the accreditation and evaluation of its suppliers with ESG factors within its supplier portal, reaching the target in 2025 and keeping to the planned timelines.
- 2. Accountability:** BFF also continued to develop its dialog in 2025 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, with an ongoing annual commitment.
- 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. Specific planning was therefore carried out in 2025, with the aim of conducting a gap analysis on the requirements of the six principles. However, it should be noted that considering BFF's specific business, and more particularly, its portfolio, consisting mainly of counterparties of the Public Administration, the Group is carrying out further assessments to understand its actual eligibility.
- 4. Policy:** in order to formalize its sustainable practices adopted by the Group and maintain high levels of transparency, BFF has set three goals, of which two achieved in 2024 and one in 2025. 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. In addition to the above, the Group adopted the ESG Procurement Policy in June 2025, which sets out the commitments and rules for the evaluation of 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 ESG engagement.

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.

June 2025 saw the administration of the fourth 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 2025, 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 Borrowers: working to ensure a consistently high level of customer service is an integral part of the Bank'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 have been expanded as the survey is now also carried out in Italy, Spain, Portugal and Greece; since 2020, several questions linked to ESG issues have also been included and in 2022 the initiative was extended to the Transaction Services Department. 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 2025, 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. In 2025, the cultural initiatives promoted by BFF culminated in the creation of the BFF Gallery: a museum area at Casa BFF - the bank's new headquarters in Milan since 2024 - open to the public free of charge, and dedicated to promoting knowledge of Italian art and culture, sharing the works in the BFF Collection. The museum's objective is to create a virtuous and open system of exchange and sharing of knowledge, fostering dialogue and offering the public a comprehensive, accessible, and high-quality scientific program. The BFF Gallery opened on April 2, 2025, with the exhibition 'Baj + Milton. Paradiso Perduto. I paradossi della libertà' (Baj + Milton. Paradise Lost. The paradoxes of freedom). This was followed by a second exhibition: 'Città. Voci e visioni. Immaginari urbani tra memoria e contemporaneità', ('The City. Voices and Visions. Urban imagery between memory and contemporaneity'), inaugurated on October 30 and running until April 2026. Both exhibitions were sponsored by the Ministry of Culture, the Region of Lombardy and the Municipality of Milan, District 8.

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 allows 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. With specific reference to the Engagement Policy and following the publication of the recommendations made by the Chair of the Corporate Governance Committee to listed companies, BFF will supplement the current Policy during 2026 with dialogue targeting categories of existing stakeholders.

In detail, during 2025, 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 10, May 8, August 5, and November 10, 2025. Audio recordings of these conference calls are available on the BFF Group's website;
- ▶ 1 sell-side analysts update call, only for research analysts who cover the share, after the publication of the press release '*BFF receives notice from the Bank of Italy on the removal of the bans and assignment of SREP requirements*' held on November 2, 2025;
- ▶ 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;
- ▶ 15 equity conferences (for equity investors) organized in different financial centers, including Milan, London, Paris, Berlin and New York by leading market operators, brokers and investment banks;
- ▶ 1 debt conference (for bond investors) organized in London by Morgan Stanley and in which the Bank took part virtually.

In addition, following requests received from time to time from the Bank's various stakeholders:

- ▶ 94 one-to-one audio/videoconferences were held on digital platforms;
- ▶ 16 in-person meetings not related to the roadshows and conferences mentioned above were held, mainly at BFF's offices in viale Lodovico Scarampo.

During 2025, 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 365. In comparison, during 2024 the total number of encounters per account subject to engagement was about 445. It should be noted that the data for 2024 were strongly influenced by the announcement of the Bank of Italy's findings and consequent requests for clarification.

Lastly, in view of the Shareholders' Meeting held on April 17, 2025, 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 notice for convening the Shareholders' Meetings and the instructions for participating in these Meetings;
- ▶ 13 one-to-one video conferences on digital platforms in March and the beginning of April 2025, 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 December 2025, in preparation for the Shareholders' Meeting in April 2026, 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 8 video conferences (including 6 with shareholders and 2 with Proxy Advisors) with one-to-one discussions on digital platforms, which were followed up by e-mails with further clarifications and discussion. A further 4, one-to-one and group comparison sessions were held in January 2026.

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.

In addition to the above, BFF actively involved the following categories of stakeholders in the double materiality assessment, during 2025, with the aim of investigating the materiality of sustainability issues:

- ▶ Top Management;
- ▶ Employees;
- ▶ Customers;
- ▶ Suppliers;
- ▶ Local communities.

For more details on this activity, please refer to the chapter '*Management of impacts, risks and opportunities*'.

In the context of its stakeholder engagement, the Group has not identified any elements requiring it to change or update its strategy.

Impact, risk and opportunity management

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

In keeping with the provisions of the Corporate Sustainability Reporting Directive (the 'CSRD'), the BFF Group updated the Double Materiality assessment, with the aim of identifying the sustainability issues (or 'sustainability matters') relevant to the reporting of this document. This update confirmed the continuity with the previous year, without highlighting changes in the material topics already identified.

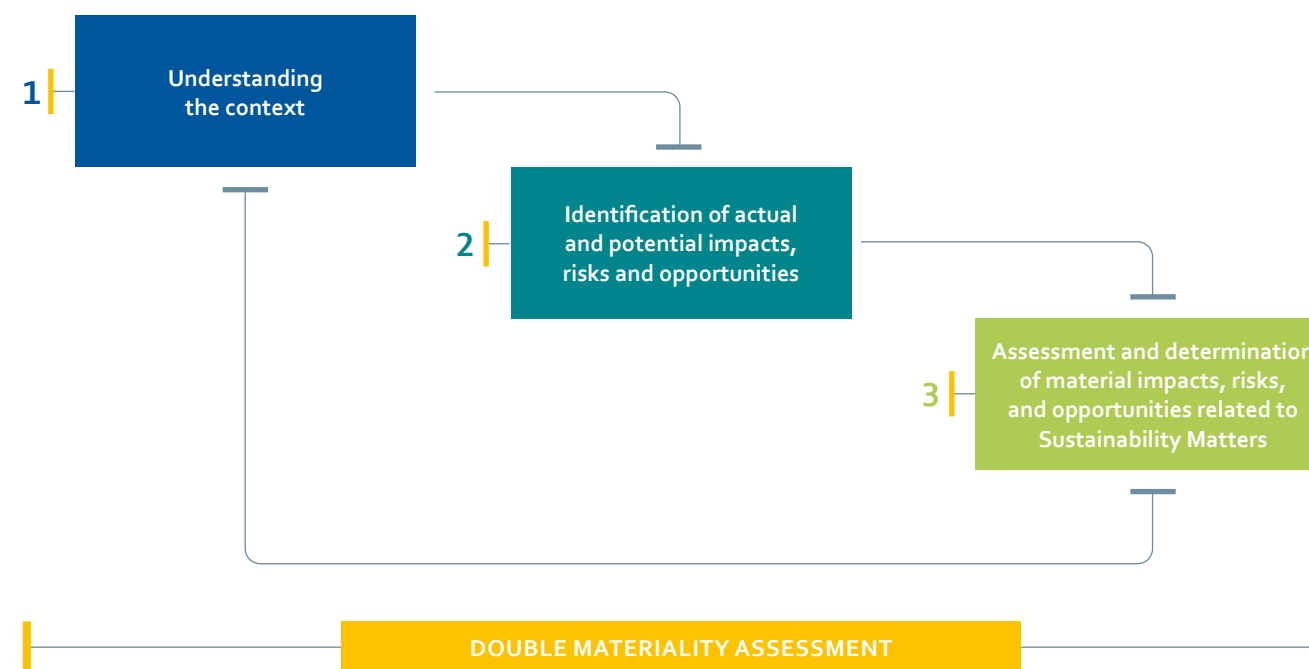
However, a new material sub-topic was detected for the purposes of impact materiality, attributable to ESRS G1 'Management of relationships with suppliers, including payment practices'. In addition, the analysis conducted in 2025 did not confirm the materiality of the sub-topics relating to ESRS S2 'Other work-related rights' and 'Equal treatment and opportunities for all', nor of the sub-topic 'Other work-related rights' provided for by ESRS S1 'Own workforce'. However, it should be noted that the materiality of the sustainability topics 'Own workforce' and 'Workers in the value chain' has been confirmed, so these continue to be monitored as part of the sustainability reporting process.

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 potentially able to affect the Group's financial performance in the short-, medium- or long-term from an outside-in perspective. During 2025, the Group further consolidated and refined the approach already adopted in previous years, in line with the actions taken last year, in relation to the requirements introduced by the CSRD; these requirements provide, among other things, for the Double Materiality assessment to be supplemented with a systemic assessment of the IROs applicable to the value chain.

In this regard, the Group analyzed its Value Chain to identify the main activities and related stakeholders of each phase. BFF'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 EFRAG guidelines⁹, the process is as follows:



1) Understanding the organization's context:

Building on the previous year, a preliminary analysis was carried out that included the mapping of the main European regulations, reconciling their relevance with the material topics covered by the ESRS. In parallel, and in line with EFRAG's recommendations, the Group identified all the categories of stakeholders BFF has dealings with, based on benchmarking. Using this initial mapping, the main categories of stakeholders to be involved in the Double Materiality assessment were then identified, allowing for the analysis of stakeholders relevant to BFF and defining their role along the value chain. Based on this analysis, a targeted engagement strategy was identified, which included the use of tools such as questionnaires and workshops, with the aim of collecting feedback, promoting dialogue and ensuring an approach consistent with reporting best practices.

BFF also carried out the 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.

⁹ EFRAG (the European Financial Reporting Advisory Group) is the body responsible for drafting the European Sustainability Reporting Standards (ESRS).

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

In keeping with previous years, 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. The assessment was conducted considering all topics and sub-topics in order to assess the materiality of each topic covered within the Standards.

With reference to impact materiality, the Group adopted the double perspective already applied in 2024, in order to capture BFF's specific aspects, both in terms of operations and the Group's portfolio:

- ▶ **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.

The methodology adopted to identify risks related to sustainability topics took into account the results of the climate risk analyses carried out as part of the ICAAP/ILAAP update, conducted during the 2024 financial year by the Risk Management Function. The process defined during 2024, and more structured in 2025, involved identifying and updating the main risk drivers by consulting the risk catalogue identified with the support of the Risk Management Function, and selecting the main transmission channels. This analysis included risk mapping, also considering any reliance on the external context and the potential risks arising from negative impacts¹⁰. The risks were then associated with one of the ESRS sub-topics, in order to identify the best connection between the drivers and the sub-topics. Opportunities, on the other hand, were identified considering the content of the Group Strategic Plan and the positive impacts mapped in the DMA process that can generate positive financial effects (e.g. increased profitability, reputational advantage, etc.).

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

The BFF Group confirmed the adoption of the model for assessing impacts, risks and material opportunities, consistent with the framework and methodologies provided by EFRA, maintaining the methodological approach already adopted in 2024. As stated in the previous phase, the impact materiality analysis, with an inside-out perspective, was conducted taking into account two levels: the Business perspective and the Operations perspective. With reference to the Operations perspective, the impacts generated by the Group's activities were analyzed, attributing an initial score based on the typical performance of financial institutions, subsequently adapted to the specific aspects of BFF. To ensure a most robust assessment process, the Group considered the sectoral assessments carried out by UNEP FI, with particular reference to the estimation of the degree of 'irremediability' of adverse impacts through the UNEP FI Irremediability Map. In parallel, the Business perspective examined the sectoral exposures of the Group's portfolios (Factoring & Lending, Securities Services and Transaction Services), integrating the analyses conducted through the UNEP FI tool with the results of the materiality assessment conducted by MSCI's ESG Industry Materiality Map frameworks and S&P Global Ratings' Materiality Map for the financial sector. In addition, compared to last year, the 2025 DMA involved different categories of stakeholders in a structured way. This involvement had a dual objective: on the one hand, to guarantee the representativeness of the main actors along the Group's value chain; on the other hand, to integrate their considerations into the assessment of the materiality of the impacts. Engagement took place through direct involvement, with a questionnaire, interviews and workshops, and also through indirect involvement, with desk analysis of the ESG report published by institutional investors, taking into account the policies limiting their active participation.

More specifically, stakeholder engagement involved the following categories:

- ▶ Top Management, through workshops;
- ▶ Employees, with a questionnaire;
- ▶ Customers, with a questionnaire and interviews;
- ▶ Suppliers, with a questionnaire;
- ▶ Institutional investors, through desk analysis;
- ▶ Fast Forward Foundation, with a questionnaire.

The questionnaire included a number of questions on different topics consistent with the ESRS, defined on the basis of the skills and the role of the category of stakeholders, to ensure maximum relevance with respect to the relationship with the Group. The evidence collected was integrated into the impact materiality assessment process, helping to identify and prioritize the most significant aspects.

¹⁰ 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.

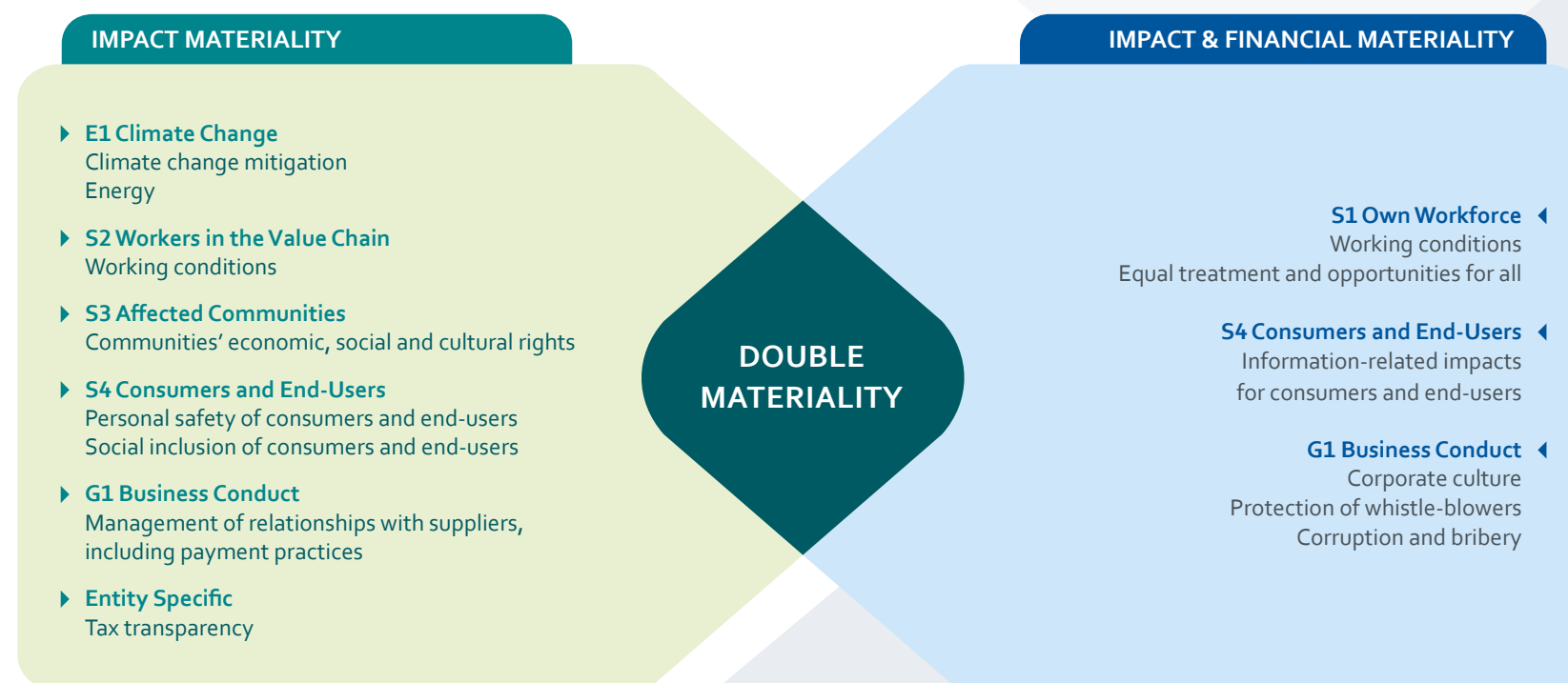
Below is a structured, summary representation of stakeholder engagement.

Stakeholder category	Number of participants	Method of engagement	Tool used	Sustainability topics assessed
Top Management	13	Direct	Workshop	This category of stakeholders was asked about the following ESRS topics: - Climate change (E1) - Own workforce (S1) - Workers in the value chain (S2) - Affected communities (S3) - Consumers and end-users (S4) - Business conduct (G1)
Customers – Transaction Services	25	Direct	Surveys/Interviews	This category of stakeholders was asked about the following ESRS topics: - Climate change (E1) - Own workforce (S1) - Workers in the value chain (S2) - Affected communities (S3) - Consumers and end-users (S4) - Protection of customer data and information (S4) - Social inclusion of end customers (S4) - Business conduct (G1)
Customers – Factoring	25	Direct	Surveys/Interviews	This category of stakeholders was asked about the following ESRS topics: - Climate change (E1) - Own workforce (S1) - Workers in the value chain (S2) - Affected communities (S3) - Consumers and end-users (S4) - Protection of customer data and information (S4) - Social inclusion of end customers (S4) - Business conduct (G1)
Employees Italy	219	Direct	Survey	This category of stakeholders was asked about the following ESRS topics: - Climate change (E1) - Own workforce (S1) - Consumers and end-users (S4) - Business conduct (G1)
Foreign Employees	129	Direct	Survey	This category of stakeholders was asked about the following ESRS topics: - Climate change (E1) - Own workforce (S1) - Consumers and end-users (S4) - Business conduct (G1)
Suppliers	5	Direct	Survey	This category of stakeholders was asked about the following ESRS topics: - Climate change (E1) - Workers in the value chain (S2) - Business conduct (G1)
Investors	11	Direct	Desk analysis	For this category of stakeholders, the main sustainability topics were analyzed, in line with the provisions of the ESRS. The analysis considered all environmental, social and governance ESRS sub-topics in order to assess their materiality with respect to BFF's business. In particular, the analysis considered the following: - Climate change (E1) - Own workforce (S1) - Workers in the value chain (S2) - Consumers and end-users (S4) - Business conduct (G1)
Foundation	1	Direct	Survey	This category of stakeholders was asked about the following ESRS topics: Affected communities (S3)

For the assessment of financial materiality, on the other hand, the effect generated by the identified risk drivers was considered based on the analyses conducted by the Risk Management function for the Group's prudential risk categories. This process took into account the parameters required by the standards, and namely the financial magnitude - the potential extent of the financial effects generated on BFF - considering the contribution of the risks and opportunities identified and the probability of their occurrence. In addition, with reference to the financial magnitude of the risk drivers, the assessments carried out as part of the update of the ICAAP/ILAAP 2024 report were included. Similarly, the opportunities were identified on the basis of the initiatives and objectives outlined in the Group's ESG Strategic Plan. For each opportunity, a possible link to a financial statements item affected by the financial effect was identified, applying the same valuation logic adopted for risks. The assessments were expressed by considering only those mitigation actions already in place, from a prudential perspective. Specifically, the magnitude was assessed for each of BFF's prudential risk categories by considering, for DMA purposes, the highest score 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). 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. In this context, the final score for the Business context was determined mainly considering the sectoral exposure of the Group's portfolio and also the materiality assessments of the MSCI and S&P Global Ratings frameworks on the financial sector. Following the identification of material IROs, the Group identified topics and sub-topics relevant for the disclosure. A topic was considered to be relevant if material in terms of the impact materiality, financial materiality, or both. Finally, the topics and sub-topics were shared with the ESG Committee, the Chief Executive Officer, the Control and Risks Committee, the Board of Statutory Auditors and the Board of Directors for the 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. Finally, in keeping with the previous year, BFF confirmed the materiality of the entity-specific issue of Tax Transparency with reference to the identified impact associated with it. The identification of an 'entity-specific' topic is regulated in ESRS, which state that if a material impact is not adequately represented in the topics and sub-topics of the standards, the company may disclose it as 'entity-specific' information.

Material impacts, risks and opportunities resulting from the materiality assessment

Below is the list of topics identified as material for the Group in 2025 at the level of topics and sub-topics, from the perspective of impact materiality and/or financial materiality.



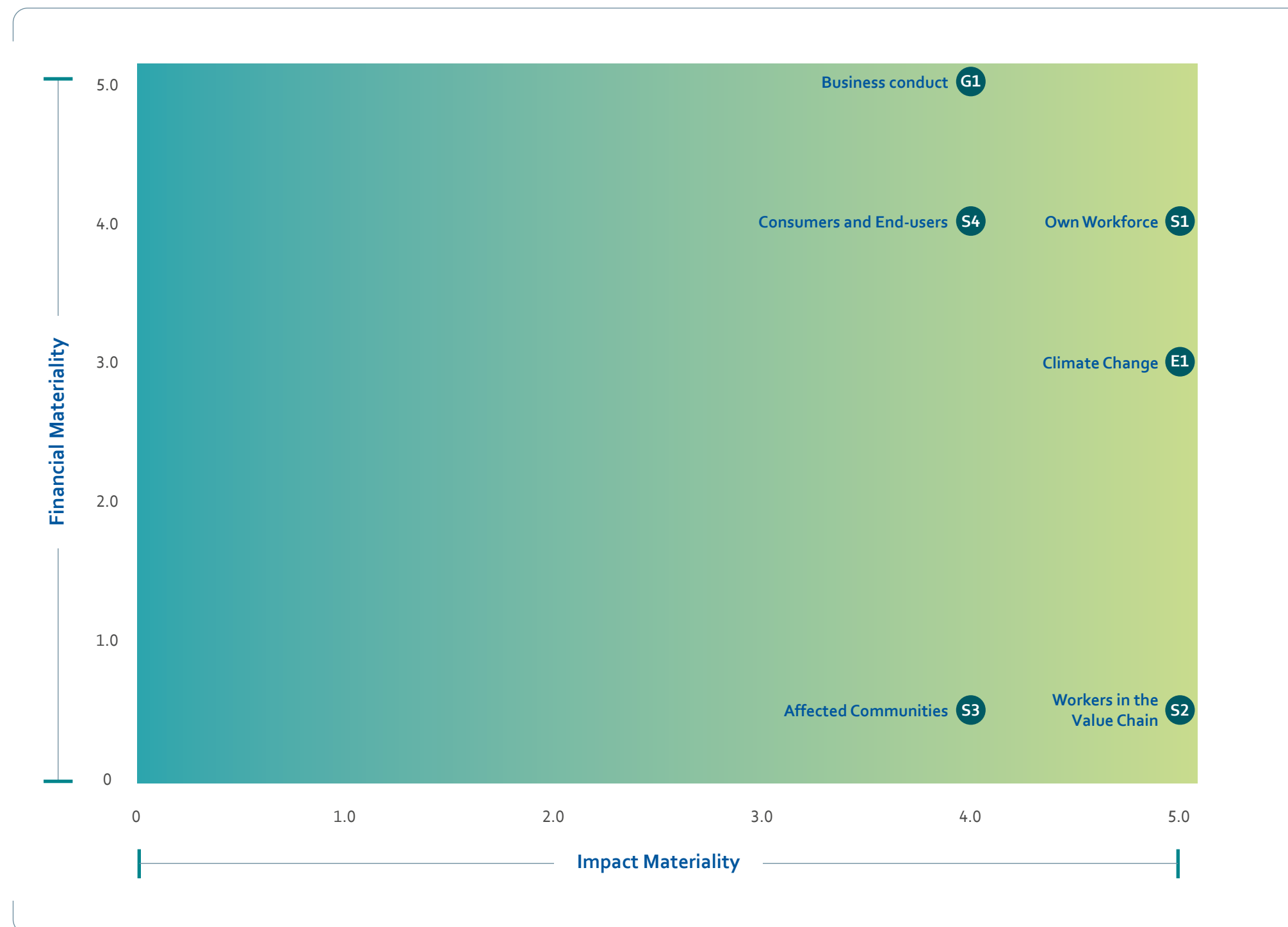
In addition to actions taken last year, during 2025 the materiality of sustainability topics was determined considering the reference IROs, through the use of a materiality matrix, consisting of two axes: the y axis, with the assessments relating to financial materiality, and the x axis, with the results relating to the impact materiality.

Based on this, the most strategic areas for the Group were identified, taking into account the scores attributed in the Double Materiality assessment.

It should be noted that 'strategic relevance' refers to the material topics considered most relevant to the Group and which contribute to the identification of strategic priorities in the area of sustainability. The results obtained identified the following order of strategic relevance of sustainability topics:

- ▶ G1 – Business conduct¹¹;
- ▶ S1 – Own workforce;
- ▶ S4 – Consumers and end-users
- ▶ E1 – Climate change;
- ▶ S2 – Workers in the value chain;
- ▶ S3 – Affected communities.

MATERIALITY MATRIX OF THE MATERIAL TOPICS



¹¹ For the purposes of representing the materiality matrix, the Entity- Specific topic Tax Transparency was considered appropriate to include under the topic Business Conduct.

Finally, the following table shows the list of material IROs according to the different analysis perspectives, as well as their effect on the Group's value chain and the related time horizon.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP) ¹²	Business Perspective (VC) ¹³	Risks (OP)	Opportunities (OP)
Topic: ESRS E1 - CLIMATE CHANGE			
/ ¹⁴	Negative impact deriving from the exposures in the portfolio (F&L Loans) and from the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on climate change mitigation (S¹⁵) Positive impact deriving from exposures in the portfolio (F&L Loans) to counterparties operating in sectors with positive impacts on climate change mitigation (S) Positive impact deriving from exposures in the portfolio (F&L Loans) to counterparties operating in sectors with positive impacts on Energy (S)	/	/
Topic: ESRS S1 – OWN WORKFORCE			
Positive impact on employee well-being and pay equity, thanks to the integration of these values into remuneration and incentive policies (S)	Negative impact deriving from exposures in the portfolio (F&L Loans) and from the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on the topic of equal treatment and opportunities for all (S)	Risk related to the working conditions of own workforce (i.e., increased demand for qualified personnel from competing firms; regulatory developments; market requests) (M/L)	Opportunity related to promoting the mental well-being of own workforce through ad hoc initiatives (S)
Positive impact on the development of human capital, thanks to training programs that strengthen skills, leadership and company culture in an inclusive and motivating environment (S)	Negative impact deriving from exposures (F&L Loans) and from the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on working conditions (S)	Risk related to the working conditions of own workforce (i.e. limited value placed on the workforce both in terms of inclusion and skills development, internal conflict, difficulties in managing resources and the mismatch between available skills and business needs) (S)	Opportunity related to an improved perception of BFF, as a company focused on Diversity & Inclusion, benefiting its reputation and attractiveness (S)
Positive impact on the work environment that promotes and enhances cooperation, inclusiveness and well-being of own people (S)	Positive impact deriving from the offer of services (intermediation of payment services and custodian bank activities) to financial companies operating in sectors with positive impacts on equal treatment and equal opportunities (S)	Risk related to non-compliance with equal treatment of own workforce, which is increasingly relevant at a regulatory and social level (S)	Opportunity related to the ability to attract and retain skilled labor through human capital enhancement activities (S)
Topic: ESRS S2 - WORKERS IN THE VALUE CHAIN			
/	Negative impact deriving from the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on working conditions (S)	/	/
Topic: ESRS S3 - AFFECTED COMMUNITIES			
Positive impact on the well-being of communities, through cultural and social initiatives that promote collective growth and sustainable development (S)	/	/	/

¹² OP: Prospettiva Operation

¹³ VC: Value Chain

¹⁴ "/": It should be noted that no material IROs have been identified

¹⁵ S: Short-term; M: Medium-term; L: Long-term.

IMPACT MATERIALITY		FINANCIAL MATERIALITY	
Operations Perspective (OP) ¹²	Business Perspective (VC) ¹³	Risks (OP)	Opportunities (OP)
Topic: ESRS S4 - CONSUMERS AND END-USERS			
Negative impact on the protection of personal data, with the risk of the unauthorized dissemination of sensitive customer information due to an inefficient management of security systems (S)	Negative impact deriving from exposures in the portfolio (F&L Loans) with counterparties operating in sectors that have negative impacts on the personal safety of consumers and/or end-users (S)	Risk related to changes in applicable regulations regarding customer preferences (S)	/
Positive impact on the well-being of customers, guaranteed by quality financial services and relationships based on trust, transparency and active engagement (S)	Positive impact deriving from exposures (F&L Loans), from the offering of services (F&L Assignors) and from intermediation activities of payment and custodian bank services, with counterparties operating in sectors that make a positive contribution to the social inclusion of consumers and/or end-users. (S)	Risk related to the sudden change in the preferences of external and internal stakeholders and level of market confidence (S)	
	Negative impact deriving from exposures (F&L Loans), from the offering of services (F&L Assignors) and from intermediation activities of payment and custodian bank services, with counterparties operating in sectors that make a negative contribution to the social inclusion of consumers and/or end-users (S)	Risk related to poor customer privacy protection and low quality of services offered (S)	
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 (S)	/	Risk related to changes and technological advances, as well as the failure to adopt updated IT structures capable of ensuring transparent communication, with possible reputational damage (M/L)	/
Positive impact related to the contribution to and 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 (S)		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 (S)	
Positive impact on responsible governance, through the promotion of practices focused on transparency, integrity and alignment with international standards (S)		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. (S)	
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) (S)			
Positive impact on the economic soundness of its suppliers through sustainability criteria in selection and a responsible management of business relationships. (S)			
Positive impact on company culture and reputation, thanks to initiatives that promote integrity, ethical awareness and transparency, consolidating responsible behavior among employees and external staff (S)			
Topic: TAX LIABILITY			
Positive impact linked to the sustainable development of the Bank through tax compliance (L)	/	/	/

¹² OP: Prospettiva Operation

¹³ VC: Value Chain

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. In fact, 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.

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.

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. 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 behaviors¹⁶.

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, in line with the expectations of the Supervisory Authority, the Group has developed a qualitative-quantitative analysis process aimed at assessing the materiality of climate-related and environmental risk factors, in order to identify their potential impact on its business model and risk profile. Consistent with the EBA Guidelines, this exercise is conducted annually and integrated within the ICAAP/ ILAAP Report. 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'.

Consistent with what has been stated by the Directors in the Notes to the Consolidated Financial Statements (Part A – Accounting Policies, Section 2 – General principles of preparation – Information concerning the going concern assumption), and with specific reference to the economic and financial information contained in this Report, it should be noted that events and circumstances exist which give rise to significant uncertainty that may cast substantial doubt on the Group's ability to continue as a going concern starting from 2028, in the absence of external initiatives. For further details, including the underlying assumptions and the approved mitigating actions, reference should be made to the aforementioned paragraph.

¹⁶ 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.

Governance

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

BFF adopts the traditional governance model. Strategic supervision and business management are entrusted to the Board of Directors which resolves on strategic guidelines, defines the overall governance structure and approves the Bank's organizational structure, verifying its proper implementation on an ongoing basis and promoting timely corrective measures in the face of any shortcomings or inadequacies, while the Board of Statutory Auditors is entrusted with control functions. Both the Board of Directors and the Board of Statutory Auditor are appointed by the Shareholders' Meeting.

This governance model combines the efficiency of management with the effectiveness of controls, encouraging necessary dialogue between the executive and strategic supervision functions of the Board of Directors and the Board of Statutory Auditors which, although not a part of the Board of Directors, takes part in its discussions and is invited to participate in the meetings of all the board committees, also with a view to streamlining information flows, having access to all the documentation.

The Board of Directors has four board committees: the Remuneration Committee; the Nominations Committee; the Control and Risks Committee; and the Related Party Transactions Committee.

Corporate governance also requires the Board of Directors to appoint from its members a Chief Executive Officer.

The current Board of Directors has nine members (4 women and 5 men), of whom two hold an executive position, 6 are independent and one holds a non-executive position; 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

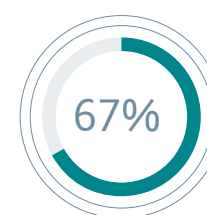
NAME	OFFICE HELD IN BFF	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
Ranieri de Marchis	Chairperson			✓
Anna Kunkl	Deputy Chairperson			✓
Massimiliano Belingheri ¹⁷	Chief Executive Officer	✓		
Alexia Ackermann	Director			✓
Guido Cutillo	Director			✓
Domenico Gammaldi	Director	✓		
Mimi Kung	Director			✓
Susana Mac Eachen	Director			✓
Piotr Enryk Stepniak	Director		✓	

The qualitative and quantitative composition of BFF's current Board of Directors adequately reflects 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 September 30, 2024. This Policy sets out and formalizes the criteria adopted by the Bank to guarantee an adequate diversity of corporate bodies, and 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 point of view. The Policy is reviewed and, if necessary, updated on an annual basis, including with the help of external professionals, based on the proposal of the Nominations Committee.

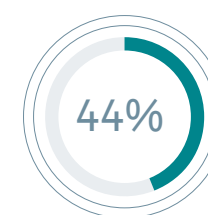
Any revision of the Policy takes into account the results of the annual Self-Assessment process, in compliance with the Supervisory Provisions for banks, and is aimed at capturing and anticipating the Bank's changes, so as to take them into account in identifying the best board composition requirements.

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.

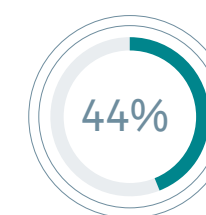
Currently BFF's Board of Directors has an adequately diverse composition in terms of professional experience, gender, international profile and independence.



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 2025 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.

¹⁷ On February 2, 2026, Massimiliano Belingheri stepped down from his position as Chief Executive Officer, while remaining a non-executive Director of the Board of Directors. At the same time, the Board of Directors of BFF Bank appointed Giuseppe Sica as General Manager, giving him all powers previously exercised by Massimiliano Belingheri. Moreover, on March 17, 2026, the Board of Directors resolved to co-opt Giuseppe Sica in his capacity as Director, appointing him as Chief Executive Officer. Giuseppe Sica will also continue to act as General Manager, appointed to this position in February 2026. Massimiliano Belingheri, on the other hand, stepped down from his position as non-executive Board Member.

DETAILS OF THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

UM no.

2025																	
	Male				Female				Other				Not reported				Total
	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	
Board of Directors	-	2	2	1	-	3	1	-	-	-	-	-	-	-	-	-	9
Executive members	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	2
Of which non-independent executive members	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	2
Non-executive members	-	1	2	-	-	3	1	-	-	-	-	-	-	-	-	-	7
Of which non-independent non-executive members	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Of which independent non-executive members	-	1	1	-	-	3	1	-	-	-	-	-	-	-	-	-	6
Sole director (CEO)	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Board of statutory auditors	-	1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	3
Of which non-executive members	-	1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	3

DETAILS OF THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

UoM no.

2024																	
	Male				Female				Other				Not reported				Total
	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	
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
Sole director (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 %

2025										
	Male					Female				
	30 - 50	51 -60	61-70	>70	TOTAL	30 - 50	51 -60	61-70	>70	TOTAL
Board of Directors	0%	22%	22%	11%	56%	0%	33%	11%	0%	44%
Of which executive members	0%	11%	0%	11%	22%	0%	0%	0%	0%	0%
Of which non-executive members	0%	11%	22%	0%	33%	0%	33%	11%	0%	44%
Chief Executive Officer (CEO)	0%	100%	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	0%	25%	25%	8%	58%	0%	33%	8%	0%	42%

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

UoM %

	2024									
	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%
<i>Of which executive members</i>	11%	0%	0%	0%	11%	0%	0%	0%	0%	0%
<i>Of which non-executive members</i>	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%
<i>Of which non-executive members</i>	0%	33%	33%	0%	67%	0%	33%	0%	0%	33%
Total	8%	17%	25%	8%	58%	0%	42%	0%	0%	42%

The Board of Directors is composed 67% by Independent Directors, down slightly from 2024 when the Independent Members represented 78%. As of January 1, 2025, in fact, Mr. Gammaldi has been an executive member, taking on the position of AML Officer, which by its nature is an executive position.

PERCENTAGE OF INDEPENDENT MEMBERS OF THE ADMINISTRATIVE BODY

UoM %

	2024	2025
Independent members	78	67
Non-independent members	22	33
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.

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, the Board of 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.

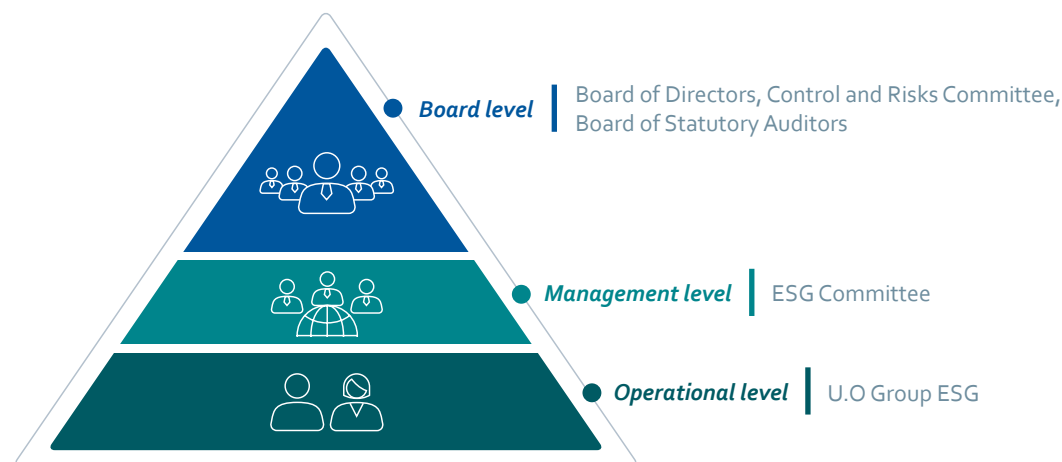
In particular, the set of professional skills (skills matrix) of the Board of Directors as a whole – in terms of experience and professional backgrounds distributed and balanced among the various Directors, so that the Board encompasses a significant number of such skills and ensures they are complementary – is the following:

SKILLS AND EXPERIENCE OF MEMBERS OF THE BOARD OF DIRECTORS

1. Financial Markets	#9
2. Banking and financial regulation	#9
3. Guidelines and strategic planning	#9
4. Organizational and corporate governance structures	#9
5. Risk management	#9
6. Internal control systems and other operational mechanisms	#8
7. Banking and financial activities and products	#8
8. Accounting and financial reporting	#8
9. Information technology	#8
10. Knowledge of the banking industry, the dynamics and economic and financial system, banking and financial regulation, and risk management and control methodologies, acquired through many years of experience in administration, management and control in the financial sector.	#8
11. Management of 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.	#7
12. Business and business organization management	#7
13. Reading and interpreting economic and financial data	#7
14. International experience and knowledge of foreign markets	#7
15. Business in which the Bank and its subsidiaries operate, also with regard to its future developments, and, therefore, with proven experience in the sectors of securities services and payment infrastructure services, with specific know-how of new markets and business lines	#7
16. Financial markets and strategic planning, awareness of the strategic business guidelines or the business plan of a credit institution and its implementation	#7
17. Extraordinary finance and business development transactions for acquisitions, as well as Partnership agreements	#7
18. ESG	#7
19. AML	#6
20. Information and communication technologies, including digital-fintech innovation and cybersecurity	#6
21. Business management and organization, also regarding human resources management, including remuneration and incentive systems, operations and information systems, mainly in the banking sector	#6
22. Assessment of credit risk and financial risks	#6
23. NPL Management	#6
24. Banking accounting	#5
25. PA dynamics	#4
26. Knowledge of the international market, in particular, with reference to the Eastern European markets in which the Bank's subsidiaries operate and, in general, the BFF Group (Poland, Czech Republic, Slovak Republic, and Croatia)	#3

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 Bank'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:

- ▶ 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. Specifically, 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/her duties:

- ▶ 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 risk management process, in order to identify, measure, manage and monitor them. The Function also prepares comprehensive reports on the type and level of materiality of the ESG risks to which the Group 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 of 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 2025, all the 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. Besides attending the meetings of the Control and Risks Committee and the Board of Directors, the Board of Statutory Auditors met five times in 2025 to deal with specific sustainability issues and in particular the following:

- ▶ on March 26, 2025, to examine the certification report on 2024 sustainability reporting;
- ▶ on June 25, to examine the Bank's ESG Policy;
- ▶ on July 30, to discuss its observations on the management letter, regarding the part on sustainability.
- ▶ on November 27, 2025, to approve the results of the Double Materiality Assessment;
- ▶ on December 18, 2025, to discuss the 2026 budget guidelines.

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.

The ESG Management Committee met twice during 2025. In this context, the ESG Strategic Plan was brought to the Committee's attention, and more specifically, the as-is status at June 2025, with the primary goal of sharing the ESG Procurement Policy, in addition to details of the remaining objectives for 2025. Secondly, the ESG Committee met in November 2025 to discuss and collect the evaluations of members, with reference to the results of the Double Materiality Assessment.

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 2023-2026¹⁸. 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.

In particular, 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 EBTDA^{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 two 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 organizational 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;
- ▶ 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 refer to the relationship between remuneration and management performance, with the use of measurable indicators that emphasize the long-term interests of the Bank 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 (EBTDA^{RA} or 'RA EBTDA') with an on-off function of the MBO plan. The maximum opportunity is 130% of Fixed Remuneration (excluding benefits) of which a maximum of 10% may come from achieving sustainability goals. The objectives identified for 2025 are Customer Satisfaction, to improve customer relationships, and the ESG Plan 2025 composed of 5 ESG drivers (Integration of environmental climate risks, Principles for Responsible Banking, Netting strategy, Climate Report and ESG Procurement Process);
- ▶ a medium-/long-term incentive plan (called the long-term incentive plan), with the percentage linked to sustainability targets equal to 10%, adding the 'Carbon Footprint' as the ESG KPI.

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.

¹⁸ On February 2, 2026, the Board of Directors of BFF, as part of the 2026 budget process, revised its financial targets, based on the lower growth of the loans portfolio and the performance of 2025 inflows (for more details see the section 'SBM-1 - Strategy, Business Model and Value Chain').

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 end customers and consumers
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 workers in the value chain, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and the 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 ESRS S4 Entity-specific metric – Substantiated complaints concerning breaches of customer privacy and losses of customer data

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 further strengthened the system of internal controls to make it more suitable to continuously identify, measure and verify the typical risks related to Sustainability Reporting of the Group's activities.

In fact, in light of the requirements of Legislative Decree 125/2024, it has become necessary for the Group to extend the perimeter of the Financial Reporting Officer's control model to include sustainability reporting. Besides other obligations and implications, the Decree extends the powers of the Financial Reporting Officer by requiring certification also on sustainability reporting.

In this context, the BFF Group, building on the previous year, has embarked on a path aimed at defining a control model capable of acting at different levels.

During 2024, the Board of Directors of BFF, by special resolution, extended the powers of the current Financial Reporting Officer to cover the Sustainability Report, including the certification of the 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 has therefore configured an Internal Control System to provide reasonable certainty of the information contained in the Sustainability Report, extending the control model implemented by the Financial Reporting Officer also to Sustainability Reporting. This extension was achieved by setting up a specific methodology to borrow the components of the control model adopted in the financial sector and use them for the environmental, social and governance data included in the Consolidated Sustainability Report.

The Sustainability Report Control System model is inspired by 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 published additional guidance for organizations¹⁹ to achieve effective internal control over sustainability reporting (ICSR), using 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 Bank 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.

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

During 2025, the Group continued the process to design, establish, implement, manage, and assess the Group's internal control and risk management system (already started the previous year), 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 sustainability data. Therefore, the reliability of sustainability 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 continual 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 Sustainability Report 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.

During the first implementation of the control model - in 2024 - an in-depth analysis was carried out on the adequacy and effective operation of the Entity Level Controls (ELCs) associated with sustainability reporting. This analysis included:

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

There were no significant changes in 2025 with respect to the design and operation of the defined ELCs. The process of periodic monitoring and updating in the event of significant organizational or business changes is still in force.

During 2025, the Financial Reporting Officer's staff continued the activities begun in the 2024 financial year, starting from the Double Materiality assessment that had identified the material datapoints for the Consolidated Sustainability Report, expanding the scope of controls compared to the previous reporting year. In particular, the following topics were considered: ESRS 2 – General information, ESRS E1 - Climate change, ESRS S1 - Own workforce, ESRS G1 - Business conduct. 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.

The main types of controls on sustainability reporting processes concern:

- ▶ Line checks to ensure the quality of data transfer between systems, verify the completeness and accuracy of the data and its consistency compared to previous years and to allow validation by the data manager;
- ▶ Controls carried out by the department responsible for Sustainability Reporting (Area Group ESG), both during the definition of the perimeter and to ensure the consistency of the data collected by the various contributors.

Based on the checks conducted, mapping of activities, risks and controls was formalized through a specific Risk and Control Matrix for each of the material datapoints identified based on the methods detailed above.

As part of the checks conducted, controls were assessed taking into account two main areas:

- ▶ Effectiveness of control design: the ability of controls to prevent, detect and correct any errors in processes was evaluated;
- ▶ Assessment of control documentation: the presence and quality of documentation proving the implementation of controls was checked.

The general level of compliance with the envisaged requirements showed an adequate level overall, also considering the expansion of the control perimeter, which made it possible to improve the coverage of data supporting the Sustainability Report. This extension also helped to have more complete and granular information.

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 the Sustainability Report.

Specifically, the Financial Reporting Officer receives reporting flows on the outcome of monitoring activities and reports periodically to the Parent'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;
- ▶ the suitability of the internal control system;
- ▶ 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 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.

The Group has therefore implemented a structured system of controls to ensure the compliance of the Consolidated Sustainability Report with current legislation, adopting a risk-based approach for the management of risks related to the communication of sustainability information to third parties. The units and functions involved in the control system carry out specific activities, governed by internal Group documents, including a specific operating procedure to regulate the process of preparing sustainability reporting, aimed at reflecting 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

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 in 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 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 assessment and defined by the delegated acts and the methods adopted for the calculation. The contents and structure of the disclosure of EU Taxonomy are regulated by Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 amending Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and cover different reporting and data processing methods, based on the nature of the business.

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 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;
- ▶ Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 amending Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives.

In accordance with indications in Commission Delegated Regulation (EU) 2026/73, for the Taxonomy disclosure for the 2025 financial year, the BFF Group reported the indicators applicable to credit institutions using the templates in Annex VI. In particular, in this disclosure, BFF has chosen to report the following templates in the simplified version:

- ▶ 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, 2025, 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; Consistent with the requirements of Commission Delegated Regulation (EU) 2026/73, as from FY25, Template 1 will also be published with a flow perspective;
- ▶ 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. Consistent with the requirements of Delegated Act 2026/73 by FY25, the information related to Gas and Nuclear is summarized in template 2;
- ▶ template 3 - GAR Stock KPI: summary of GAR stock as a percentage of 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 of total covered assets calculated based on the information reported in template 1;
- ▶ template 5 - off-statement of financial position exposure KPI: set of off-statement of financial position exposures with details for financial guarantees 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-statement of financial position 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 2025 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.

Lastly, starting from 2028, following the entry into force of Commission Delegated Regulation 2026/73, reporting under the EU Taxonomy will be supplemented with two other KPIs, respectively the KPI on fees and commissions (Fees & Commissions KPI) and the GAR for the trading book (Trading Book KPI).

Disclosure of alignment related to the 2025 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, 2025. 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, 2025, 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 (EU) 2026/73, for exposures to central governments, central banks, supranational issuers, the trading book²⁰, undertakings and entities not subject to the CSRD, derivatives, interbank on demand loans, cash and other categories of assets.

The BFF Group has not carried out an assessment with respect to any non-material assets for the Bank. Therefore, the materiality threshold of 10% provided for by Commission Delegated Regulation (EU) 2026/73, has not been applied.

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 2026/73. As may be inferred from the indicators reported in Template 0 (please refer to the section 'Annex'), 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 4.82% of the total gross assets. Total exposures to European Taxonomy-eligible counterparties amount to €53.08 million (Turnover-based figure), corresponding to 8.80% of covered assets. Of these eligible exposures, the activities considered aligned under the Turnover-based KPI amount to €9.74 million, corresponding to 1.63% of covered assets. Assuming a Capex-based view instead, the Group's value of eligible activities corresponds to approximately €54.46 million, 9.11% of covered assets, while aligned activities amount to around €13.22 million, 2.21% of covered assets.

Lastly, considering exposures activated during 2025 and still active at the date of the disclosure (GAR Flow KPI), the share aligned with the Taxonomy in terms of Turnover is 2.61% of covered assets, while this share corresponds to 3.47% in the CapEx-based view.

For more details on the BFF Group's results during FY 2025, please refer to the section 'Annex - Templates required by the EU Taxonomy' containing all the templates required by Commission Delegated Regulation 2026/73.

Compared to the previous reporting period, the regulatory framework applicable to the EU Taxonomy has undergone substantial changes following the Omnibus package and the subsequent formalization of the simplification rules introduced by Commission Delegated Regulation (EU) 2026/73. These changes have had a significant impact on both the structure of the reporting templates and the definition of the components of the KPIs, on the entire denominator of the Green Asset Ratio (GAR), making the FY25 data not directly comparable with the data published in previous years.

For these reasons, BFF has chosen to proceed only with the reporting of the main 2024 KPIs, without retrospective recalculations of the previous results, in accordance with the possibilities for simplification and proportionality introduced by the new regulatory framework.

Main Taxonomy Indicators	2024 Value
Basic Stock	
Taxonomy-aligned activities on the basis of turnover	€8,766,953.14
Taxonomy-aligned activities on the basis of CapEx	€12,819,820.83
GAR Stock Turnover	0.33%
GAR Stock CapEx	0.48%
Basic Flow	
Taxonomy-aligned activities on the basis of turnover	€8,524,814.38
Taxonomy-aligned activities on the basis of CapEx	€12,317,581.38
GAR Flow Turnover	1.10%
GAR Flow CapEx	1.59%

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 Commission Delegated Regulation 2026/73. 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 statement of financial position.

Therefore, in accordance with the definition in Article 7 and Annex V of Commission Delegated Regulation 2026/73, 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 and denominator;
- ▶ on-demand interbank loans, excluded from the numerator and denominator;
- ▶ cash and cash equivalents, excluded from the numerator and denominator;
- ▶ other categories of assets (e.g., goodwill, goods, etc.), excluded from the numerator and denominator.

²⁰ 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.

Furthermore, Article 8 of Commission Delegated Regulation 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 2026/73, 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. In particular, the main types of counterparties analyzed are detailed 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 for the 2025 financial year, reference is made to Directive (EU) 2022/2564 (CSRD), for Turnover and Capex data, since the data published by counterparties related to the 2025 financial year is used.

KPIs FOR OFF-STATEMENT OF FINANCIAL POSITION EXPOSURES

The KPIs of off-statement of financial position 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), 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

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 the Group’s people ensure full compliance with relevant regulations and international principles.

In compliance with the three-year action plan²¹ for progressive alignment with the Bank of Italy’s expectations on climate and environmental risks prepared and forwarded to the Bank of Italy (as the Regulator), the Bank has begun activities to develop a framework for identifying, managing and monitoring these risk factors, with particular reference to climate-related and environmental risk factors, through the integration of the same into governance, strategic and risk management mechanisms (e.g. Risk Appetite Framework, ICAAP/ILAAP). The Risk Management Department has embarked on a path of integrating ESG risk factors into its strategic, operational and risk management framework model. To this end, a thorough analysis of climate-related and environmental risks has been conducted, recognizing that these risks can have direct and indirect impacts on the different risk scenarios.

The ESG risk management framework is developed based on the following principles:

ID	Assets	Description
1	Risk identification	- Identification of climate and environmental risk factors (physical and transitional risk), consistent with the business model and characteristics of the Group; - Identification of the main transmission channels through which climate and environmental risk factors impact traditional risks.
2	Measurement and assessment	Measurement and assessment of climate and environmental risks, based on both quantitative data and qualitative assessments, including through stress analysis.
3	Management and mitigation	- Integration of climate and environmental risks into the risk management process; - Definition of policies and guidelines aimed at managing these risks; - Identification of specific mitigation actions based on the evidence emerging from the quantification and stress test analyses.
4	Monitoring and reporting	- Periodic reviews of risk factors related to the environment and climate and monitoring also through reporting to company bodies (e.g. Dashboard); - Periodic reporting on environmental and climate risks in accordance with regulations and supervisory expectations (e.g. ICAAP, Pillar 3, Sustainability reporting).

In line with the expectations of the Supervisory Authority, the Group has developed a qualitative-quantitative analysis process aimed at assessing the relevance of climate and environmental risk factors, in order to identify the potential impact of these factors on its business model and risk profile. Consistent with the EBA Guidelines, this exercise is conducted annually and integrated within the ICAAP/ILAAP Report, and is aligned with the other materiality assessments conducted by BFF.

In general, the Group has identified two main types of climatic and environmental risk factors with potential impact on its business, in line with legislation and market practices:

- **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.

These risk factors are also considered according to the specific drivers through which they occur:

- 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;
- 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).

This analysis of the assessment of climate and environmental risk is conducted on all of the Group’s lines of business so as to intercept the risks arising from climate-related events. In addition, all Legal Entities in the Group are 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 approach that BFF has decided to follow, in line with current market practices, involves assessing the materiality of climate and environmental risk factors through the combination of three components:

- **the assessment of exposure:** the value of assets potentially exposed to physical or transition risk. Besides taking into account the value of the assets, the exposure considers, for physical risks, the possible link to geographic areas exposed to catastrophic events and, for transition risks, whether entities belong to sectors considered particularly exposed to the transition to a sustainable economy;
- **risk estimation:** the potential occurrence of a natural or human-induced event that may cause death, injury or other health impacts, as well as damage and loss to property, infrastructure, services, ecosystems and resources;
- **classification and quantification of ESG risks (vulnerability):** vulnerability of assets to suffer damage/harm as a result of stresses induced by an event of a certain intensity and the lack of safeguards to adapt to or mitigate such damage/harm.

²¹ 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.

The risk analysis takes 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 includes the following steps:

- ▶ identification of traditional risks most impacted by Climate-related and Environmental (C&E) risk factors, through the definition of Transmission Channels;
- ▶ assessment of exposure to ESG risk factors versus 'traditional' risks based on the outcomes of transmission channel analysis;
- ▶ 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 addition, qualitative analyses are 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 - 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 - that 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.

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 growing drive towards a sustainable economy or the occurrence of increasingly frequent acute 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.

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:** in general, the effects of physical and transition risk on counterparties could lead to a reduction in their ability to honor debts, with a consequent downward revision of creditworthiness and an increase in the probability of default, negatively impacting the calculation of impairment and expected losses (i.e., ECL, according to the requirements of IFRS 9)²²; with reference to Public Administration exposures, on the contrary, extreme weather events could lead to faster payment times and greater financial capacity, in consideration of possible greater financing 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 Liquidity 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:** an increasing ESG focus 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.

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

Risk	Risk factors	Impact 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 climatic events resulting in changes in outstanding and positions classified as default; effects on RWA and capital (e.g. for Calendar Provisioning) as well as on adjustments	▶ 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 impact of physical risk (bank run assumption)	▶ N/A
Operational risk (including ICT and legal)	▶ Physical risk ▶ Transition risk	Group	Increased operating losses/increased costs and expenses due to 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, Supervisory Authorities)	Loss of customers and investors/ lenders, hence decrease in volumes/funding, resulting in decrease in profits caused by greenwashing or inadequate ESG rating Possible sanctions from the SA for non-compliance	▶ Strategic risk ▶ Operational risk ▶ Liquidity risk

22 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.

Assessment of exposure to ESG risk factors

In relation to the second stage, depending on whether the risk considered is quantifiable or not, the Bank has adopted two strategies for the purpose of assessing exposure to ESG risk factors. Specifically:

- ▶ for non-measurable risks, activities have been initiated to integrate the self-assessment questionnaires produced by the Corporate Structures in order to identify both current and future key vulnerabilities. At the end of 2024, the methodologies related to Strategic Risk and Reputational Risk were updated, and approved by the BoD. Regarding the integration of the Risk Self-Assessment (RSA) questionnaire for Operational Risk, activities were completed during 2025 for integration into the ICAAP report;
- ▶ for quantifiable risks, the Bank has carried out quantitative estimation and classification of the Group's portfolio.

In relation to the latter, the 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 joint matrix calculates an overall expert-based risk score by combining the risk levels for individual physical factors (in the rows) and transitional factors (in the columns), reducing the scale from four categories to a three-level breakdown ("High", "Medium", "Low").

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

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

Stress exercises

Consistent with the transmission channels deemed most plausible and impactful for the Group, the following stress tests are developed as part of the ICAAP/ILAAP Report:

- ▶ Credit risk: conducting a stress test consisting of applying an expert-based mechanism of downgrading the rating class of debtors considered most exposed to physical risk and transitional risk factors;
- ▶ Strategic risk: conducting a stress test applied to the value of invoices purchased from assignors, assuming a decrease in the relative outstanding due to a decline in counterparty turnover as a result of the occurrence of negative effects related to transition risk;
- ▶ Liquidity risk: conducting a stress test on liquidity collected through deposit accounts, for which a run-off scenario caused by the occurrence of events related to physical risk is assumed.

In addition, consistent with the Action Plan developed by the Bank for the purpose of alignment with Bank of Italy Expectations described above, an initial set of monitoring metrics designed to capture the Group's exposure to ESG risk factors has been identified.

Indicators were selected based on the Group's business model and the outcomes of analyses conducted in relation to both transmission channels and quantification and stress analyses. These metrics are monitored as part of the Tableau de Bord [dashboard] reporting, prepared quarterly and approved by the Board of Directors.

Finally, it should be noted that, considering the changing regulatory framework, the Bank is evaluating the necessary additions to its framework in order to align with the new regulatory expectations of the Supervisory Authorities, including the Guidelines on ESG risk management (EBA/GL/2025/01) and on ESG Scenario Analyses (EBA/GL/2025/02).

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.

IRO-1 – 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) ²³	Business Perspective (VC) ²⁴	Risks (OP)	Opportunities (OP)
Topic: ESR5 E1 – CLIMATE CHANGE			
ℙ ²⁵	Negative impact deriving from the exposures in the portfolio (F&L Loans) and from the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on climate change mitigation (S ²⁶)	/	/
	Positive impact deriving from exposures in the portfolio (F&L Loans) to counterparties operating in sectors with positive impacts on climate change mitigation (S)		
	Positive impact deriving from exposures in the portfolio (F&L Loans) to counterparties operating in sectors with positive impacts on Energy (S)		

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 determining this impact, the assessments of the MSCI and S&P frameworks were also taken into account, which were given a total weight of 40% in determining the materiality of the impacts. In addition, with particular reference to Assignors, the analysis identified a significant portfolio exposure to the power generation sector. The analysis also identified positive impacts, attributable to exposures in the portfolio (mainly Factoring & Lending receivables) to counterparties operating in sectors that contribute to climate change mitigation and energy. Finally, considering the Bank’s operations and its 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. In addition, during the 2025 financial year, the Group started a climate and environmental risk assessment process in line with the new provisions of the EBA guidelines; please refer to the section ‘Actions and resources in relation to climate change policies’ for more details. With reference to the process for identifying and assessing IROs, please refer to the section on ‘Impact, risk and opportunity management (IRO-1)’ in this document, with details of the time horizons considered, in addition to the information given in the table above. Finally, please refer to the section ‘Material impacts, risk and opportunities and their interaction with business strategy and model’ for further information on the assessments of the exposure of company assets exposed to physical and transition risks. Note that for the present reporting year, the Double Materiality Assessment was supported by an analysis of the 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 in line with 2026 planning, which is part of the broader project to align with the EBA Guidelines on ESG risk management, within which the Group will redesign its governance and its processes for identifying, assessing and managing environmental, social and governance risks.

23 OP: Operations Perspective

24 VC: Value Chain

25 “/”: It should be noted that no material IROs have been identified

26 S: Short-term; M: Medium-term; L: Long-term

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.

The Sustainability Policy

The Sustainability Policy, updated in 2025, 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 applicable 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 upon the proposal of the Chief Executive Officer of the Parent, after consultation with the Compliance & AML Function of the Parent 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;
- ▶ Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting;
- ▶ EBA, 'Final guidelines on the management of environmental, social and governance risks';
- ▶ 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.

The Environmental Policy

To consolidate its commitment to environmental issues, the Group adopted the 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 CO₂ 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 upon the proposal of the Chief Executive Officer of the Parent, after consultation with the Compliance & AML Function of the Parent 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'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.

The 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's Board of Directors upon the proposal of the Head of the Risk Management function, after informing the Chief Executive Officer of the Parent, having consulted with the Parent'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 Intragroup 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 share)
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
		Relocation of the headquarters to a green building	2024
		Data center migration	2024
	Promote sustainable mobility by 2028	Complete the green transition of BFF Bank's car fleet	2026
		Start the transition of the Group companies' car fleet	2026
ENVIRONMENTAL DISCLOSURE	Financed emissions monitoring	Gradual alignment with best practices in portfolio emissions monitoring	2025
	Ensure transparent reporting of the Group's sustainability performance	Alignment with international climate change standards - Climate Report (formerly TCFD ²⁷)	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.

In this context, with reference to the 'Climate Risks and Credit Process' area, following the publication of the Bank of Italy's 12 supervisory expectations regarding the integration of climate and environmental risks, in line with the Action Plan defined by the Group²⁸, activities were carried out aimed at integrating the climate and environmental risk management process and aligning with the expectations of the Supervisory Authority. The following main initiatives were carried out:

- ▶ 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;
- ▶ definition of appropriate summary metrics (KPIs/KRIs) and integration of monitoring and reporting processes;
- ▶ assessment of any necessary risk mitigation actions.

In addition, during the second part of the year, the Group carried out Gap Analysis activities with respect to the new EBA Guidelines on ESG risks²⁹, which define (i) minimum standards and reference methodologies for the identification, measurement, management and monitoring of ESG risks; (ii) qualitative and quantitative criteria for assessing the impact of ESG risks on the risk profile and solvency of institutions in the short-, medium- and long-term and (iii) the content of the Transition Plans. The aim of the Gap Analysis was to identify the main areas to which greater attention should be paid during the next financial year.

In parallel, the Risk Management Function conducted an assessment of ESG components within the 'ICAAP/ILAAP Report' based on the results of its materiality assessment 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.

²⁷ 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.

²⁸ 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.

²⁹ EBA/GL/2025/01, Guidelines on the Management of Environmental, Social and Governance (ESG) Risks.

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;
- ▶ Relocation of 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 to Paseo della Castellana 81, which received LEED Platinum Core & Shell certification for its very high sustainability standards. With the aim of continuing with this approach, in December 2025 the Barcelona headquarters was relocated to a building with high environmental efficiency, that has LEED Gold Core & Shell certification. With this additional action, approximately 85% of the Group's employees work in LEED-certified buildings.

During 2025, the decarbonization plan was updated, making it possible to define new levers for reducing own emissions. that will lead to further savings by 2026, in addition to the already expected 1004 tCO₂e. Specifically, the Group plans to purchase Guarantee of Origin certificates for all Group locations that do not currently have a green energy supply and the purchase of carbon credits for other energy sources used in buildings (natural gas, etc.).

For Casa BFF the 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 are 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 and the benefits were already seen in 2025 - but will be even more relevant, in terms of impacts on reporting, 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 will make it possible to achieve a remarkable reduction in CO₂ emissions reinforcing the Group's message on sustainability.

The transition led to the replacement, during 2025, of an additional 27 cars, besides the previous 25 cars replaced in 2024, for a total company fleet consisting, to date, of 70 cars. These replacements in 2025 led to a reduction in cars no longer aligned with current policies of around 74%. The Bank plans to replace an additional 16 cars by 2026 and expects to complete the transition of BFF Bank's car fleet. To achieve this target, the Group began to gradually extend its policies to foreign branches in 2025, with the aim of proceeding with the transition in 2026 in the geographic areas where it operates.

In addition, BFF's people transfer plan was 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 has been involved since 2024 in a project to define the methodology for the calculation of financed emissions, allowing this type of emission to be quantified for the first time, expanding the reporting of Scope 3 emissions (for more details on the methodology adopted and the results of this calculation see paragraph 'E1-6 - Gross emissions of GHGs in scope 1, 2, 3 and total emissions of GHGs'). In addition, during 2025, the Group involved an external provider in order to ensure greater coverage of portfolio data. Starting in 2026, BFF 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 November 2025, the Group produced its first Climate Report complying with ISSB guidelines (formerly TCFD), ahead of its target year (2026).

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 was further 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, BFF has made an investment to date of approximately €72 million, 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 baseline year for achieving the target. This baseline was identified starting from the consistency and availability of the data and considering the 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. The Group had achieved this goal with Casa BFF at the end 2024. However, with the move to the new headquarters in Barcelona at the end of 2025, BFF exceeded the defined threshold with approximately 85% of employees in LEED-certified buildings;
- ▶ Transfer of the Milan headquarters to Casa BFF, which resulted in emissions savings of approximately 890 tCO₂eq. Note that at the end of 2024, Milan employees had already been relocated to the new headquarters, and so the effects of this lever were actually measured in 2025, as reported in the section on metrics;
- ▶ Closure and sale of the building owned in Rome, which resulted in savings of approximately 200 tCO₂eq. In this regard, BFF had already closed this building in 2024, and the effect of this action is reported herein, in the section on metrics;
- ▶ Relocation of the Barcelona headquarters by 2027; the Barcelona office was relocated in December 2025 - ahead of schedule - to an innovative, high-environmental performance building. In fact, the energy used at this site comes from renewable sources with energy certificates of origin; the effects of this lever will be reported in 2026, for which a saving of approximately 6 tCO₂eq has been estimated;
- ▶ The energy for other Group buildings purchased with certificates of guarantee of origin was also assessed. The Group constantly monitors potential additional levers also for the other geographic areas of BFF; for example, the Greek headquarters replaced its supply in 2025 with renewable energy with certificates of guarantee of origin, allowing for further savings already in the current year, ahead of planned activities;
- ▶ 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.

During 2025, the Group updated the decarbonization plan, in order to identify any additional decarbonization levers (e.g., energy efficiency and consumption rationalization measures also based on new technologies available on the market) and the emission reductions they will generate. More specifically, BFF has planned the following additional levers for 2026:

- ▶ Purchase of carbon credits to offset emissions that cannot be reduced differently;
- ▶ Purchase of guarantee of origin certificates for the Group's sites where it is not possible to change the energy supply;
- ▶ Purchase of energy from renewable sources with certificates of guarantee of origin for locations where it is possible to make a direct change of energy supply.

As can be seen from the table below, starting from 2026 the Group plans to make its buildings emission neutral, therefore a 90% reduction in total emissions is forecast, with the offsetting of the remaining 10% emissions by 2026. 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.

During 2025, thanks to several decarbonization levers already activated, significant emission reductions were achieved; in particular, with reference to Scope 1 emissions in 2025, the total was equal to 16 tCO₂eq, already lower than the target of 18 tCO₂eq in 2026, while scope 2 market-based emissions in 2025 were equal to 105 tCO₂eq, already equivalent to a 90% reduction compared to the baseline year, and in line with the target of 100 tCO₂eq expected in 2026.

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Targets	UoM	Baseline year	2024	2025	Targets		
		2023	2024	2025	2026	2030	2050
TOTAL SCOPE 1 AND SCOPE 2 GHG EMISSIONS (MARKET-BASED)	ton CO ₂ eq	1,182	1,200	121	118	-	-
	%	-	2%	-90%	-90%	-	-
of which: Scope 1	ton CO ₂ eq	99	91	16	18	-	-
	%	-	-8%	-84%	-82%	-	-
of which: Scope 2 (market-based)	ton CO ₂ eq	1,083	1,109	105	100	-	-
	%	-	2%	-90%	-91%	-	-

E1-5 – Energy consumption and mix

With reference to energy consumption, the Group uses natural gas for heating, buys thermal energy (district heating) and draws electricity from the grid, with a total consumption in 2025 of approximately 2,485 MWh, with a reduction of 18% compared to the previous year.

With reference to natural gas consumption, approximately 85 MWh was recorded for the offices in Rome - Italy, Madrid - Spain, and a small portion for the Czech Republic. Natural gas consumption fell by 81% compared to 2024 thanks mainly to the closure of the Chianesi property in Rome and the transfer of the Milan offices to Casa BFF. With reference to gasoil in 2025, no consumption was recorded for the Madrid headquarters, whereas the previous year, consumption was connected to the use of a standby boiler on very cold days.

As for energy from fossil sources, total consumption in 2025 came to approximately 329 MWh, while consumption from nuclear energy came to around 10 MWh, accounting for approximately 13% and 0.4% respectively of the total energy consumed. The remaining 86% of the energy consumed, on the other hand, comes from energy purchased from renewable sources with Guarantee of Origin certification, for the Spanish headquarters in Madrid, for the Polish headquarters in Lodz, for the Italian headquarters in Milan, Casa BFF, and for the Greek headquarters in Athens, with a consumption of approximately 2,155 MWh; this figure represents a significant increase in renewable energy compared to the previous year, when this source accounted for only 11% of the total energy consumed. This increase in renewable energy is in line with the Group's environmental strategy, which aims to achieve carbon neutrality in its buildings by 2026. In addition, in 2025 a small share of renewable energy was self-produced at the Madrid headquarters by photovoltaic panels (0.05 MWh); starting from 2026, the Group plans to produce energy from renewable sources for the Milan headquarters thanks to the solar panels on the roof of the building.

ENERGY CONSUMPTION AND MIX ³⁰	31/12/2024	31/12/2025
(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	85
(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	244
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	2,673	329
Share of fossil sources in total energy consumption (%)	88%	13%
(7) Consumption from nuclear sources (MWh)	19	10
Share of consumption from nuclear sources in total energy consumption (%)	0.6%	0.4%
(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	2,155
(10) Consumption of self-generated non-fuel renewable energy (MWh)	-	0.05
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	340	2,155
Share of renewable sources in total energy consumption (%)	11%	86%
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	3,013	2,485

For the purposes of transparent reporting, where BFF has used estimates for energy consumption (Scope 1 and 2), the criterion adopted for these estimates was the consumption of the previous year. Estimation was necessary only when the primary source was unavailable.

³⁰ 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 16 tCO₂eq during 2025, a reduction of 83% compared to 2024. These emissions derive mainly from the consumption of natural gas, which is used to heat offices. The significant decrease in Scope 1 emissions is attributable to the implementation of the climate objectives defined by the Group, as reported in section E1-4. Specifically, the transfer of the Italian offices of BFF S.p.A. to the headquarters of Casa BFF allowed for a 91% reduction in gas consumption compared to the previous year.

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 approximately 619 tCO₂eq in 2025, corresponding to a 23% reduction over the previous year.

With reference to indirect (Scope 2) Market-Based GHG emissions, the Group emitted 105 tCO₂eq, a decrease of 91% compared to 2024. This important reduction, as already specified in metric E1-5, is mainly due to the increase in renewable energy with a certified guarantee of origin. In 2025, in addition to the offices in Madrid and Lodz, Casa BFF in Milan and the headquarters in Athens were supplied with renewable energy with GO. As a result, 100% of the electricity purchased for the Group's sites is renewable.

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 159 tCO₂eq, a reduction of approximately 17% from 2024.

Conversely, with reference to indirect scope 3 emissions, category 15, 2,031,819 tCO₂eq were produced for 2025, an increase of 27% compared to 2024, when this figure came to 1,602,843 tCO₂eq.

Category 15 emissions in 2025 refer to approximately 95% of the exposures in the Group's portfolio, compared to 2024, when the data covered approximately 88% of the exposures. This broadening of the scope of asset classes considered and refinement in the methodology for calculating financed emissions led to an overall increase in financed emissions. For this reason, the Group also recorded a total increase in both location-based and market-based emissions of approximately 27%.

	Retrospective				Target years and milestones			
	31/12/2023 (Baseline Year)	31/12/2024	31/12/2025	% N/N-1	2026 Target	2030 Target	2050 Target	Annual % target/ Baseline year
Scope 1 greenhouse gas emissions								
Scope 1 gross greenhouse gas emissions (tCO ₂ eq)	99	91	16	-83%	18	-	-	18%
Scope 2 greenhouse gas emissions								
Scope 2 gross greenhouse gas emissions - Location-based (tCO ₂ eq)	863	803	619	-23%	-	-	-	-
Scope 2 gross greenhouse gas emissions - Market-based (tCO ₂ eq)	1,083 ³¹	1,109	105	-91%	100	-	-	9%
Scope 3 significant greenhouse gas emissions								
Total gross indirect (Scope 3) greenhouse gas emissions (tCO ₂ eq)	1,803,100	1,603,034	2,031,978	27%	-	-	-	-
6. Business travel	230	192	159	-17%	-	-	-	-
15. Investments	1,802,870 ³²	1,602,843	2,031,819	27%	-	-	-	-
Total greenhouse gas emissions								
Total greenhouse gas emissions (Location-based) (tCO₂eq)	1,804,062	1,603,928	2,032,613	27%	-	-	-	-
Total greenhouse gas emissions (Market-based) (tCO₂eq)	1,804,282	1,604,234	2,032,099	27%	-	-	-	-

The main calculation methods used are shown below:

- ▶ the 2025 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 - 2024 European Residual Mix) were used. The 2025 UK Government GHG Conversion Factors for Company Reporting were set by the UK Government's Department for Environmental and Rural Affairs (DEFRA) used to calculate the GHG Indirect emissions (Scope 2) arising from thermal energy consumption;
- ▶ for the purpose of calculating indirect GHG emissions (Scope 3) related to business travel³³ (Category 6: Business Travels GHG Protocol), UK Government GHG Conversion Factors for Company Reporting 2025 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.
- ▶ 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 Sovereign and Business loans/Listed equity portfolio.

³¹ 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.

³² 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.

³³ The emissions associated with the use of rental cars, used for business trips, were not included in this calculation of scope 3 category 6 emissions. In fact, the data on distances travelled were incomplete and would have required a spend-based methodology to be used, which is different from the distance-based approach used for the rest of the emissions in the same category. As these emissions were irrelevant and intangible in relation to the total scope 3 category 6 emissions, it was considered more consistent to report exclusively emissions related to train and air travel.

- **Sovereign:** For the calculation, it was necessary to use publicly available sources (e.g., EDGAR, 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. During the year, the BFF Group updated the data sources used to calculate direct emissions (Scope 1) of the countries included in the sovereign debt scope, with the EDGAR database, which - unlike previous statistical sources - is updated annually. Consequently, the 2024 value in the table above does not reflect the change in methodology. Applying the same methodology used for FY25, Scope 3 emissions for FY24 would come to 1,483,776.68 tCO₂eq. Note that the 2024 data in the table, as well as the percentage increase reported, do not take into account this methodological update and, therefore, are not fully comparable.
- **Business loans/Listed equity:** To measure financed emissions, it was necessary to have financial data and information on the emissions profiles of counterparties; these were acquired through a specialized infoprovider. The financial data used refer to the Total Assets of the financed companies, as reported in their annual financial statements. Environmental information, on the other hand, refers to the greenhouse gas (GHG) emissions of counterparties, obtained from public sources or directly from companies if such data are disclosed in the Non-Financial Statement (NFD) or the Sustainability Report. The Group always uses the highest quality data available, applying a hierarchy that favors timely data over estimated data and adopting, where possible, information referring to the last year available.

GHG emissions are expressed in tons of CO₂ equivalent and classified in the following categories:

- Scope 1: direct emissions;
- Scope 2: indirect emissions from purchased energy;
- Scope 3: other indirect emissions along the value chain.

Note also that to calculate category 15, Scope 3 emissions, the Asset Classes considered represent roughly 95% of the Group's assets in scope. The remainder of the assets not included in the calculation refers to exposures with counterparties for which there are no data useful for calculating emissions.

As for emissions intensity, in 2025 the Group recorded a market based value equal to 0.0053455 and a location based value equal to 0.0053469, with an increase for both of 32% respectively compared to the previous year. This change is mainly due to the extension of the perimeter of asset classes considered for the purposes of calculating financed emissions, and to a refinement of the methodology for calculating them for 2025, as better specified above. The value of the intensity is calculated as the ratio of total locations and market-based emissions to total net revenue of €380,150,298.

EMISSIONS INTENSITY

	2024	2025
Total GHG emissions (location-based) by total net revenue (tCO ₂ eq/Monetary unit)	0.0040363	0.0053469
Total GHG emissions (market-based) by total net revenue (tCO ₂ eq/Monetary unit)	0.0040370	0.0053455
Total net revenue	397,380,510	380,150,298

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

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

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

	2024 ³⁴	2025
Net revenue used to calculate GHG intensity	397,380,510 ³⁵	380,150,298
Net revenue (other)	129,523,870 ³⁵	-
Total net revenue (in financial statements)	532,224,943 ³⁶	380,150,298

³⁴ For the purposes of calculating the 2024 emission intensity, the Group had considered the normalized value of revenue instead of the reported value, considering this more representative, as the former neutralized the effects of some extraordinary items. In fact, in 2024, these items mainly referred to the change in asset values, including the change relating to late payment interest and the flat-rate compensation for debt collection ('40 euros').

³⁵ The normalized value of revenue does not take into account the corresponding financial statement items restated for 2024, as specified in the following note.

³⁶ Restated values considering the changes made in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors).

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 and 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, in this document, and to the next sections with reference to initiatives for employees.

SBM-3 – Material 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) ³⁷	Business Perspective (VC) ³⁸	Risks (OP)	Opportunities (OP)
Topic: ESRS S1 – OWN WORKFORCE			
Positive impact on employee well-being and pay equity, thanks to the integration of these values in remuneration and incentive policies (S) ³⁹	Negative impact deriving from the exposures in the portfolio (F&L Loans) and from the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on equal treatment and opportunities for all (S)	Risk related to the working conditions of own workforce (i.e., increased demand for qualified personnel from competing firms) (M/L)	Opportunity related to promoting the mental well-being of own workforce through ad hoc initiatives (S)
Positive impact on the development of human capital, thanks to training programs that strengthen skills, leadership and company culture in an inclusive and motivating environment (S)	Negative impact deriving from exposures (F&L Loans) and the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on working conditions (S)	Risk related to the working conditions of own workforce (i.e. limited value placed on the workforce both in terms of inclusion and skills development, internal conflict, difficulties in managing resources and the mismatch between available skills and business needs) (S)	Opportunity related to improving the perception of BFF, as a business attentive to Diversity & Inclusion, to the benefit of its reputation and attractiveness (S)
Positive impact on the work environment that promotes and harnesses the value of cooperation, inclusivity and well-being of own people (S)	Positive impact deriving from the offer of services (intermediation of payment services and custodian bank activities) to financial companies operating in sectors with positive impacts on equal treatment and equal opportunities (S)	Risk related to non-compliance with equal treatment of own workforce, which is increasingly relevant at a regulatory and social level (S)	Opportunity related to the ability to attract and retain skilled labor through human capital enhancement activities (S)

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. 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.

37 OP: Prospettiva Operation

38 VC: Value Chain

39 B: Breve; M: Medio; L: Lungo

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. In this regard, it should be noted that the Double Materiality assessment carried out in 2025 highlighted several positive impacts concerning *Own Operations*, closely related to the information given above on the Group's commitment to managing people and the safeguards in place to generate positive effects on its employees. Remaining on the topic of *Own Operations*, no material negative impacts on own workforce were identified, nor any activities that may generate risks of child, forced or compulsory labor.

Compared to last year's findings, with reference to the Double Materiality assessment, a positive impact was identified instead for the business perspective; this derived from the offer of services to counterparties operating in sectors that promote equal treatment and equal opportunities. At the same time, negative impacts were identified attributable to the offer of services to counterparties operating in sectors that do not guarantee fair treatment and equal opportunities. Added to these are credit exposures and services aimed at companies that have inadequate work practices, which can generate critical effects on reputation and management. 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.

It should be noted that BFF has also identified risks related to its workforce. Among those identified in the previous year, there is still the risk related to working conditions, affected by the growing demand from competitors for qualified personnel, developments in the legal framework and new market expectations. These factors can lead to an increase in the potential risk of outgoing turnover, and to high pressure from social partners. In addition, even if with a low probability of occurrence - given the existing safeguards in place - the risk of a potential failure to respect equal opportunities is confirmed, particularly for certain geographical areas where the Group operates, which could lead to reputational harm or administrative sanctions. During the year, a new risk related to people empowerment was also identified, in particular concerning the possibility that the inclusion and development of skills are not fully aligned with the Organization's needs. This scenario could favor situations of internal conflict, difficulties in managing resources or mismatches between available and necessary skills, with a potential impact on the correct overall functioning of the structure.

In addition, in order to manage and mitigate possible material impacts on its own workforce related to negative impacts on the environment, and to achieve greener and climate-neutral operations, BFF obtained LEED Platinum certification in 2025, with its new headquarters - Casa BFF, and will obtain WELL certification in 2026. In fact, these certification schemes confirm the sustainability of buildings, promoting the health and the well-being of the people who occupy them.

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. In particular, with reference to the IROs illustrated above, 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
- ▶ the 2025 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 Labor 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.

The 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.

The 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 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 published on the websites and intranets of Group companies, and is brought to the attention of newly hired individuals, giving them a 'welcome kit'. The aim is to foster a solid awareness of the Group's setting, and ensure transparency to the market with regard to the principles and values that are an integral part of the Bank' and Group's cultural heritage. 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 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 and consistent with the strategic plan's objectives, is disseminated throughout the Group; the Function 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.

2025 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:
 - linked with business results, adjusted appropriately for risk;
 - consistent with the levels of capital and liquidity needed to meet the activities undertaken;
 - 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 report on the remuneration policy of the BFF Group was defined in accordance with i) the Supervisory Provisions of the Bank of Italy regarding remuneration policies and referred to in the First Section, Title IV, Chapter 2 of the Bank of Italy Circular no. 285 of December 17, 2013, as amended, which establish organic rules and regulations on remuneration practices and policies for banks and banking groups; ii) the Issuers' Regulations, recently amended by Consob, in implementation of Directive 2017/828/EC ('SHRD II'), with Resolution no. 21623 of December 10, 2020; iii) the Corporate Governance Code; iv) the Transparency Regulations. At 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 Labor 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 Organization 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 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;
- ▶ Register of occupational accidents and post-accident 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.

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 Group'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 (also called Town hall meetings), for example, involve all employees and are held on a quarterly basis to share achievements during the period, besides focusing on future challenges.

Also during 2025, 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.

Dates	Time	Q&A	Event	Attended(*)
11-Feb-25	09:00	15	Town Hall Italy	533
11-Feb-25	10:45	2	Town Hall INTL	265
09-May-25	09:00	50	Town Hall Italy	521
09-May-25	10:45	10	Town Hall INTL	262
08-Aug-25	09:30	36	Town Hall Italy	392
08-Aug-25	11:30	10	Town Hall INTL	230
03-Nov-25	14:45	9	Town Hall Italy	534
03-Nov-25	15:00	20	Town Hall INTL	267
11-Nov-25	09:00	22	Town Hall Italy	538
12-Nov-25	09:00	2	Town Hall INTL	260

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

The BFF Discovery

Building on the initiatives launched in 2024, during 2025 BFF continued to implement the onboarding program for new hires – BFF Discovery – which represents an innovative element for engaging employees even before their actual entry into the Bank. 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 Office and several members of the management team.

Starting from 2025, during the informal event for new hires to get to know each other, 3 'Buddies' are involved – on a rotating basis. These long-standing employees have been trained to welcome new hires in the best way, and help them fit into the corporate fabric as quickly as possible. The BFF Discovery Onboarding 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.

Group convention to celebrate BFF's 40th anniversary in Genoa

40 Knots Forward: Always leading the Way

The BFF 40 Knots Forward 2025 Convention, on the occasion of the Bank's 40th anniversary, was held in Genoa. The Convention welcomed some 600 employees, who spent time on team building and networking activities and had the opportunity to attend the speeches given by Hanna Critchlow, a neuroscientist from Cambridge, and by the Chair and CEO of BFF Group. The convention's metaphor was linked to the fact that a port (such as Genoa) is more than just a landing place: it offers connection and opportunity. In addition, Genoa was also one of the cradles of modern finance, developing advanced financial instruments to support international trade, such as bills of exchange, the public debt system and the first forms of banking. Genoa is the place where routes intersect, where every journey finds a starting point and a safe return. It's the moment when you gather supplies of instruments for the journey and prepare.

After 40 years of sailing, BFF has entered the port: it is the place from where it has arrived and from where it will depart. The port is a solid structure that supports growth and paves the way for change. It is a point of reference for those who arrive, for those who leave and where new paths are traced. After reaching this important milestone, BFF is looking ahead to new horizons. Metaphorically speaking, all employees of the Group returned to port - for the two-day convention, to gather energy and supplies, ready to leave for the rest of the journey.

BFF Friends & Family 2025

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

After the success of 2024, with the renewed intention of strengthening the sense of belonging and cohesion among all our people, regardless of their location, Friends & family 2025 took place in June, on the theme 'The Art of Balance', celebrating - on the one hand the inauguration of the company museum in Milan, which houses the BFF contemporary art collection - and on the other recognizing the importance of having a good balance between professional and personal life. The event offered participants a valuable opportunity to share lighthearted moments with friends and family, fostering well-being and a sense of community.

It 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.

SURVEY

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 consider useful for improving company performance and strategic objectives.

June 2025 saw the launch of the fourth 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.

Continuing in 2025, 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 results of the survey revealed a significant improvement at Group level for almost all the items analyzed. Employees are more motivated and the quality of relationships is highlighted as a strength, as well as collaboration and clarity of expectations, while areas for improvement indicated recognition (feedback), change agility and celebrating successes.

The results, therefore, indicated the potential for creating an even more engaging and productive work environment. Currently, 25% of the workforce has a high degree of satisfaction, while 53% say they are neutral (non-polarized), which is a significant improvement over the previous survey.

Given the wide variety of experiences within the Group, the action plans proposed by managers, together with their teams, fully consider these aspects.

The fifth edition of the climate survey will be held in November 2026. Finally, the interest and attention paid to the views of its workforce are also confirmed in the context of the Double Materiality assessment, during which a survey was given to the entire company population, in Italian for employees in Italy, and in English for employees in other countries, with the aim of capturing their assessments on sustainability 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.

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 (EU) 2019/1937 into national law. The procedure, approved by the Board of Directors, is reviewed ex-ante 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 Supervisory Body 231/2001 is in charge of the internal whistleblowing system (acting as 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 send a report to the Whistleblowing Officer by ordinary mail.

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 share)
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
EMPOWERMENT 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 and manage 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 2025. Details are given below.

With reference to the first target - diversifying the talent pool - during 2025, 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 2025, 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 2025, 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 ensures 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). To achieve this, it 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 of diversity and inclusion 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, promoting the initiatives and actions put in place at Group level concerning inclusion and participation in corporate life;
- ▶ proposing measures to avoid diversity-related biases, both in hiring processes and in the subsequent phases of professional development and promotions;
- ▶ promoting inclusion across countries and national cultures where the Bank has a presence at 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 2025, BFF further strengthened its commitment to diversity, equity and inclusion, consolidating a cultural model focused on listening, the well-being of people and harnessing the value of all forms of diversity. Many of the initiatives launched in 2024 were further developed during 2025, and new tools and programs were introduced, aimed at fostering an inclusive and participatory environment, aligned with best market practices as stated in the shared 2025-2026 D&I Plan.

The Inclusion Board is an effective tool for bottom-up listening and communication. In 2025, new members from the different countries of the Group joined the Board, which promoted moments of awareness and structured discussion, from D&I Breakfasts, designed to informally explore specific issues, to thematic conferences with external guests, and the management of a dedicated email channel which people can use to share questions, reflections and suggestions in total confidentiality. All the initiatives in the plan were completed with a considerable level of participation.

In the area of Networking & Best Practice Sharing, BFF continued to invest in forging alliances with entities and organizations of institutional and sectoral importance. The partnership with Assifact's Diversity working group continued, promoting a constant exchange of experiences and alignment with national and international best practices. At the same time, the collaboration with Valore D forged ahead, once again representing a reference point in 2025 for training activities, awareness-raising initiatives and access to content and tools dedicated to the promotion of gender equality.

Thematic events were also held during the year, including initiatives dedicated to the International Day of Persons with Disabilities (December, 3) and the Day against Gender-based Violence, with the aim of promoting awareness and dialogue on D&I issues.

The Company's commitment to promoting physical and mental well-being also continued. In 2025, the partnership with Unobravo became fully operational. As confirmation of its focus on collective well-being, the BFF Gym was inaugurated at Casa BFF, together with the new Nursing Room, creating spaces dedicated to health, social relations and care. Particular attention was also paid to key moments of the employee journey. In addition to the BFF Discovery Event, two other initiatives were included in the onboarding program: the Buddy Program (launched in June 2024) and the Shadowing Program (launched 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, involves 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.

Overall, 2025 was a year of consolidation and further maturity of the Group's DE&I approach, which continues to be one of the strategic cornerstones of company culture and a distinctive element of BFF's positioning as an inclusive organization, attentive to the well-being and development of its people by continuing with its 2025-2026 D&I plan.

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, BFF 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 Group.

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 as well as local level, or customized for each individual country.

The following four macro-areas make up the Academy's structure:

1. Onboarding Journey: this process is fully aligned with the Group'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 group 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) Mandatory 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, ESG and Information Technology issues such as personal data processing, after the entry into force of the GDPR, as well as cyber security.

3.b) Occupational health and safety training

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 pathway 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 (launched 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, involves 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 2025. 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, 88% of employees have opted to take advantage of teleworking for an average of approximately 6,150 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 2025, 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 and 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, and sports' equipment was donated to the charity Playmore which offers recreational activities for those who cannot afford it.

In addition, training dedicated to Mental Health and Well-being was consolidated during 2025, 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, BFF entered into a partnership in Italy with Unobravo, a company specializing in psychological well-being, to increase employee awareness of the above-mentioned issues and provide 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 where the Group operates. In addition to this important service offering counselling to BFF employees and their families, in 2025 the collaboration with Unobravo also expanded to included 6 live webinars, which took place both in Italian and in English (for a total of 12 online meetings), aimed at exploring various issues related to the topic of mental well-being. The topics chosen covered a very wide range of issues, responding to the cross-generational needs of employees. The courses registered 816 participants in 2025, compared to 560 in 2024.

In addition, in terms of employee engagement in Italy, one of the most significant projects of the previous year 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 2025, the builders continued their activity by collecting questions and sharing information on how to make Casa BFF truly a 'home' for all employees, consolidating their role as a fundamental reference point for their colleagues, acting on the one hand as facilitators in listening to their needs and ideas, and on the other as a vehicle for fast and widespread communication.

Casa BFF is a place designed to ensure the well-being and quality of life of its employees. A highlight of the services offered is the Company gym, inaugurated in April 2025, promoting a healthy and active lifestyle. A bright, restorative space has also been set up on the last floor of Casa BFF for the Company restaurant, where quality and attention to dietary needs combine to offer a balanced culinary experience for everyone. The first Healthy Talks – which will take shape in 2026 – were also launched in 2025 to help BFF employees adopt healthy eating habits in their daily lives even outside the office. 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.

As 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 ad hoc 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 911 employees (+4% compared to the previous year), of whom 495 are women (+6% compared to 2024), representing 54% of total employees, and 416 are men (+3% compared to 2024), representing 46% of total Group employees.

As regards employee distribution by country of Group operations, around 67% of employees are hired in Italy, approximately 21% in Poland, and the remaining 12% percent or so in the other countries where the Group is present. With reference to contract categories, 95% of employees are on permanent contracts, about 53% of whom are women and the remaining 47% men.

Regarding the type of employment, in 2025, about 5% of employees had a part-time contract, of which 6% were men and 94% women. More specifically, 43 employees are on a part-time basis in Italy, 3 in Poland and 1 in Spain, while 95% have a full-time contract.

TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY COUNTRY (NUMBER OF PEOPLE)

Contract categories	UoM	2024					2025				
		Male	Female	Other	Not reported	Total	Male	Female	Other	Not reported	Total
Number of permanent employees	n.	387	420	-	-	807	403	461	-	-	864
Number of temporary employees	n.	18	48	-	-	66	13	34	-	-	47
Number of non-guaranteed hours employees	n.	-	-	-	-	-	-	-	-	-	-
Number of full-time employees	n.	401	420	-	-	821	413	451	-	-	864
Number of part-time employees	n.	4	48	-	-	52	3	44	-	-	47
Number of employees	n.	405	468	-	-	873	416	495	-	-	911

TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY COUNTRY (NUMBER OF PEOPLE)

Contract categories	UoM	2025							
		Italy	Spain	Portugal	Poland	Czech Rep.	Greece	Slovakia	Total
Number of permanent employees	n.	604	62	15	152	2	18	11	864
Number of temporary employees	n.	7	-	-	38	-	-	2	47
Number of non-guaranteed hours employees	n.	-	-	-	-	-	-	-	-
Number of full-time employees	n.	568	61	15	187	2	18	13	864
Number of part-time employees	n.	43	1	-	3	-	-	-	47
Number of employees	n.	611	62	15	190	2	18	13	911

TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY COUNTRY (NUMBER OF PEOPLE)

Contract categories	UoM	2024							
		Italy	Spain	Portugal	Poland	Czech Rep.	Greece	Slovakia	Total
Number of permanent employees	n.	566	60	14	142	2	12	11	807
Number of temporary employees	n.	15	1	1	47	-	-	2	66
Number of employees with variable hours	n.	-	-	-	-	-	-	-	-
Number of full-time employees	n.	533	60	15	186	2	12	13	821
Number of part-time employees	n.	48	1	-	3	-	-	-	52
Number of employees	n.	581	61	15	189	2	12	13	873

TOTAL NUMBER OF EMPLOYEES BY COUNTRY

Employees by country	UoM	2024	2025
Italy	n	581	611
Spain	n	61	62
Poland	n	189	190
Portugal	n	15	15
Slovakia	n	13	13
Czech Republic	n	2	2
Greece	n	12	18
Total employees	n	873	911

In terms of outgoing turnover, the Group recorded 80 outflows during 2025, a decrease of 21% compared to 2024, recording an overall turnover of 9%. Of the total number of outflows, 35 were men (with an 8% turnover) and 45 women (with a 9% turnover).

TOTAL NUMBER OF EMPLOYEES WHO LEFT THE UNDERTAKING DURING THE REPORTING PERIOD

Gender	UoM	2024	2025
Male	no.	38	35
Female	no.	63	45
Other	no.	-	-
Not reported	no.	-	-
Total employees	no.	101	80

S1-6 Entity specific – Incoming turnover

With reference to incoming turnover, a total of 118 new hires were registered in 2025, corresponding to an incoming turnover of 13%. Of the total new hires, 48 were men (with an incoming turnover of 12%) and the remaining 70 women (with an incoming turnover of 14%). Compared to the previous year, turnover decreased by 18%.

TOTAL NUMBER OF EMPLOYEES WHO JOINED THE GROUP DURING THE REPORTING PERIOD

Gender	UoM	2024	2025
Male	no.	62	48
Female	no.	82	70
Other	no.	-	-
Not reported	no.	-	-
Total employees	no.	144	118

All figures above refer to the total number of employees (headcount) as of December 31, 2025. The outgoing turnover rate was calculated through the ratio of the number of people who terminated their contractual relationship with BFF during 2025 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 incoming turnover rate, considering the number of people who instead joined the Group during 2025, 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 Notes to the Consolidated Financial Statements under “Section 12 - Administrative Expenses - Line Item 190” but with a different breakdown required by the Italian Supervisory Authority.

In 2025, in addition to employees, the Group had 33 non-employees, registering an increase of 43% compared to 2024, mainly attributable to internships starting in Poland. Specifically, non-employees are distributed as follows: 23 in Poland, 3 in Portugal, 1 in Italy, 2 in Slovakia, 2 in Spain and 2 in Greece.

It should be noted that non-employees mainly belong to two categories: workers on agency contracts, covering organizational positions not filled by employees, and/or temporary needs; interns, involved in training courses on specific business activities or projects aimed at the development of professional skills.

TOTAL NUMBER OF NON-EMPLOYEE WORKERS

Non-employees by type	UoM	2024	2025
Total non-employees	no.	23	33

The number of non-employee workers is calculated as the sum of all such workers as at December 31, 2025.

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, 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.

Overall, 67% of the Group’s employees benefit from the activity carried out by the workers’ representatives.

In particular, in Italy corporate collective bargaining is generally effective for the majority of workers (100% of employees).

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.

2025		
	Collective bargaining coverage	Social dialogue
Coverage rate	Employees - EEA	Workplace representation (EEA only)
0 - 19%	CZECH REPUBLIC, SLOVAKIA, GREECE, POLAND	PORTUGAL, POLAND, CZECH REPUBLIC, SPAIN, SLOVAKIA, GREECE
10 - 39%		
40 - 59%		
60 - 79%		
80 - 100%	ITALY, PORTUGAL, SPAIN	ITALY

2024		
	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 4% of employees belong to Top Management (of whom approximately 21% are women, increasing by around 17% compared to 2024), approximately 20% of employees belong to Middle Management (of whom 42% are women), while the remaining 77% or so belong to Staff (of whom 59% are women). With specific reference to Top Management, the Group had a total of 33 top management employees in 2025, of whom 26 men and 7 women.

Finally, of the total number of employees belonging to Top Management, 79% are in Italy, 12% in Poland, and the remaining 9% in Portugal, Greece, and Spain.

NUMBER OF MEMBERS OF TOP MANAGEMENT BY GENDER

2025					
UoM	Male	Female	Other	Not reported	Total
no.	26	7	-	-	33
%	79%	21%	-	-	100%

NUMBER OF MEMBERS OF TOP MANAGEMENT BY GENDER

2024					
UoM	Male	Female	Other	Not reported	Total
no.	24	6	-	-	30
%	80%	20%	-	-	100%

As regards the age distribution of employees, in 2025, 52% of the Group's employees were aged between 30 and 50, totaling 475, 35% were over the age of 50, totaling 316, and finally 13% were under the age of 30, totaling 120. Compared to 2024, the age category with the greatest change was employees in the under-30 bracket, with an increase of around 20%, while the remaining categories were more or less the same.

2024 Gender							2025 Gender				
Distribution of employees by age bracket	UoM	Male	Female	Other	Not reported	Total	Male	Female	Other	Not reported	Total
<30	n.	32	68	-	-	100	39	81	-	-	120
30-50		217	252	-	-	469	210	265	-	-	475
>50		156	148	-	-	304	167	149	-	-	316
Total		405	468	-	-	873	416	495	-	-	911

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").

S1-9 Entity specific – Diversity metrics - Nationality

As regards the nationality of staff, the majority are Italian, around 66%, followed by 20% of employees who are Polish, and 5% who are Spanish. This entity-specific KPI has been introduced starting from this reporting year, therefore data for 2024 have not been reported and no comparative information on the nationality of the Group's employees is available.

2025				
Distribution of employees by Nationality	UoM	Gender		Total
		Male	Female	
Albanian	no.	1	1	2
Argentinian	no.	1	2	3
Brazilian	no.	-	2	2
British	no.	-	1	1
Colombian	no.	1	-	1
Croatian	no.	1	1	2
Czech	no.	1	1	2
French	no.	-	3	3
Greek	no.	9	9	18
Indian	no.	1	-	1
Italian	no.	301	304	605
Ivorian	no.	1	-	1
Moldovan	no.	-	1	1
Polish	no.	53	135	188
Portuguese	no.	11	3	14
Romanian	no.	-	1	1
Slovak	no.	6	7	13
South African	no.	-	1	1
Spanish	no.	26	23	49
Venezuelan	no.	2	-	2
Swiss	no.	1	-	1
Total	no.	416	495	911

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 2025, in line with the previous year and equivalent to 2% of the total workforce. Of these, 19 are 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 December 31, 2025. 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.⁴¹

S1-15 – Work-life balance metrics

100% of employees are entitled to family leave. In 2025, 218 employees took this type of leave, accounting for about 24% of the Group's total employees, of whom 30% were women and the remaining 16% were men.

PERCENTAGE OF EMPLOYEES ELIGIBLE FOR FAMILY LEAVE AND PERCENTAGE OF EMPLOYEES WHO TOOK LEAVE

2025					
	UoM	Male	Female	Other	Not reported
Number of employees entitled to take family-related leave	no.	416	495	-	-
% of employees entitled to take family-related leave	%	100%	100%	-	-
Number of employees who took family-related leave	no.	68	150	-	-
% of employees who took family-related leave	%	16%	30%	-	-

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 – Remuneration metrics

In 2025, the BFF Group recorded a total gender pay gap of 34% and more specifically, with reference to fixed pay, a 16% gap for Top Management, with an 18% reduction compared to 2024 when this figure was 20%; a 19% gap for Middle Management, with a 15% reduction compared to the 2024 figure of 22%, and a 17% gap for Staff, up by 22% compared to the 2024 figure of 14%.

The change compared to the previous year, relating to the Top Management and Middle Management categories, is mainly due to turnover fluctuations in these categories (for example, women in the Top Management category increased by +1, compared to 2024). On the other hand, this change in the professional category Staff was mostly linked to the different composition of new entries. In fact, more women joined the Group than men, with a lower average age and lower experience levels than the existing corporate population. At the same time, although the figures are lower, new male staff accounted for more senior profiles on average, with a higher age and more years of experience.

The combined effect of these two phenomena therefore contributed to widening the pay gap in the Staff category compared to the previous year.

With reference to variable remuneration, in 2025 there was a 32% gap for Top Management, a 39% gap for Middle Management and a 42% gap for Staff. With reference to variable remuneration, in 2025 there was a significant number of male employees who exercised stock options which, being part of the total variable, led to a significant increase in the gap. In addition to the above, with reference to Top Management, there are several geographical areas of the Group that have only a single male member in this professional category, therefore resulting in a 100% gap.

The data below do not take into account any adjustment resulting from the consideration of objective factors such as the country of use.

GENDER PAY GAP - BASIC SALARY

2025							
	UoM	Top Management		Middle Management		Staff	
		Male	Female	Male	Female	Male	Female
Average gross hourly wage	€	87	73	41	33	26	22
Gender pay gap	%	16%		19%		17%	

2024							
	UoM	Top Management		Middle Management		Staff	
		Male	Female	Male	Female	Male	Female
Average gross hourly wage	€	84	68	40	32	26	22
Gender pay gap	%	20%		22%		14%	

⁴¹ 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.

GENDER PAY GAP - COMPLEMENTARY SALARY

2025							
	UoM	Top Management		Middle Management		Staff	
		Male	Female	Male	Female	Male	Female
Average gross hourly wage	€	78	53	16	10	4	2
Gender pay gap	%	32%		39%		42%	

2024							
	UoM	Top Management		Middle Management		Staff	
		Male	Female	Male	Female	Male	Female
Average gross hourly wage	€	19	16	10	6	4	3
Gender pay gap	%	19%		37%		27%	

GENDER PAY GAP – TOTAL REMUNERATION

2025							
	UoM	Top Management		Middle Management		Staff	
		Male	Female	Male	Female	Male	Female
Average gross hourly wage	€	160	126	57	43	31	25
Gender pay gap	%	22%		25%		19%	

2024							
	UoM	Top Management		Middle Management		Staff	
		Male	Female	Male	Female	Male	Female
Average gross hourly wage	€	103	83	49	37	31	25
Gender pay gap	%	19%		24%		17%	

In 2025, 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 39.92, increasing by 14% over 2024 when this ratio was 35.15.

RATIO OF THE TOTAL ANNUAL SALARY OF THE HIGHEST PAID PERSON TO THE MEDIAN OF THE TOTAL ANNUAL SALARY

	UoM	2024	2025
Total compensation ratio	-	35.15	39.92

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 45,952 hours of training in 2025, up 33% from the previous year, of which around 56% for female employees and the remaining 44% for male employees, with an overall average of 50 hours per employee, 52 average hours for women and 48 average hours for men, registering an increase of 28% compared to the average hours of 2024, when the total amounted to 39 average hours per employee, 42 for women and 37 for men. These increases are mainly due to the Corporate Convention in September 2025, which involved all the Group’s employees and is held every two years. Please refer to the sections below regarding the specific changes by type of training category.

AVERAGE HOURS OF TRAINING (HOURS)

		2024					2025				
		Gender					Gender				
Professional category	UoM	Male	Female	Other	Not reported	Total	Male	Female	Other	Not reported	Total
Top Management	no. of hours	29	27	-	-	29	48	35	-	-	46
Middle Management	no. of hours	38	40	-	-	39	47	53	-	-	49
Staff	no. of hours	37	42	-	-	40	49	53	-	-	51
Total	no. of hours	37	42	-	-	39	48	52	-	-	50

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: Mandatory 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, approximately 7,477 hours were held in 2025, up considerably over the previous year's figure of 1,949 training hours. The change, compared to the previous year, is due to the concentration of training activities in this area, as soft skills are considered a key element for supporting cooperation, effective communication and adaptability in ever-changing organizational contexts. In addition, the training funded for Italian employees ended in 2025, which had included a number of courses and initiatives not previously present, as well as courses on well-being issues and business coaching courses.

TOTAL NUMBER OF HOURS OF TRAINING ON SOFT SKILLS (HOURS)

2024						2025			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	43	14	56	2	96	33	129	4
Middle Management	no. of hours	329	287	615	4	1,101	986	2,087	12
Staff	no. of hours	553	725	1,278	2	1,971	3,290	5,261	7
Total	no. of hours	924	1,025	1,949	2	3,168	4,309	7,477	8

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, 14,413 hours were provided in 2025, an increase of 13% compared to 2024, when 12,780 hours were provided in the same training category.

TOTAL NUMBER OF TRAINING HOURS ON CROSS-CUTTING PROCESSES AND TOOLS (HOURS)

2024						2025			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	240	69	309	10	312	68	380	12
Middle Management	no. of hours	1,376	1,419	2,795	17	1,390	1,368	2,758	16
Staff	no. of hours	3,527	6,148	9,675	14	4,492	6,783	11,275	16
Total	no. of hours	5,143	7,637	12,780	15	6,194	8,218	14,413	16

2.a) Mandatory training

At Group level, approximately 10,256 hours were provided in 2025 and approximately 9,907 hours in 2024, a slight increase from the previous year.

TOTAL NUMBER OF HOURS OF MANDATORY TRAINING (HOURS)

2024						2025			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	256	70	326	11	270	81	351	11
Middle Management	no. of hours	1,123	777	1,900	11	1,158	802	1,960	11
Staff	no. of hours	3,260	4,422	7,682	11	3,261	4,684	7,945	11
Total	no. of hours	4,639	5,269	9,907	11	4,689	5,567	10,256	11

Mandatory training includes training on sustainability issues, with a total of 1,005 hours of ESG training in 2025, of which 3% for Top Management, 23% for Middle Management and the remaining 74% for Staff. Of the 1,005 training hours, male employee uptake accounted for 444 hours and female employee uptake for 561 hours, representing 44% and 56% respectively.

2.b) Occupational health and safety training

Training on occupational health and safety is provided through the "Company Safe Course", which is held at all the Group's subsidiaries. At Group level, approximately 1,769 hours were provided in 2025, a noticeable increase on the approximate 580 hours in 2024. This difference is mainly attributable to the long-term validity of the course on health and safety, with refresher training held for most employees in 2025.

TOTAL NUMBER OF HOURS OF OCCUPATIONAL HEALTH AND SAFETY TRAINING (HOURS)

2024						2025			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	17	1	18	1	10	-	10	0
Middle Management	no. of hours	86	14	100	1	86	47	132	1
Staff	no. of hours	220	242	462	1	808	819	1,627	2
Total	no. of hours	323	257	580	1	904	866	1,769	2

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, 6,017 hours were provided in 2025, a considerable increase over 2024 with approximately 1,384 hours. The significant change, compared to the previous year, is mainly due to the fact that, unlike 2024, the corporate convention (bi-annual at BFF) was held in 2025 - an important occasion to educate the entire corporate population on issues specific to the Group’s business, thus leading to this increase over the previous year. In addition, in some countries such as Poland, individual and group courses on specific topics that fall into this category of training were held. Finally, with reference to this type of training, specific high-level training programs for a male employee, belonging to the “Top Management” professional category, were also included, as a retention tool.

TOTAL NUMBER OF HOURS OF TRAINING ON BUSINESS (HOURS)

2024						2025			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	29	3	32	1	423	26	449	14
Middle Management	no. of hours	114	131	245	1	693	596	1,289	7
Staff	no. of hours	343	764	1,107	2	1,653	2,626	4,279	6
Total	no. of hours	486	898	1,384	2	2,768	3,249	6,017	7

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, 6,021 hours were provided, down by 23% compared to 2024 when 7,822 hours were provided. This difference is mainly attributable to the reduction in the incoming turnover compared to the previous year.

TOTAL NUMBER OF HOURS OF ONBOARDING TRAINING (HOURS)

2024						2025			
Professional category	UoM	Male	Female	Total	Average hours	Male	Female	Total	Average hours
Top Management	no. of hours	113	3	116	4	144	40	184	6
Middle Management	no. of hours	668	190	858	5	336	118	454	3
Staff	no. of hours	2,679	4,169	6,848	10	1,815	3,569	5,384	8
Total	no. of hours	3,459	4,362	7,822	9	2,294	3,727	6,021	7

Performance Review

In 2025, 91% of employees received a regular review of their performance and professional development; the remaining 9% did not undergo any review process because they had been with the Group for less than six months. Of the 825 employees who received a periodic review, 52% were women and 48% were men. In 2025, out of 431 women, 87% received a performance review, while out of 394 men, 95% 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 2025, 100% of performance reviews were agreed with management.

PERCENTAGE OF EMPLOYEES WHO RECEIVED A PERIODIC PERFORMANCE AND PROFESSIONAL DEVELOPMENT ASSESSMENT

2024 Gender					2025 Gender			
UoM	Male	Female	Other	Not reported	Male	Female	Other	Not reported
%	91%	86%	-	-	95%	87%	-	-

S1-14 – Health and safety metrics

100% of employees are covered by the Group’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 2025, there were no fatalities among own workers and no cases concerning work-related ill health.

FATALITIES AMONG OWN WORKERS

2024					2025		
UoM	Employees	Non-employees	Workers in the value chain		Employees	Non-employees	Workers in the value chain
Number of fatalities that occurred during the reporting year	no.	-	-	-	-	-	-

NUMBER OF RECORDED WORK-RELATED ILL HEALTH CASES

2024					2025		
UoM	Employees	Non-employees	Workers in the value chain		Employees	Non-employees	Workers in the value chain
Number of recorded work-related ill health cases	no.	-	-	-	-	-	-

In 2025 the accident rate was 4.08 and the hours worked by Group employees amounted to 1,471,831. The total number of accidents was 6 and resulted in a total of 227 days lost.

NUMBER AND RATE OF RECORDABLE WORK-RELATED ACCIDENTS

	UoM	2024	2025
Accidents of own workers			
Number of cases	no.	4	6
Of which employees	no.	4	6
Of which non-employees	no.	-	-
Work-related accident rate	%	2.91	4.08
Of which employees	%	2.91	4.08
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	2025
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.

With reference to whistleblowing channels, during the year a total of 3 whistleblowing reports were handled, one of which was received in 2024 and therefore previously reported in the 2024 Consolidated Sustainability Report.

Specifically:

- ▶ 1 report received in November 2024, with preliminary analysis confirming that it partially came under the scope of the whistleblowing regulations. A special investigation was therefore launched, which ended in 2025. The outcomes were reported to the appropriate corporate bodies;
- ▶ 1 report received in May 2025 that was filed the same day because it was devoid of content;
- ▶ 1 report received in July 2025. Following preliminary analysis, the report was not relevant for the purposes of the whistleblowing regulations.

NUMBER OF COMPLAINTS FILED BY WORKERS THROUGH GRIEVANCE MECHANISMS AND/OR THROUGH NATIONAL CONTACT POINTS

	UoM	2024	2025
Total number of complaints filed by workers	no.	1	-
of which: through the undertaking's appropriate channels	no.	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	2025
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 2025, 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 2025 there were no cases of human rights violations, in line with previous years.

NUMBER OF SEVERE HUMAN RIGHTS INCIDENTS RELATED TO THE WORKFORCE (E.G., FORCED LABOR, HUMAN TRAFFICKING, CHILD LABOR)

	UoM	2024	2025
Total number of severe human rights incidents	n.	-	-
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

	UoM	2024	2025
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 its upstream and downstream value chain, BFF 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 stated in the 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 financial 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) ⁴²	Business Perspective (VC) ⁴³	Risks (OP)	Opportunities (OP)
Topic: ESRS S2 - Workers in the value chain			
/ ⁴⁴	Negative impact deriving from the offer of services (F&L Assignors) to counterparties operating in sectors with negative impacts on working conditions. (S) ⁴⁵	/	/

The BFF Group is committed to ensuring a proper management of the relationship with its customers and suppliers⁴⁶, 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. Moreover, 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. In addition to the above, the BFF Group adopted the ESG Procurement Policy during 2025. This Policy sets out the principles that BFF suppliers must comply with in terms of environmental and social matters and good governance. In line with the provisions of the ESG Strategic Plan, the Bank has also reviewed the supplier evaluation process, supplementing it with ESG criteria, giving out an ad hoc questionnaire directly during the supplier qualification phase.

With reference to workers in the downstream value chain, 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 the 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. However, it should be noted that although a significant negative impact has been identified related to exposure to the aforementioned sectors, there is no sign of significant negative impacts on workers in the value chain deriving from the transition to a more sustainable business.

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 workers’ rights and working conditions along the value chain could expose BFF to reputational risks and potential negative economic consequences. However, this exposure is mitigated by regulatory safeguards in the sectors to which BFF is exposed, which reduce the likelihood of this happening, to the benefit of the Group.

It should be noted that 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 it has adopted. For more details, please refer to the section “*Policies related to value chain workers*” in this document.

42 OP: Operations Perspective.

43 VC: Value Chain.

44 “/”: It should be noted that no material IROs have been identified.

45 S: Short-term; M: Medium-term; L: Long-term.

46 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

BFF has adopted several policies to manage and monitor the material impacts and risks related to workers in the value chain and which address this topic with an all-round approach. These measures include:

- ▶ the ESG Procurement Policy;
- ▶ the Code of Ethics;
- ▶ the Human rights policy.

The ESG Procurement Policy

BFF Banking Group, aware of the growing importance of a sustainable supply chain, wishes to play an active part in promoting behaviors that carefully evaluate the impacts of its suppliers in an environmental, social and good governance dimension. Consequently, the Group assesses, monitors and prevents the actual and/or potential impacts, risks and opportunities on the environment and society linked to its supply chain by formalizing the ESG Procurement Policy, and by conducting an ESG assessment and certification of its suppliers. Therefore, as part of the supply chain management process, the BFF Group acts responsibly with the ultimate aim of minimizing its indirect environmental impact and promoting, where possible, a socially responsible management of its activities, suppliers and workers in the value chain.

The Policy was approved in June 2025 by resolution of the Parent's Board of Directors on the proposal of the Parent's Chief Executive Officer, after consulting with the Parent's AML & Compliance Department and the Risk Management Department for areas in their remit. The Policy applies to the Bank and has been sent to all Subsidiaries, to be implemented by them and made available to all Group Personnel.

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

- ▶ the Corporate Sustainability Reporting Directive ("CSRD");
- ▶ the Corporate Sustainability Due Diligence Directive ("CSDDD");
- ▶ the 2030 Agenda for Sustainable Development;
- ▶ the OECD Guidelines for Multinational Enterprises;
- ▶ the UN Guiding Principles on Business and Human Rights;
- ▶ the ILO Declaration on Fundamental Principles and Rights at Work;
- ▶ the Women's Empowerment Principles.

Lastly, the Policy is published on the institutional website of BFF Banking Group and made available to all stakeholders.

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. The selection processes, based on criteria of fairness and impartiality, guarantee equal opportunities for access and the prevention of conflicts of interest, ensuring that suppliers are chosen based on economic soundness, professional expertise 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 fit into 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 portal facilitates the monitoring of the entire procurement process, from selection to performance evaluation, ensuring responsible supply chain management and continuous compliance with 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 of 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.

The 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 received.

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 further details on the control methods and effectiveness of the channel), the reporting system is easy to use, as it is available on BFF's website and so is accessible to all workers in the value chain who may have suffered a potentially material negative impact. In addition, whistleblowers may send their report to the Whistleblowing Officer by ordinary mail or request a special meeting. 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 workers in the value chain, and approaches to managing material risks and pursuing material opportunities related to workers in the value chain and effectiveness of those actions

Although, to date, the Bank has not established specific quantitative targets related to this topic, BFF is continuously committed to a respectful management of the actors operating within its value chain.

In particular, in relation to the material impact identified, represented by the potential negative effect deriving from the offer of services to counterparties operating in sectors with working conditions that are not fully aligned with expected standards, BFF carefully monitors its business relationships and adopts measures aimed at preventing exposure to practices that may cause negative effects in this area. In addition, the Group intends further monitoring the issue, also considering workers in the upstream value chain, i.e. direct suppliers. In fact, when stipulating a contract, BFF requires business partners to sign the Group's Code of Ethics. In addition, BFF 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.

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.

As already mentioned, starting from 2025 the Group has prepared an ESG Procurement Policy and reviewed the supplier evaluation process. Through the new process, BFF gives all suppliers, during the qualification phase, an ESG questionnaire on sustainability practices adopted and, depending on the answer provided, assigns suppliers a score, to monitor progress and their degree of maturity.

With this in mind, the Group requests its Suppliers to adopt specific safeguards and behaviors in the social sphere, with reference to workers directly and/or indirectly involved in the performance of their activities, such as, for example: i) the protection of workers, in particular ensuring that the working conditions adopted by the Supplier for its staff are appropriate for relevant standards and regulations, and that remuneration policies applied meet the standards in force for each sector; ii) the inclusion of vulnerable individuals, through the request for the implementation of policies, ensuring the presence of safeguards to protect their rights; iii) non-discrimination based on race, ethnicity, age, sex, disability or other characteristics (such as, for example, marital and/or parental status) that could represent a discriminatory factor, supporting the importance of a work environment free of harassment and discriminatory behavior, strictly applying a policy of zero-tolerance of any form of discrimination or harassment; iv) respect for the cultural, religious, economic and social rights of local communities, minorities, indigenous peoples and other vulnerable groups, taking into account the operating context and the activities carried out; v) the right to health and safety, ensuring that working conditions and the environment of workers in the supply chain are safe and dignified; vi) combating forms of

child and forced labor, ensuring that suppliers respect these principles and have no litigation pending regarding this aspect. 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. In fact, 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 conflicts of interest. 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). During 2025, 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 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) ⁴⁷	Business Perspective (VC) ⁴⁸	Risks (OP) ⁴⁹	Opportunities (OP) ⁵⁰
Topic: ESRS S3 – Affected Communities			
Positive impact on the well-being of communities, through cultural and social initiatives that promote collective growth and sustainable development (S) ⁵¹	/ ⁵²	/	/

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, holding training events for personnel inside and outside the Organization, as well as cultural and art events, for the benefit of the entire community⁵³. In addition, a key element is the commitment of 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 “vulnerable” individuals.

BFF is committed to promoting the Foundation's purpose, supporting its 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, in fact, did not identify positive and negative material impacts on communities in the context of the Group's business relationships; instead they identified positive material impact on the wellbeing of communities, linked to the various cultural and social initiatives that BFF promotes. In this context, the Group did not have to take action during 2025 to remedy material negative impacts, as these did not occur; nor did it receive reports of serious human rights problems and incidents in relation to affected communities.

Finally, as 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.

47 OP: Operations Perspective.

48 VC: Value Chain.

49 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.

50 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.

51 S: Short-term; M: Medium-term; L: Long-term.

52 “/”: It should be noted that no material IROs have been identified.

53 In its 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 already 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 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.

The 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.

The Human Rights Policy

As already 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 recipients in performing their work activities, must be inspired by the principles and values set out 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 to 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 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 create 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 aspect, BFF provides a reporting channel on its website that may also be accessed by 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 2025 are outlined below.

In particular, in 2025, the efforts that first began in previous years focusing on various areas of activity continued, with:

- ▶ the issuance of two social bond issues;
- ▶ support for culture, aimed among other things at promoting Italian art abroad;
- ▶ the ongoing process to transform the Foundation, established by the Bank in 2004, and which in 2025 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 topics, 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 Activities 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 Activities 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 Activities Portfolio: aggregate amount by asset category, country, nature, and maturity.
- ▶ KPIs identified and measured, at least at the level of the Eligible Activities category.

In accordance with the recommendations of ICMA’s Principles applicable to Social Bonds, BFF has committed to preparing an annual Social Bond Report, starting from 2025 (the year following the year of issue) and up 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 provides 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 Activities 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, were included in the first Report produced and published on the company’s website in April 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 first and foremost the ART FACTOR project, involving several countries in Europe, followed by a second project dedicated to the relationship between Italian and American art, and lastly, the opening of the BFF Gallery Museum at BFF’s Headquarters in Milan.

Specifically, the project “ART FACTOR – The Pop Legacy in Post-War Italian Art” was launched in 2021, initially with the publication in English of the book of the same title by Skira Editore Milan Geneva Paris - distributed since April 2021 - followed up by a website entirely dedicated to the collection, culminating 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 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 and American art, coming out in January 2024; the volume was at the heart of the 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.

In 2025, the cultural initiatives promoted by BFF culminated in the creation of the BFF Gallery: a museum area at Casa BFF - the bank’s new headquarters in Milan since 2024 - open to the public free of charge, and dedicated to promoting knowledge of Italian art and culture, sharing the works in the BFF Collection. The museum’s objective is to create a virtuous and open system of exchange and sharing of knowledge, fostering dialogue and offering the public a comprehensive, accessible, and high-quality scientific program.

The BFF Gallery opened on April 2, 2025, with the exhibition “Baj + Milton. Paradiso Perduto. I paradossi della libertà” (‘Baj + Milton. Paradise Lost. The paradoxes of freedom’), running from April 3 to October 17. This was followed by a second exhibition: “Città. Voci e visioni. Immaginari urbani tra memoria e contemporaneità”, (‘The City. Voices and Visions. Urban imagery between memory and contemporaneity’), inaugurated on October 30 and running until April 3, 2026. Both exhibitions were sponsored by the Ministry of Culture, the Region of Lombardy and the Municipality of Milan, District 8.

FAST FORWARD FOUNDATION

In line with the 2023-2027 Strategic Plan, the Foundation established by BFF Bank creates initiatives to develop and test new ideas to make welfare systems more inclusive, effective and sustainable. In fact, the purpose of the Foundation, defined and validated through stakeholder engagement, focuses on the creation of an increasingly integrated welfare system, in which health, welfare and financial inclusion are more connected thanks to innovation, collaboration and information sharing. The Fast Forward Foundation has the following aims:

- ▶ HEALTH - Understanding and promoting approaches that contribute to more accessible and sustainable health systems;
- ▶ SOCIAL PROTECTION - Supporting the evolution of welfare models that respond to changing social and economic needs;
- ▶ DIGITAL PAYMENTS FOR FINANCIAL INCLUSION - Promoting digital and financial innovations that enable a broader and fairer participation in welfare systems.

In 2025, the Foundation continued the development of the two initiatives already launched in 2024:

- **Uwelfare** - a project created to help university students start saving for their future and take care of their health. The initiative was launched in November 2024, with the first financial education activity taking place at university halls of residence in Turin. In 2025, further events were organized in Rome, Turin and Bari, involving over 60 students in total in innovative and interactive training activities. In June 2025, the supervisory authority COVIP authorized BFF, enabling it to officially promote the agreement with the open pension fund dedicated to university students. The project has therefore begun a new phase of consolidation and expansion, with the aim of not only promoting access to the special-conditions fund, but above all of fostering a culture of savings and supplementary pensions among new generations, encouraging mindful choices and independence in setting up their future pension. On December 10, 2025, the co-design workshop involving various stakeholders of the Italian welfare system and civil society was held to discuss the project's scalability and more generally the issues of financial and welfare education.
- **Welfare Sector Payments (WSPs) Assessment in Portugal** - a project that explores how digital payment systems can make the delivery of welfare services more efficient, inclusive and interconnected. Fast Forward Foundation has developed the first Methodology for the evaluation of payments in the welfare sector, which it presented in the report "Leveraging Modern Payment Techniques to Enhance Integrated Welfare Solutions", published in November 2024. The methodology analyses WSPs in 15 key areas – including regulatory frameworks, interoperability, financial inclusion, cost efficiency and data governance – with the aim of identifying critical areas and opportunities for modernization and greater efficiency. The methodology was presented on March 11, 2025 with an event held at the Calouste Gulbenkian Foundation in Lisbon, Portugal, which brought together over 50 stakeholders from different sectors to discuss how digital payments can strengthen welfare infrastructures. Portugal was chosen for its positioning in the area of digital innovation, its considerable leaning towards financial inclusion and the synergies between the public and private sectors - making it an ideal setting to trial the methodology for the first time. The study and test on the methodology were rolled out from July 2025, in association with the Leadership for Impact Knowledge Center of the Nova School of Business and Economics (Nova SBE). The results of the pilot project will guide future applications in other European countries, helping to make welfare systems more resilient and interconnected.

Initiatives are also being developed to explore person-centered and digital-based approaches to long-term care, aimed at enabling automatic savings for future care needs.

In line with the commitment in its 2023-2027 Strategic Plan, the Bank contributed to the Foundation's initiatives with a donation of €1,080,000, up from the previous year's contribution of €520 thousand.

EVENTS: A TOOL FOR SHARING KNOWLEDGE AND EXPERTISE

Each event is an important tool for the Group for transparency on and engagement in issues which are relevant to its customers and stakeholders.

During 2025, also in view of BFF's 40th anniversary, several events were held in many of the countries where the Group operates. For the occasion, BFF's history was also celebrated, in a work created in collaboration with Treccani that explores the events characterizing the last 40 years of history. On July 22, in Milan, at Casa BFF, celebrations for BFF's 40th anniversary kicked off with the participation of the people and businesses who were the main players in establishing the Group: its long-term employees and founding companies. On October 7, at the Treccani headquarters in Rome, another event was held with institutions, trade associations, customers and partners of the Bank all taking part. On October 9, BFF's 40th anniversary event took place in Madrid, at the headquarters of the Italian Embassy in Spain and on December 11 in Lisbon, at the Italian Embassy in Portugal. These occasions too were an opportunity to meet and engage with main local stakeholders. In Poland, BFF's 40th anniversary celebration coincided with the tenth edition of "Hospital Ranking", an event that represents an important opportunity to discuss solutions that can contribute to an improvement of the Polish health system and the best practices that can be implemented.

Over 400 hospitals participated in the 2025 edition. The initiative involved partners such as the Federation of Polish Hospitals, the Polish National Association of Employers of Provincial Hospitals, the Marshal of Łódź Voivodeship, the Mayor of Łódź City, the Ombudsman for Patients' Rights, the Center for Quality Monitoring in Healthcare, the POLMED Chamber of Commerce, the Federation of Polish Entrepreneurs and the Polish Union of Clinical Hospitals.

In Italy, mention should be made of the sponsorship of "Il Salone dei Pagamenti", promoted by ABI - the Italian Banking Association and organized by ABIEventi. The "Salone dei Pagamenti" is the annual reference event in the world of banking and digital payments in Italy, now in its tenth edition. The 2025 Salone, called "Generative Talent" focused on the themes of experimentation and training to promote a new way of doing financial culture and bringing young people closer to the new professions of the banking sector, through digital languages and immersive experiences. The event, aimed at banks, payment institutions, IMELs, institutions, companies, and the Public Administration, saw the participation of BFF in four sessions. Also in Italy, the Bank participated in the 16th edition of Il Salone del Risparmio, organized by Assogestioni. This annual event for the asset management sector brings together all operators in the sector, institutions, academia and the media, as well as savers, on specially dedicated days. In this context, BFF organized the conference "Longevity and new challenges: the role of health funds and the custodian bank", with a number of stakeholders (representing Pension Funds, Institutions and Associations) participating as speakers.

In the same sector, the Bank was also at the side of its customers on the occasion of the twenty-fifth anniversary of Previmoda, the 25th anniversary of the Pegasus Fund, the Assembly of Closed Pension Funds, the Conference of ADEPP - the Private Pensions Association, and, finally, the BFF Digital Payment Forum organized at Casa BFF providing an opportunity for Banks and Companies in the payments sector to meet up. 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 2025, relations with relevant Associations in all countries where the Group operates were further strengthened.

In many of these associations, BFF is a member of the governing bodies, intent on interpreting trends and improving the operating environment in which businesses, banks, and public bodies operate, enhancing 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 Association of Internal Auditors
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
Assoprevidenza
AMF Italia - Association of Financial Market Intermediaries
French Chamber of Commerce in Italy
Italian-German 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

Association Name
France
AFTE - Association Française des Trésoriers d'Entreprise
AFDCC - Association Française des Credit Managers & Conseils
Greece
HFA - Hellenic Factors Association
CEO Club International
Poland
FPP - Federation of Polish Entrepreneurs
PFZ - Polish Factors Association
PFSz - Polish Hospitals Federation
ZPB - Polish Bank Association
PZPB - Polish Association of Construction Industry Employers
POLMED - Polish Chamber of Commerce for Medical Devices
Portugal
ALF - Associação Portuguesa de Leasing, Factoring e Renting
AMCHAM - American Chamber of Commerce in Portugal
APORMED - Associação Portuguesa das Empresas de Dispositivos Médicos
CCILE - Câmara de Comércio Luso-Espanhola
CCILF - Chambre de Commerce et d "Industrie Luso-Française
HCP - Health Cluster Portugal
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
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** – Board of Statutory Auditors;
- ▶ **APSP - Italian Association of Payment Service Providers** Board of Directors;
- ▶ **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.

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 share)
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	Issuance of two social bonds, 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. For the first target, the Group plans to increase the Foundation’s funding contribution by 2026, without the need to set intermediate targets. For 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 towards 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 this document.

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) ⁵⁴	Business Perspective (VC) ⁵⁵	Risks (OP)	Opportunities (OP) ⁵⁶
TOPIC: ESR5 S4 - CONSUMERS AND END-USERS			
Negative impact on the protection of personal data, with the risk of the unauthorized dissemination of sensitive customer information due to an inefficient management of security systems (S) ⁵⁷	Negative impact deriving from exposures in the portfolio (F&L Loans) with counterparties operating in sectors that have negative impacts on the personal safety of consumers and/or end-users (S)	Risk related to changes in applicable regulations regarding customer preferences (S)	/ ⁵⁸
Positive impact on the well-being of customers, guaranteed by quality financial services and relationships based on trust, transparency and active engagement (S)	Positive impact deriving from exposures (F&L Loans), from the offering of services (F&L Assignors) and from intermediation activities of payment and custodian bank services, with counterparties operating in sectors that make a positive contribution to the social inclusion of consumers and/or end-users (S)	Risk related to the sudden change in the preferences of external and internal stakeholders and level of market confidence (S)	
	Negative impact deriving from exposures (F&L Loans), from the offering of services (F&L Assignors) and from intermediation activities of payment and custodian bank services, with counterparties operating in sectors that make a negative contribution to the social inclusion of consumers and/or end-users (S)	Risk related to poor customer privacy protection and low quality of services offered (S)	

As regards the Factoring and Lending Business Unit, the main categories of customers with whom BFF interfaces are Suppliers of Public Authorities, large multinational corporations as well as municipalities and hospitals. 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. 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, set up at Assifact (the Italian Factoring Association), whose goal is to define common guidelines for all factors. For more details on initiatives adopted for its Customers, please refer to the dedicated section “*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 Data Protection Officer carries out privacy impact assessments at regular intervals, 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.

⁵⁴ OP: Operations Perspective.

⁵⁵ VC: Value Chain.

⁵⁶ It should be noted 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.

⁵⁷ S: Short-term; M: Medium-term; L: Long-term.

⁵⁸ “/”: It should be noted that no material IROs have been identified.

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 Complaints 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 customer relations. 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 any corrupt practice 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 the 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.

The 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 Complaints 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 years⁵⁹ by the Board of Directors of the Parent upon the proposal of the Chief Executive Officer of the Parent, after consultation with the Compliance and AML Function of the Parent and the Risk Management Function of the Parent 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, within its Branches and Subsidiaries, identifies, 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 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.

⁵⁹ 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.

The Privacy policy

The Group has adopted internal policies approved by the Board of Directors and by the corresponding corporate boards of the Subsidiaries, updated at regular intervals in compliance with the requirements of Regulation (EU) 2016/679:

- ▶ **Group Policy for Exercising the Right to the Portability of Personal Data:** this Policy governs the right to the portability of personal data pursuant to Article 20 of Regulation (EU) 2016/679, and supplements 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 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 rights over the personal data provided, as set out in Regulation (EU) 2016/679, which consist of:
 - the right of access;
 - the right of rectification;
 - the right to erasure or “right to be forgotten”;
 - the right to restrict processing;
 - the right to personal data portability;
 - the 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 Information Security Policy:** the information security policy sets out the technical and organizational measures, identifying the actors responsible and their roles, which represent the basis of safeguards for corporate information, in terms of:
 - Security aspects related to the management of internal resources and third-party suppliers;
 - The secure management of logical access to company systems and repositories;
 - Safeguards to guarantee the confidentiality of data stored on IT systems and transmitted over ICT telecommunications networks, by adopting encryption algorithms aligned with industry standards;
 - Backup and Restore mechanisms to guarantee the integrity and availability of data stored on corporate repositories;
 - The management of the resilience of information systems and ICT infrastructures, through the implementation of Disaster Recovery and Business Continuity procedures;
 - Security management in ICT operations, integrated with aspects related to the life cycle of the development of application platforms and acquisition processes of third-party information systems;
 - The management of security incidents and monitoring of security events on information systems and telecommunications networks.

These safeguards aim to ensure the resilience of the information systems that provide customer services, in line with the requirements of Regulation (EU) 2022/2554 on Digital Operational Resilience (DORA), and the protection of information stored and processed through the aforementioned systems, in terms of data availability, confidentiality and integrity, in accordance with the General Data Protection Regulation (Regulation (EU) 2016/679).

- ▶ **Group Policy for the Management of Data Breaches:** the security policy mentioned above, 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 General Data Protection Regulation (Regulation (EU) 2016/679). When however, despite such measures, a data breach takes place, the Parent 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 unlawful or unauthorized access to information, services and systems;
 - integrity: guaranteeing that information has not been altered by incidents or misuse;
 - 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.

The 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*”.

The Anti-Corruption Policy

BFF has adopted the “Group Anti-Corruption Policy” effective as of December 22, 2021, which sets out 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 objectives described in detail in the section “*ESRS G1 - Impact, risk and opportunity management*”.

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 of customer satisfaction activities.

Italy, Spain and Portugal - and since 2021 Poland and Greece - 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 based on 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 an integral part of the variable compensation of some employees.

CUSTOMER SATISFACTION

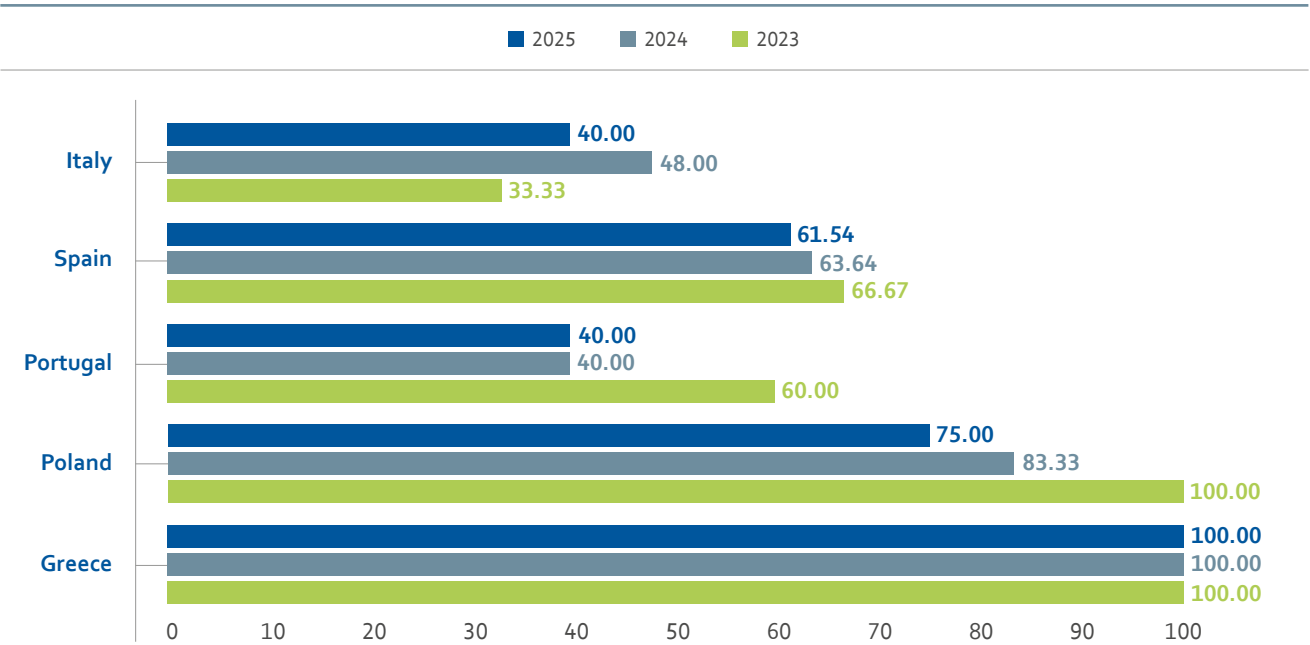
	UoM	2024		2025	
		TS	F&L	TS	F&L
Total number of customers who were given the questionnaire	no.	25	68	25	70
Total number of satisfied customers who were given the questionnaire	no.	25	67	25	67
Percentage of satisfied customers who were given the questionnaire	%	100%	98.5%	100%	95.7%

In 2025, 14% of total active customers were interviewed about the Factoring & Lending business, while 4% were interviewed about the Transaction Services business. The results show that the panel identified is satisfied with the service offered. In particular, the level of satisfaction is extremely high in all markets surveyed, confirming the solidity of relations between BFF and its customers.

It should be noted that the total number of satisfied customers is the sum of “promoters” and “neutral” customers analyzed using the NPS index.

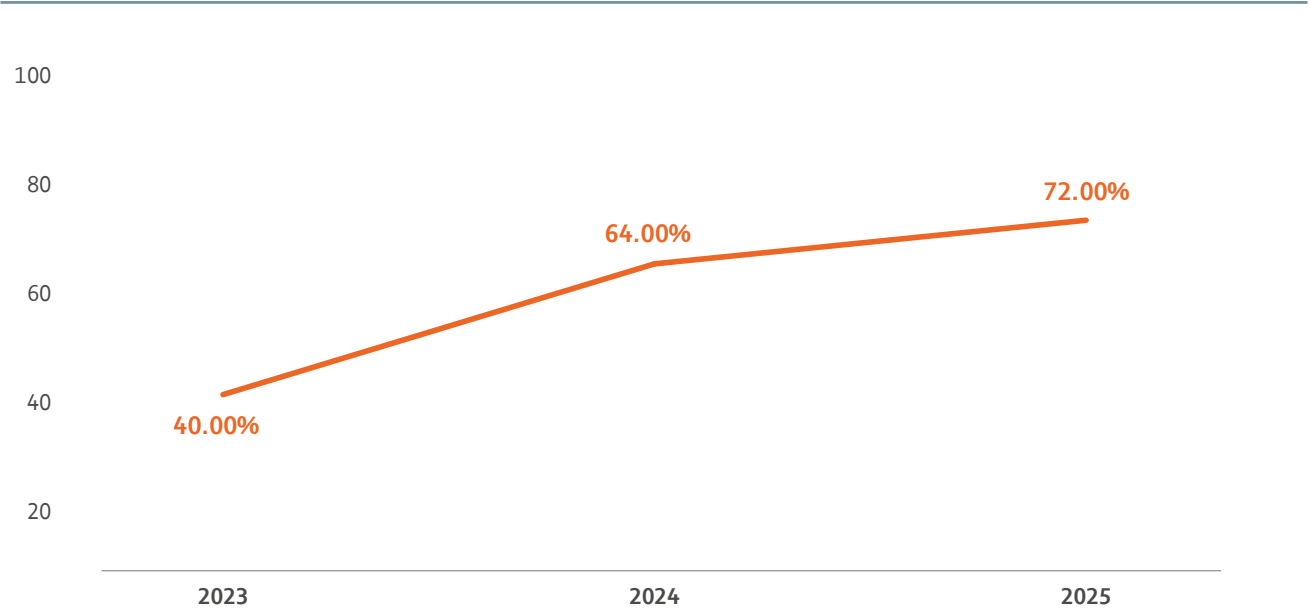
With regard to the Factoring & Lending business, in 2025 the NPS index was equal to 40 in Italy, 61.54 in Spain, 40 in Portugal, 75 in Poland, and 100 in Greece.

NET PROMOTER SCORE (NPS F&L)



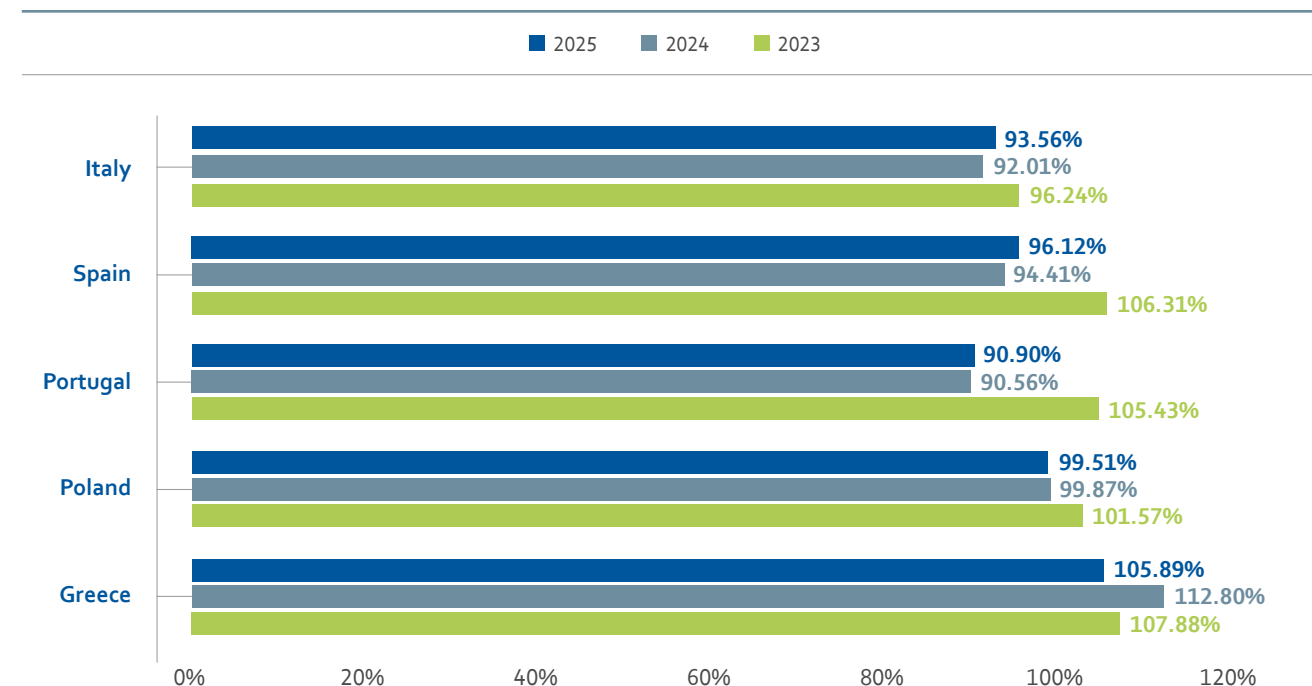
During 2025, with reference to the Transaction Services business, an NPS index of 72 was recorded in Italy (compared to 64 and 40 for 2024 and 2023 respectively).

NET PROMOTER SCORE (NPS TS)



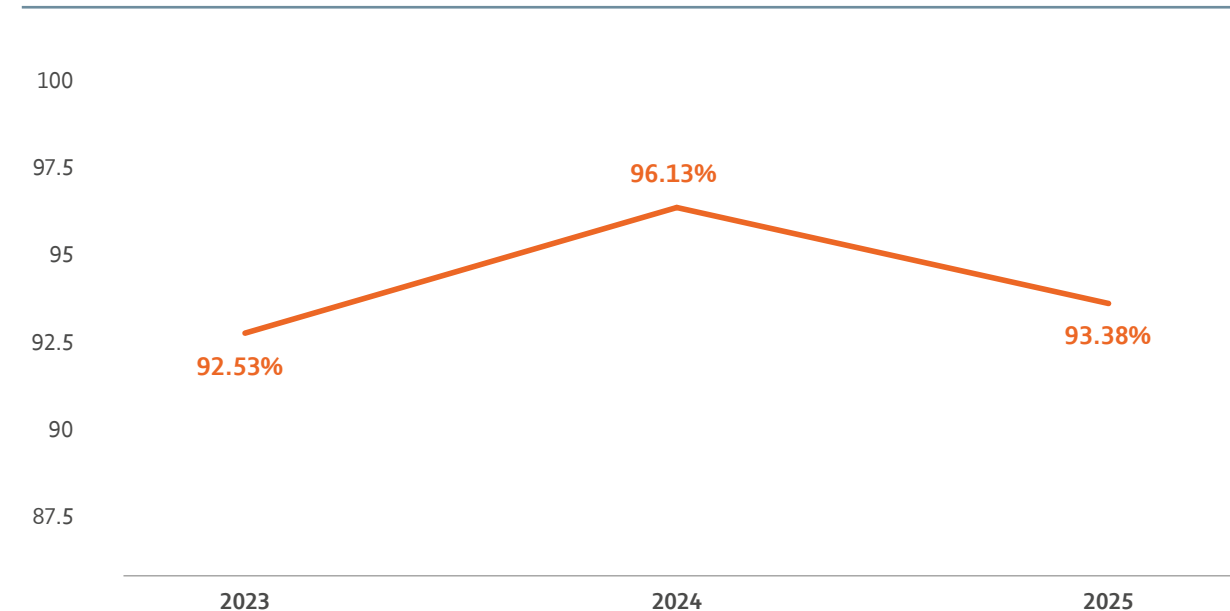
With reference to the level of satisfaction, the figure below shows the specific results emerging from the surveys carried out in the 2023-2025 three-year period by individual country for the F&L area.

DEGREE OF SATISFACTION (F&L)



With reference to the degree of satisfaction, the figure below shows the specific results emerging from the Surveys carried out in the 2023-2025 three-year period by individual Division of the Transaction Services area.

DEGREE OF SATISFACTION (TS)



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 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 2024, all countries are strongly aware of ESG issues; although customers' knowledge and awareness of BFF's sustainability strategy is not at high levels, their opinion of BFF's commitment to ESG matters is positive. In fact, customers confirmed that sustainability issues (e.g., Carbon Neutrality, Social Bonds) are increasingly relevant in their sectors.

In Italy, 25 F&L customers were interviewed, 17 of whom were also interviewed in 2024, and of whom 20 were National Health Service suppliers and 5 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 fourth time, customers belonging to all 3 Transaction Services departments were also interviewed, for a total of 25 customers involved in the survey. The results show how:

- ▶ BFF Bank is confirmed as a leading partner in TS services, thanks to a combination of specialization, reliability and strong operational proximity. The relationship is described as stable, with contact people who are present, readily available and able to take action quickly in case of need;
- ▶ The offer is perceived as complete and competitive in the three areas. The value recognized all-round is the ability to adapt to customer's needs, in particular to handle "on demand" requests and the speed of response times;
- ▶ BFF's support in regulatory alignment is generally perceived as timely and competent. Where processes are more regulated, customers appreciate regular updates and operational assistance.

Most of the Transaction Services customers interviewed consider they are aware of BFF's ESG strategy and positively rate its commitment; customers who are most aware are Fund Services customers.

The abilities of Transaction Services recognized by customers and previously explained are also the basis of the lasting relationship of trust established with many customers over the years.

In Spain, 13 customers were interviewed for the Customer Satisfaction survey, 7 of whom had already been interviewed in 2024. 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, quality of relationships established and networking events organized.

In Portugal, the Customer Satisfaction survey involved 10 customers, 6 of whom had already been interviewed in 2024. 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 addition, the speed and transparency of the service, combined with sector expertise, represents added value that contributes to strengthening the positive perception of the liquidity solutions that BFF offers.

In Poland, the Customer Satisfaction survey involved 12 customers, with 2 already interviewed in 2023 and 1 in 2022. The main strengths recognized were timely flexible and customizable services, a high level of specialization and expertise in the field, and dedicated events for companies and hospitals.

Finally, in Greece, 10 customers were interviewed, 6 of whom had already been interviewed in 2024, who identified BFF's uniqueness and the high level of proposed solutions to effectively meet their financial needs, supported by a reliable local team. Attention, flexibility and the speed of service delivery were also mentioned.

In addition to the above, customers were actively involved in the Double Materiality assessment in one-to-one interviews, during the reporting year. During these interviews, in fact, they were asked to evaluate sustainability issues, in accordance with the ESRS, by assigning a relevance score from 1 to 5, as described in more detail in the section "SBM-3 *Material impacts, risks and opportunities and their interaction with strategy and business model*", which we refer to for details on the process and assessments.

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's Supervisory Body, which manages the stages of receiving, reviewing reporting and evaluating the whistleblowing procedure. 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, whether relevant or otherwise, 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 mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The Group has developed a system for the protection of personal data aimed at guaranteeing protection from the initial stages of processing through the entire lifecycle of the data, adopting safeguards in terms of data availability, confidentiality, integrity and resilience. In particular, the Group aims to observe the principle of privacy by default, complying with general principles of data protection, such as data minimization and purpose limitation, thus ensuring that only personal data necessary for the specific purpose of processing are actually processed, are made accessible only to certain persons, therefore excluding unauthorized third parties, and are not kept for longer than the minimum times necessary or permitted by 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'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. 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 objective is to make a correct and appropriate classification of ESG financial instruments by comparing different market players 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 CO₂ 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 distinctive features of the service include comparing the ESG positioning of individual portfolios against that of the specific benchmark they refer to, thus facilitating the identification of 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 methodology is built on real investment decisions as it aggregates ESG agency data, 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 ESG evolution 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 2025. 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.

Entity-specific metric: GRI 418-1 - Substantiated complaints concerning breaches of customer privacy and losses of customer data

To provide disclosure as complete and transparent as possible, BFF considered it appropriate to supplement the metrics relating to consumers and end-users with the reporting of an Entity-Specific KPI, which is therefore not included in sector-agnostic ESRS. This entity-specific metric refers to complaints received concerning breaches of customer privacy in accordance with GRI 418-1.

In this context, in the reporting period considered, no complaints were received from third parties that were substantiated.

While with reference to leaks, theft or loss of customer data, one data breach was reported in 2025, while 4 cases of data breaches at the Group's foreign sites were reported in 2024.

GRI 481-1	31.12.2024	31.12.2025
a. Total number of substantiated complaints received concerning breaches of customer privacy	-	-
of which complaints received from outside parties and substantiated by the organization;	-	-
of which complaints from regulatory bodies.	-	-
b. Total number of identified leaks, thefts, or losses of customer data	4	1

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) ⁶⁰	Business Perspective (VC) ⁶¹	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 (S) ⁶²	/ ⁶³	Risk related to changes and technological advances, as well as the failure to adopt updated IT structures capable of ensuring transparent communication, with possible reputational damage (M/L)	/
Positive impact related 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 (S)		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 (S)	
Positive impact on responsible governance, through the promotion of practices focused on transparency, integrity and alignment with international standards (S)		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 (S)	
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) (S)			
Positive impact on the economic soundness of its suppliers through sustainability criteria in selection and a responsible management of business relationships (S)			
Positive impact on company culture and reputation, thanks to initiatives that promote integrity, ethical awareness and transparency, consolidating responsible behavior among employees and external staff (S)			

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, the Group has adopted sustainability criteria within its supplier selection and management process to demonstrate the materiality of sustainability topics in BFF's business.

In addition, BFF is committed to promoting healthy work environments by ensuring that employees can work in conditions that protect 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 regulations⁶⁴. 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.

60 OP: Own Operations.

61 VC: Value Chain.

62 S: Short-term; M: Medium-term; L: Long-term.

63 "/": It should be noted that no material IROs have been identified.

64 On February 16, 2026, following news reported in the press, the Bank communicated that it was aware of preliminary investigations by the Public Prosecutor's Office of Milan. The Bank is being investigated for an administrative offence pursuant to Italian Legislative Decree 231/01, in relation to the crimes referred to in Article 640, paragraph 2, of the Italian Criminal Code, Article 2622 of the Italian Civil Code and Article 185 of Italian Legislative Decree no. 58/1998, for acts committed from 2020 until December 2023. From the outset, BFF has been willing to cooperate with the Public Prosecutor's Office and to provide any useful information to the investigating bodies. At the date of preparation of this document, the Bank had not received any formal notice from the investigating bodies.

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 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 control bodies*" in the chapter on General Disclosures.

Management of impacts, risks and opportunities related to business conduct

Policies related to business conduct and corporate culture

As already stated, 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;
- ▶ the Anti-Corruption Policy;
- ▶ the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001;
- ▶ the ESG Procurement Policy.

The Code of Ethics

As discussed in detail in the previous chapters of this Report, the Parent'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.

The 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 active or passive corruption, 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 corruption 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.

The 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;
- ▶ set out 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’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 Compliance & AML Function and made available on the Bank’s website and to all staff on the corporate intranet.

The 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, as far 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 indicated 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.

The ESG Procurement Policy

As already stated in the chapter “ESRS S2 – Workers in the value chain”, the BFF Banking Group drafted an ESG Procurement Policy during 2025.

The Policy sets out the Group’s commitment to assessing, monitoring and preventing actual and/or potential impacts, risks and opportunities regarding the environment and society linked to its supply chain. In light of this, in fact, BFF has defined a process for the ESG evaluation and certification of its suppliers with the aim of ensuring compliance with the sustainability principles that the Group expects its suppliers to observe. Therefore, as part of the supply chain management process, BFF acts responsibly with the ultimate aim of minimizing its indirect environmental impact and promoting, where possible, a socially responsible management of its activities, suppliers and workers in the value chain. The Policy is made available to all stakeholders on the BFF Banking Group’s institutional website.

For more information on the ESG Procurement Policy, please refer to the section “Policies related to workers in the value chain”, regarding ESRS S2.

Management of relationships with suppliers

As part of the supply chain management process, the BFF Group acts responsibly with the ultimate aim of minimizing its indirect environmental impact and promoting, where possible, a socially responsible management of its activities, suppliers and workers in the value chain.

As previously discussed, BFF has adopted an ESG Procurement Policy that sets out the principles inspiring the Group to constantly and progressively promote the sustainable and responsible management of the supply chain in accordance with the Group’s internal regulations and in the context of the safeguards it is implementing also in light of topics identified as material from the update made to the Double Materiality assessment.

According to the Group’s Code of Ethics, relations with suppliers - managed by each Organizational Unit, by area of responsibility, within the limits of the expenses allocated when defining the annual budget - take place in compliance with the principles of lawfulness, fairness and impartiality, and also 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 contract⁶⁵. 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 delegated powers.

Starting from the end of 2025, BFF has revised the procurement process in order to include ESG metrics in supplier evaluation, to achieve its target of monitoring, measuring and mitigating the negative impacts related to the Group’s operations, in line with regulatory developments. In fact, the Bank has included a supplier evaluation system in the supplier portal, based on a questionnaire with sustainability-related questions. The process involves the award of a varying score depending on the supplier’s answer.

Therefore, in line with its ESG Strategy, and considering that the management of impacts, risks and opportunities related to climate change is a priority for the Group, it has committed to protecting the environment and the transition to a low-carbon economy, and in this context invites all suppliers to join this commitment and approach, by:

- ▶ requesting a sustainability and/or environmental policy that is aligned with the size and operations of the supplier and that addresses the prevention, mitigation and control of environmental impacts;
- ▶ implementing an environmental management system in line with the main standards in this sector (e.g. UNI EN ISO 14001);
- ▶ contributing and actively monitoring the risk assessment and environmental protection process, according to principles of precaution, prevention, protection and continuous improvement;
- ▶ committing to minimizing their environmental impacts and optimizing the use of energy and natural resources, developing and implementing improvement plans and specific key performance indicators to monitor their performance;
- ▶ requesting them to define emission and consumption reduction targets;
- ▶ promoting continuous improvement.

With reference to the social sphere, on the other hand, the Group aims to raise quality and social responsibility standards, paying particular attention to respect for human rights, valuing diversity and protecting the integrity of people. These principles are part of a broader framework of ethical and sustainable commitment, in line with the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). Social criteria aim to produce a positive effect on the protection of human rights and decent working conditions throughout the supply chain, encouraging the promotion of employment opportunities and social inclusion. For this reason, BFF endeavors to convey the values it adopts as a Group, in its activities, in terms of social responsibility and principles of equality and inclusion, to its Suppliers.

With this in mind, the Group requires its Suppliers to provide specific safeguards and to adopt behaviors in the social sphere, with reference to workers directly and/or indirectly involved in their business, such as, for example:

- ▶ the protection of workers, in particular ensuring that the working conditions adopted by the Supplier for its staff are appropriate for relevant standards and regulations, and that remuneration policies are adopted which meet the standards in force for each sector;
- ▶ the inclusion of vulnerable individuals, by requesting the implementation of policies, ensuring that safeguards are in place to protect their rights;
- ▶ non-discrimination based on race, ethnicity, age, sex, disability or other characteristics (such as, for example, marital and/or parental status) that could represent a discriminating factor, supporting the importance of a work environment free of harassment and discriminatory behavior, strictly applying the policy of zero tolerance of any form of discrimination or harassment;
- ▶ respect for the cultural, religious, economic and social rights of local communities, minorities, indigenous peoples and other vulnerable groups, taking into account the operational context and the activities carried out;
- ▶ the right to health and safety, ensuring that working conditions and the environment of workers in the supply chain are safe and dignified;
- ▶ combating forms of child and forced labor, ensuring that suppliers respect these principles and have no litigation pending regarding this aspect.

Finally, in order to ensure that selection processes are based on criteria of fairness and impartiality and guarantee equal opportunities for access and prevent conflicts of interest, ensuring suppliers are selected based on economic soundness, professional expertise and compliance with ethical and legal regulations, BFF conducts its supplier selection and evaluation activity conforming to ethical and integrity principles, consistent with the principles outlined in the Code of Ethics adopted and in the Group Anti-Corruption Policy, in order to maintain lasting, honest and transparent relationships with its Suppliers.

The Group also expects its Suppliers to have internal ethics policies, standards or procedures that include at least compliance with applicable local regulations, anti-corruption measures and initiatives aimed at ensuring business integrity (undue payments, conflicts of interest, fraud, gifts and protection of trademarks and intellectual property, etc.).

To increase the transparency and integrity of the supply chain, BFF has created a reporting channel that is also accessible to third parties, which they can use to report inappropriate and unlawful behavior by Group employees.

⁶⁵ 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.

Prevention and detection of corruption and bribery

The Parent 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’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.
All Group Staff participate in the Anti-Corruption Course. In addition, a specialist session was held in 2025 for staff involved in customer relations in their work.

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, BRIBERY AND EXTORTION

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
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	Recurring target
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	2025

As regards the sustainability topic “Business conduct”, and as already highlighted in the section “*ESRS 2 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 updated the procurement process, to include ESG metrics in the supplier selection and evaluation process, as stated in the section “*Management of relationships with suppliers*” in this chapter. In this context, in fact, during 2025, the Bank gave the ESG questionnaire to some 150 suppliers of the Parent, of whom 33% with an overall score in the three areas of sustainability, equal to or greater than 50/100. This action also appears to have an impact on the sustainability topic S2 “*Workers in the Value Chain*”, as stated in the relevant chapter.
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:

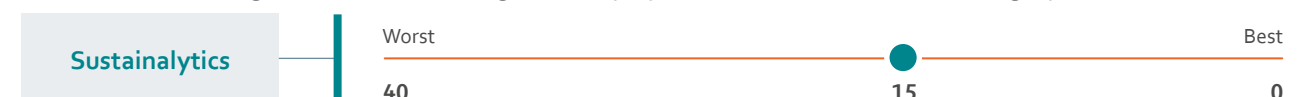
CDP

On December 10, 2025, the Carbon Disclosure Project (CDP) rating agency confirmed the BFF Group's rating with score of C (on a scale from 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 2025, as part of an independent assessment related to the whole Group, the Sustainalytics rating agency gave BFF an ESG risk rating of 15, thus confirming the Group's placement in the "Low Risk" category.



MSCI

On March 23, 2026 MSCI – a leading international ESG rating company that analyzes approximately three thousand companies globally – confirmed BFF's ESG rating of AA.



Standard Ethics

On December 10, 2025, Standard Ethics Ltd. ("Standard Ethics") - an independent sustainability rating agency - improved the Bank's outlook from "Stable" to "Positive", confirming the Corporate Standard Ethics Rating (SER) as "EE-".



S&P Global Corporate Sustainability Assessment (CSA)

On September 5, 2025, 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 43/100, with an upgrade of 8 points compared to the previous year.



ISS ESG

In April 2026, ISS ESG assigned a rating upgrade, achieving a score of C and obtaining the "Prime" classification. This result confirms BFF's alignment with the sustainability performance requirements defined by ISS.



Acknowledgements

The 2025 edition of the final report published by The European House Ambrosetti (the "Ambrosetti Report") was published as part of the Corporate Governance observatory, now in its 21st edition. The aim is to promote the achievement of excellence in the governance systems of Italian companies, in which BFF ranks 1st in the financial MID-CAPS segment for EG (Excellence in Governance), with a score on the increase compared to last year (8.06 in 2024 vs 8.58 this year).

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 "Policy" area, the Group completed its commitments, drafting in recent years the two Policies in the field of sustainability and environmental matters, and in 2025 it drafted a further ESG policy on responsible procurement, as described in more detail in previous sections.

NUMBER OF INCIDENTS OF CORRUPTION OR BRIBERY

During 2025, there were no cases of corruption or bribery, nor incidents of them that resulted in dismissals or sanctions of its employees.

Finally, it should be noted that no incidents were reported in 2025 relating to violations concerning corruption, bribery 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	2024	2025
Convictions for violation of laws against corruption, bribery and extortion	no.	-	-
<i>of which: corruption or bribery</i>			
<i>of which: extortion</i>			
Fines imposed for violation of laws against corruption, bribery and extortion	€	-	-
<i>of which: corruption or bribery</i>			
<i>of which: extortion</i>			

TOTAL NUMBER OF CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

Confirmed incidents of corruption or bribery	UoM	2024	2025
The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery, or extortion-related incidents	no.	-	-
<i>of which: corruption or bribery</i>			
<i>of which: extortion</i>			
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	€	-	-
<i>of which: corruption or bribery</i>			
<i>of which: extortion</i>			

Entity-Specific – Tax Transparency

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.

As regards the monitoring of compliance risk 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 the circumvention of these regulations and at mitigating the risks associated with situations that could constitute unlawful conduct, 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 compliance risk.

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. It should be noted that the regulatory and procedural system in place complies with the tax requirements set by the Bank of Italy and follows the principles of conduct reflecting the highest standards of supervision in this area 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 compliance risk 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 oversight function 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 Group level.

Finally, the Group is assisted by external tax experts in order to be continually updated and thus have increasingly specific oversight of tax obligations and tax-related activities.

Tax returns are also reviewed, audited and signed off by the independent auditors.

Impact, risk and opportunity 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) ⁶⁶	Business Perspective (VC) ⁶⁷	Risks (OP)	Opportunities (OP)
Topic: TAX TRANSPARENCY			
Positive impact linked to the sustainable development of the Bank through tax compliance (L)	/ ⁶⁸	/	/

The Group’s regulatory compliance is also ensured in the area of tax transparency, 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 revenues.

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.

⁶⁶ OP: Own Operations.

⁶⁷ VC: Value Chain.

⁶⁸ “/”: It should be noted that no material IROs have been identified.

Metrics

During 2025, the Group set aside taxes of €5.2 million (compared to €86.2 million in the previous year). The difference is mainly due to the fact that in 2025, pre-tax profit was negatively affected by the extension of the expected times for collecting late payment interest from 2,100 to 2,400 days and by the provisions relating to adverse legal rulings on receivables due from the Italian public sector - which led to the recognition of non-recurring costs of €123.9 million - whereas in 2024, pre-tax profit was affected by a non-recurring positive impact, equal to €132.5 million, relating to the change in value of assets, including those related to late payment interest and the flat-rate compensation for debt collection (so-called "40 euros").

(In € millions)

Country ⁶⁹	Name	YEAR 2025								YEAR 2024							
		Activity ⁷⁰	No. of Employees	Revenue from Third Parties	Revenue from the Group ⁷¹	Profit (Loss) Before Tax	Property, equipment and investment property	Taxes paid	Tax Accrued	Activity ⁶⁶	No. of Employees	Revenue from Third Parties	Revenue from the Group ⁶⁷	Profit (Loss) Before Tax	Property, equipment and investment property	Taxes paid	Tax Accrued
Italy	1. BFF Bank S.p.A. ⁷² 2. BFF Techlab S.r.l. 3. BFF Immobiliare S.r.l.	A-B-E	611	206.4	11.8	-58.2	98.5	-6.6	24.7	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	62	12.0	38.6	41.2	2.5	-12.3	-3.4	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	13.8	-5.4	8.1	0.9	-10.7	-5.4	A-B	15	31.8	-8.0	26.1	1.1	-2.0	-8.0
Greece	BFF Bank S.p.A. Branch Grecia	A	18	20.6	-6.4	15.1	0.2	-2.2	-10.1	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 Fundusz Inwestycyjng Zamknięty 6. MEDICO Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty 7. Kancelaria Prawnicza Karnowski i Wspólnik sp.k. 8. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspólnik sp.k. sp.k. w likwidacji	A-B-C-D	190	81.7	-31.79	32.3	2.0	0.1	-9.0	A-B-C-D	189	79.4	-32.07	32.3	2.1	-4.8	-4.3
Czech Republic	BFF Česká republika s.r.o.	A-C	2	0.1	-0.09	-0.2	0.0	-	-	A-C	2	0.3	-0.17	-0.1	0.0	-	-
Slovakia	BFF Central Europe s.r.o.	A-C	13	12.3	-6.80	3.9	0.2	-2.6	-1.9	A-C	13	17.7	-10.85	5.4	0.1	-1.2	-2.4

⁶⁹ Consolidated values by tax jurisdiction have been provided in the table.

⁷⁰ 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.

⁷¹ It should be noted that "Revenue" 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.

⁷² 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.

Annex

Template from the UE Taxonomy

The structures of the templates required by Annex VI of Delegated Regulation 2021/2178 for the year 2025 are presented below.

Taking into account the substantial changes to the regulatory framework applicable to the EU Taxonomy and the significant simplifications introduced by Commission Delegated Regulation (EU) 2026/73, BFF has chosen to only report main KPIs for 2025, without retrospective recalculations of the previous results. With reference to Template of the previous year, please refer to the section 'Reporting pursuant to Regulation (EU) 2020/852'.

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.

Template 0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

	Total exposure to Taxonomy-aligned activities (€)		KPI (1) (%)	KPI (2) (%)	% coverage (over total assets) (3) (%)	Non-assessed exposures (% of covered assets) (4) (%)	Non-assessed exposures (% of covered assets) (4) (%)
MAIN KPI	Turnover-based	Capex-based	Turnover-based	Capex-based		Turnover-based	Capex-based
Green asset ratio (GAR) stock	9,744,812	13,221,033	1.63%	2.21%	4.87%	-	-

	Total exposure to Taxonomy-aligned activities (€)		KPI (1) (%)	KPI (2) (%)	% coverage (over total assets) (3) (%)	Non-assessed exposures (% of covered assets) (4) (%)	Non-assessed exposures (% of covered assets) (4) (%)
ADDITIONAL KPIs	Turnover-based	Capex-based	Turnover-based	Capex-based		Turnover-based	Capex-based
GAR (flow)	9,740,386	12,947,960	2.61%	3.47%	11.86%	-	-
Trading book	-	-	-	-	-	-	-
Financial guarantees	-	-	-	-	-	-	-
Assets under management	-	-	-	-	-	-	-
Fees and commissions income (5)	-	-	-	-	-	-	-

(1) Based on the Turnover KPI of the counterparty.

(2) Based on the CapEx KPI of the counterparty.

(3) % of assets covered by the KPI over banks' total assets.

(4) In accordance with Article 7(8) of this Regulation.

(5) Fee and commission income from services other than lending and AuM.

Template 1. Assets for the calculation of GAR - Turnover Stock

	Stock/Flow (Million EUR)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total [gross] carrying amount	Of which Taxonomy- eligible	Of which Taxonomy- aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Non assessed exposures	Of which financing nonmaterial activities of counterparties (1)	Of which exposures financing counterparties reporting in accordance with Article 7(9)	Of which not assessed considered non- material by the credit institution (2)
					Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)							
	GAR – Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	597.80	53.08	9.74	9.29	0.05	0.22	0.04	0.14	0.01	-	0.39	1.75	-	-	-	-
2	Financial undertakings	570.28	49.81	7.38	7.24	0.05	0.02	0.01	0.05	0.01	-	0.37	0.59	-	-	-	-
3	Loans and advances	556.83	49.78	7.36	7.24	0.05	0.02	0.01	0.02	0.01	-	0.37	0.59	-	-	-	-
4	Debt securities, including UoP	13.45	0.02	0.02	-	-	-	-	0.02	-	-	-	-	-	-	-	-
5	Equity instruments	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-
6	Non-financial undertaking	27.52	3.27	2.36	2.05	0.00	0.19	0.03	0.09	-	-	0.01	1.15	-	-		-
7	Loans and advances	27.52	3.27	2.36	2.05	0.00	0.19	0.03	0.09	-	-	0.01	1.15	-	-		-
8	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
9	Equity instruments	-	-	-	-	-	-	-	-	-		-	-	-	-		-
10	Households	-	-	-	-	-		-			-	-	-	-	-		-
11	of which loans collateralised by residential immovable property	-	-	-	-	-		-			-	-	-	-	-		-
12	of which building renovation loans	-	-	-	-	-		-			-	-	-	-	-		-
13	of which motor vehicle loans	-	-	-	-						-	-	-	-	-		-
14	Local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
15	Housing financing	-	-	-	-	-		-			-	-	-	-	-		-
16	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-		-			-	-	-	-	-		-
18	Exposures included on a voluntary basis (3)	-	-	-	-	-		-			-	-	-	-	-		
19	Total GAR assets	597.80												-	-	-	-
20	Assets not covered for GAR calculation	11,680.90															
21	Central governments and Supranational issuers	9,404.55															
22	Central banks exposure	184.94															
23	Trading book	1.36															
24	Undertakings and entities not subject to CSRD	233.36															
25	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	189.62															
26	Loans and advances	187.52															
27	of which loans collateralised by commercial immovable property	-															
28	of which building renovation loans	-															
29	Debt securities	-															
30	Equity instruments	2.10															
31	Non-EU country counterparties not subject to CSRD disclosure obligations	-															
32	Loans and advances	-															
33	Debt securities	-															
34	Equity instruments	-															
35	Derivatives	-															
36	On demand interbank loans	88.40															
37	Cash and cash-related assets	0.17															
38	Other categories of assets (e.g. Goodwill, commodities etc.)	1,768.12															
39	Total assets	12,278.70															
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	9.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	of which equity instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1. Assets for the calculation of GAR - Capex Stock

	Stock/Flow (Million EUR)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total [gross] carrying amount	Of which Taxonomy- eligible	Of which Taxonomy- aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Non assessed exposures	Of which financing nonmaterial activities of counterparties (1)	Of which exposures financing counterparties reporting in accordance with Article 7(9)	Of which not assessed considered non- material by the credit institution (2)
					Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)							
	GAR – Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	597.80	54.46	13.22	12.82	0.13	0.26	0.01	0.00	0.00	-	0.61	3.53	-	-	-	-
2	Financial undertakings	570.28	47.84	7.43	7.40	0.03	0.00	-	-	0.00	-	0.60	0.60	-	-	-	-
3	Loans and advances	556.83	47.84	7.43	7.40	0.03	0.00	-	-	0.00	-	0.60	0.60	-	-	-	-
4	Debt securities, including UoP	13.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Equity instruments	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-
6	Non-financial undertaking	27.52	6.62	5.79	5.42	0.09	0.26	0.01	0.00	-	-	0.02	2.93	-	-		-
7	Loans and advances	27.52	6.62	5.79	5.42	0.09	0.26	0.01	0.00	-	-	0.02	2.93	-	-		-
8	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
9	Equity instruments	-	-	-	-	-	-	-	-	-		-	-	-	-		-
10	Households	-	-	-	-	-		-			-	-	-	-	-		-
11	of which loans collateralised by residential immovable property	-	-	-	-	-		-			-	-	-	-	-		-
12	of which building renovation loans	-	-	-	-	-		-			-	-	-	-	-		-
13	of which motor vehicle loans	-	-	-	-						-	-	-	-	-		-
14	Local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
15	Housing financing	-	-	-	-	-		-			-	-	-	-	-		-
16	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-		-			-	-	-	-	-		-
18	Exposures included on a voluntary basis (3)	-	-	-	-	-		-			-	-	-	-	-		-
19	Total GAR assets	597.80												-	-	-	-
20	Assets not covered for GAR calculation	11,680.90															
21	Central governments and Supranational issuers	9,404.55															
22	Central banks exposure	184.94															
23	Trading book	1.36															
24	Undertakings and entities not subject to CSRD	233.36															
25	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	189.62															
26	Loans and advances	187.52															
27	of which loans collateralised by commercial immovable property	-															
28	of which building renovation loans	-															
29	Debt securities	-															
30	Equity instruments	2.10															
31	Non-EU country counterparties not subject to CSRD disclosure obligations	-															
32	Loans and advances	-															
33	Debt securities	-															
34	Equity instruments	-															
35	Derivatives	-															
36	On demand interbank loans	88.40															
37	Cash and cash-related assets	0.17															
38	Other categories of assets (e.g. Goodwill, commodities etc.)	1,768.12															
39	Total assets	12,278.70															
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	9.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	of which equity instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1. Assets for the calculation of GAR - Turnover Flow

	Stock/Flow (Million EUR)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total [gross] carrying amount	Of which Taxonomy- eligible	Of which Taxonomy- aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Non assessed exposures	Of which financing nonmaterial activities of counterparties (1)	Of which exposures financing counterparties reporting in accordance with Article 7(9)	Of which not assessed considered non- material by the credit institution (2)
					Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)							
	<u>GAR – Covered assets in both numerator and denominator</u>																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	372.84	49.17	9.74	9.16	0.05	0.22	0.04	0.27	0.01	-	0.38	1.72	-	-	-	-
2	Financial undertakings	350.33	46.27	7.27	7.16	0.05	0.02	0.01	0.02	0.01	-	0.37	0.56	-	-	-	-
3	Loans and advances	350.33	46.27	7.27	7.16	0.05	0.02	0.01	0.02	0.01	-	0.37	0.56	-	-	-	-
4	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Equity instruments	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-
6	Non-financial undertaking	10.68	2.90	2.47	2.00	0.00	0.19	0.03	0.24	-	-	0.01	1.15	-	-		-
7	Loans and advances	10.68	2.90	2.47	2.00	0.00	0.19	0.03	0.24	-	-	0.01	1.15	-	-		-
8	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
9	Equity instruments	-	-	-	-	-	-	-	-	-		-	-	-	-		-
10	Households	11.83	-	-	-	-		-			-	-	-	-	-		-
11	of which loans collateralised by residential immovable property	-	-	-	-	-		-			-	-	-	-	-		-
12	of which building renovation loans	-	-	-	-	-		-			-	-	-	-	-		-
13	of which motor vehicle loans	-	-	-	-						-	-	-	-	-		-
14	Local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Housing financing	-	-	-	-	-		-			-	-	-	-	-		-
16	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-		-			-	-	-	-	-		-
18	Exposures included on a voluntary basis (3)	-	-	-	-	-		-			-	-	-	-	-		-
19	Total GAR assets	372.84												-	-	-	-
20	Assets not covered for GAR calculation	2,769.55															
21	Central governments and Supranational issuers	2,617.73															
22	Central banks exposure	-															
23	Trading book	-															
24	Undertakings and entities not subject to CSRD	151.82															
25	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	140.00															
26	Loans and advances	140.00															
27	of which loans collateralised by commercial immovable property	-															
28	of which building renovation loans	-															
29	Debt securities	-															
30	Equity instruments	-															
31	Non-EU country counterparties not subject to CSRD disclosure obligations	-															
32	Loans and advances	-															
33	Debt securities	-															
34	Equity instruments	-															
35	Derivatives	-															
36	On demand interbank loans	-															
37	Cash and cash-related assets	-															
38	Other categories of assets (e.g. Goodwill, commodities etc.)	-															
39	Total assets	3,142.39															
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	2.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	of which equity instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1. Assets for the calculation of GAR - Capex Flow

	Stock/Flow (Million EUR)	a	b	c	Breakdown per environmental objective					j	k	l	m	n	o	p
		Total [gross] carrying amount	Of which Taxonomy-eligible	Of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)							
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	372.84	49.67	12.95	12.55	0.12	0.26	0.01	0.00	-	0.61	3.42	-	-	-	-
2	Financial undertakings	350.33	43.34	7.26	7.23	0.03	0.00	-	-	0.00	0.59	0.52	-	-	-	-
3	Loans and advances	350.33	43.34	7.26	7.23	0.03	0.00	-	-	0.00	0.59	0.52	-	-	-	-
4	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Non-financial undertaking	10.68	6.34	5.69	5.32	0.09	0.26	0.01	0.00	-	0.02	2.90	-	-		-
7	Loans and advances	10.68	6.34	5.69	5.32	0.09	0.26	0.01	0.00	-	0.02	2.90	-	-		-
8	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-		-
9	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-		-
10	Households	11.83	-	-	-	-		-		-	-	-	-	-		-
11	of which loans collateralised by residential immovable property	-	-	-	-	-		-		-	-	-	-	-		-
12	of which building renovation loans	-	-	-	-	-		-		-	-	-	-	-		-
13	of which motor vehicle loans	-	-	-	-					-	-	-	-	-		-
14	Local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Housing financing	-	-	-	-	-		-		-	-	-	-	-		-
16	Other local government financing	-	-	-	-	-		-		-	-	-	-	-		-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-		-		-	-	-	-	-		-
18	Exposures included on a voluntary basis (3)	-	-	-	-	-		-		-	-	-	-	-		-
19	Total GAR assets	372.84											-	-	-	-
20	Assets not covered for GAR calculation	2,769.55														
21	Central governments and Supranational issuers	2,617.73														
22	Central banks exposure	-														
23	Trading book	-														
24	Undertakings and entities not subject to CSRD	151.82														
25	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	140.00														
26	Loans and advances	140.00														
27	of which loans collateralised by commercial immovable property	-														
28	of which building renovation loans	-														
29	Debt securities	-														
30	Equity instruments	-														
31	Non-EU country counterparties not subject to CSRD disclosure obligations	-														
32	Loans and advances	-														
33	Debt securities	-														
34	Equity instruments	-														
35	Derivatives	-														
36	On demand interbank loans	-														
37	Cash and cash-related assets	-														
38	Other categories of assets (e.g. Goodwill, commodities etc.)	-														
39	Total assets	3,142.39														
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																
41	Financial guarantees	9.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	of which equity instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 2. Sector information - Turnover

	a	b	c	d	e	f	g	h	i	j
	Breakdown by sector – NACE 4 digits level (code and label) (Million EUR)	Total (Gross) carrying amount	Of which Taxonomy-eligible	Of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
1	G47.74 Retail sale of medical and orthopedic articles in specialized stores	48.86	0.02	0.01	0.01		0.00	0.00		
2	D35.11 Production of electricity	47.54	0.05	0.03	0.02	0.00				
3	C19.20 Manufacture of products derived from petroleum refining	12.78	0.01	0.01	0.01					
4	F43.22 Installation of plumbing, heating, and air-conditioning systems	10.77	0.00	0.00	0.00					
5	D35.23 Trade of gas distributed through pipelines	6.60	0.03	0.02	0.02		0.00	0.00		
6	D35.14 Trade of electricity	6.46	0.01	0.00	0.00					
7	C20.11 Manufacture of industrial gases	4.88	0.12	0.09	0.04		0.04	0.00		
8	C21.20 Manufacture of pharmaceutical preparations	2.98	0.00	0.00	0.00					
9	G46.46 Wholesale trade of pharmaceutical products	1.56	0.03	0.00	0.00					
10	H49.31 Urban and suburban passenger land transport	1.03	0.00	0.00	0.00					
11	Nuclear activities (1)	0.06	0.01	-						
12	Fossil gas activities (2)	10.59	0.32	-						
13	Of which non-assessed exposures (3)	-								

1. Credit institutions shall disclose in this template information on top ten exposures in the banking book towards top ten sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty.
2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.
3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.
4. As indicated in Sections 4.26, 4.27 and 4.28 of Annexes I and II of Delegated Regulation (EU) 2021/2139.
5. As indicated in Sections 4.26, 4.27 and 4.28 of Annexes I and II of Delegated Regulation (EU) 2021/2139.
6. In accordance with Article 7(8) of this Regulation.

Template 2. GAR information sector - Capex

	a	b	c	d	e	f	g	h	i	j
	"Breakdown by sector – NACE 4 digits level (code and label) (Million EUR)"	Total (Gross) carrying amount	Of which Taxonomy-eligible	Of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
1	G47.74 Retail sale of medical and orthopedic articles in specialized stores	48.86	0.00	0.00	0.00			0.00	0.00	
2	D35.11 Production of electricity	47.54	0.00	0.00	0.00	0.00				
3	C19.20 Manufacture of products derived from petroleum refining	12.78	0.00	0.00	0.00					
4	F43.22 Installation of plumbing, heating, and air-conditioning systems	10.77	0.00							
5	D35.23 Trade of gas distributed through pipelines	6.60	0.00	0.00	0.00			0.00		
6	D35.14 Trade of electricity	6.46	0.00	0.00	0.00					
7	C20.11 Manufacture of industrial gases	4.88	0.00	0.00	0.00	0.00	0.00	0.00		
8	C21.20 Manufacture of pharmaceutical preparations	2.98	0.00	0.00	0.00					
9	G46.46 Wholesale trade of pharmaceutical products	1.56	0.00	0.00	0.00					
10	H49.31 Urban and suburban passenger land transport	1.03	0.00	0.00	0.00					
11	Nuclear activities (1)	0.06	0.00	-						
12	Fossil gas activities (2)	10.59	0.37	-						
13	Of which non-assessed exposures (3)	-								

1. Credit institutions shall disclose in this template information on top ten exposures in the banking book towards top ten sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty.
2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.
4. As indicated in Sections 4.26, 4.27 and 4.28 of Annexes I and II of Delegated Regulation (EU) 2021/2139.
5. As indicated in Sections 4.26, 4.27 and 4.28 of Annexes I and II of Delegated Regulation (EU) 2021/2139.
6. In accordance with Article 7(8) of this Regulation.

Template 3. GAR KPI - Turnover Stock

	% (compared to corresponding total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)					
1	GAR – Covered assets in both numerator and denominator	8.88%	1.63%	1.55%	0.01%	0.04%	0.01%	0.02%	0.00%	0.00%	0.06%	0.29%	0.00%	0.00%
2	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	8.33%	1.23%	1.21%	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%	0.06%	0.10%	0.00%	0.00%
3	Financial undertakings	8.33%	1.23%	1.21%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.10%	0.00%	0.00%
4	Loans and advances	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%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.55%	0.40%	0.34%	0.00%	0.03%	0.00%	0.02%	0.00%	0.00%	0.00%	0.19%	0.00%	0.00%
7	Non-financial undertaking	0.55%	0.40%	0.34%	0.00%	0.03%	0.00%	0.02%	0.00%	0.00%	0.00%	0.19%	0.00%	0.00%
8	Loans and advances	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%
9	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
10	Equity instruments	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
11	Households	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
12	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
13	of which building renovation loans	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
14	of which motor vehicle loans	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%
15	Local government financing	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%
16	Housing financing	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
17	Other local government financing	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%
18	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
19	Exposures included on a voluntary basis (3)	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	
20	Total GAR assets	8.88%	1.63%	1.55%	0.01%	0.04%	0.01%	0.02%	0.00%	0.00%	0.06%	0.29%	0.00%	0.00%

(1) In accordance with Article 7(8) of this Regulation.

(2) In accordance with Article 7(8) of this Regulation.

Template 3. GAR KPI - Capex Stock

	% (compared to corresponding total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	"roportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)"	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)					
1	GAR – Covered assets in both numerator and denominator	9.11%	2.21%	2.14%	0.02%	0.04%	0.00%	0.00%	0.00%	0.00%	0.10%	0.59%		
2	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	8.00%	1.24%	1.24%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%	0.00%	0.00%
3	Financial undertakings	8.00%	1.24%	1.24%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%	0.00%	0.00%
4	Loans and advances	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%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
6	Equity instruments	1.11%	0.97%	0.91%	0.02%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.49%	0.00%	0.00%
7	Non-financial undertaking	1.11%	0.97%	0.91%	0.02%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.49%	0.00%	0.00%
8	Loans and advances	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%
9	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
10	Equity instruments	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
11	Households	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
12	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
13	of which building renovation loans	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
14	of which motor vehicle loans	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%
15	Local government financing	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%
16	Housing financing	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
17	Other local government financing	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%
18	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
19	Exposures included on a voluntary basis (3)	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	
20	Total GAR assets	9.11%	2.21%	2.14%	0.02%	0.04%	0.00%	0.00%	0.00%	0.00%	0.10%	0.59%	0.00%	0.00%

Template 4. GAR KPI - Turnover Flow

		a	b	c	d	e	f	g	h	i	j	k	l	m
	% (compared to corresponding total covered assets in the denominator)	Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)					
1	GAR – Covered assets in both numerator and denominator	13.19%	2.61%	2.46%	0.01%	0.06%	0.01%	0.07%	0.00%	0.00%	0.10%	0.46%		
2	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	12.41%	1.95%	1.92%	0.01%	0.01%	0.00%	0.01%	0.00%	0.00%	0.10%	0.15%	0.00%	0.00%
3	Financial undertakings	12.41%	1.95%	1.92%	0.01%	0.01%	0.00%	0.01%	0.00%	0.00%	0.10%	0.15%	0.00%	0.00%
4	Loans and advances	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%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.78%	0.66%	0.54%	0.00%	0.05%	0.01%	0.07%	0.00%	0.00%	0.00%	0.31%	0.00%	0.00%
7	Non-financial undertaking	0.78%	0.66%	0.54%	0.00%	0.05%	0.01%	0.07%	0.00%	0.00%	0.00%	0.31%	0.00%	0.00%
8	Loans and advances	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%
9	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
10	Equity instruments	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
11	Households	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
12	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
13	of which building renovation loans	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
14	of which motor vehicle loans	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%
15	Local government financing	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%
16	Housing financing	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
17	Other local government financing	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%
18	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
19	Exposures included on a voluntary basis (3)	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	
20	Total GAR assets	13.19%	2.61%	2.46%	0.01%	0.06%	0.01%	0.07%	0.00%	0.00%	0.10%	0.46%	0.00%	0.00%

(1) In accordance with Article 7(8) of this Regulation.

(2) In accordance with Article 7(8) of this Regulation.

Template 4. GAR KPI - Capex Flow

	% (compared to corresponding total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)					
1	GAR – Covered assets in both numerator and denominator	13.32%	3.47%	3.37%	0.03%	0.07%	0.00%	0.00%	0.00%	0.00%	0.16%	0.92%		
2	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	11.62%	1.95%	1.94%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.14%	0.00%	0.00%
3	Financial undertakings	11.62%	1.95%	1.94%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.14%	0.00%	0.00%
4	Loans and advances	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%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
6	Equity instruments	1.70%	1.53%	1.43%	0.02%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%	0.00%	0.00%
7	Non-financial undertaking	1.70%	1.53%	1.43%	0.02%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%	0.00%	0.00%
8	Loans and advances	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%
9	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%
10	Equity instruments	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
11	Households	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
12	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
13	of which building renovation loans	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
14	of which motor vehicle loans	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%
15	Local government financing	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%
16	Housing financing	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
17	Other local government financing	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%
18	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	0.00%
19	Exposures included on a voluntary basis (3)	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	0.00%	
20	Total GAR assets	13.32%	3.47%	3.37%	0.03%	0.07%	0.00%	0.00%	0.00%	0.00%	0.16%	0.92%	0.00%	0.00%

Template 5. KPI off-balance sheet exposures - Turnover Stock

	% (compared to corresponding total off-balance sheet assets)	a	b	c	d	e	f	g	h	i	j	k	l
		Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)				
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) In accordance with Article 7(8) of this Regulation.

Template 5. KPI off-balance sheet exposures - Capex Stock

	% (compared to corresponding total off-balance sheet assets)	a	b	c	d	e	f	g	h	i	j	k	l
		Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)				
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) In accordance with Article 7(8) of this Regulation.

Template 5. KPI off-balance sheet exposures - Turnover Flow

	% (compared to corresponding total off-balance sheet assets)	a	b	c	d	e	f	g	h	i	j	k	l
		Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)				
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) In accordance with Article 7(8) of this Regulation.

Template 5. KPI off-balance sheet exposures - Capex Flow

	% (compared to corresponding total off-balance sheet assets)	a	b	c	d	e	f	g	h	i	j	k	l
		Taxonomy-eligible	Taxonomy-aligned	Breakdown per environmental objective						Of which Use of Proceeds	Of which transitional	Of which enabling	Non-assessed exposures (1)
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)				
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) In accordance with Article 7(8) of this Regulation.



Consolidated Financial Statements

Consolidated Statement of Financial Position

(Values in thousand euro)

Assets	12.31.2025	12.31.2024 ADJUSTED (*)	01.01.2024 ADJUSTED (*)
10. Cash and cash equivalents	124,577	153,689	257,208
20. Financial assets measured at fair value through profit or loss	181,243	179,319	166,023
a) financial assets held for trading	1,358	1,504	1,167
c) other financial assets subject to mandatory fair value measurement	179,885	177,815	164,856
30. Financial assets measured at fair value through other comprehensive income	151,718	141,442	137,520
40. Financial assets measured at amortized cost	10,824,128	10,647,438	10,780,816
a) loans and receivables with banks	854,821	602,651	593,561
b) loans and receivables with customers	9,969,307	10,044,787	10,187,255
50. Hedging derivatives	-	303	-
70. Equity investments	15,323	13,690	13,160
90. Property, equipment and investment property	104,212	104,750	60,690
100. Intangible assets	67,240	77,519	74,742
of which			
- goodwill	30,957	30,957	30,957
110. Tax assets	134,329	115,146	127,923
a) current	72,827	53,388	70,742
b) deferred	61,502	61,758	57,181
120. Non-current assets held for sale and discontinued operations	-	-	8,046
130. Other assets	675,939	712,511	655,393
TOTAL ASSETS	12,278,709	12,145,806	12,281,521

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(Values in thousand euro)

Liabilities and equity	12.31.2025	12.31.2024 ADJUSTED (*)	01.01.2024 ADJUSTED (*)
10. Financial liabilities measured at amortized cost	10,783,741	10,661,212	10,814,197
a) due to banks	1,307,147	1,342,119	2,269,074
b) due to customers	8,856,635	8,709,179	8,545,110
c) debt securities issued	619,959	609,914	14
20. Financial liabilities held for trading	778	139	1,215
40. Hedging derivatives	186	-	-
60. Tax liabilities	163,633	175,256	130,893
a) current	1,585	2,794	2,472
b) deferred	162,049	172,462	128,421
80. Other liabilities	365,213	388,397	555,354
90. Post-employment benefits	3,508	3,372	3,033
100. Provision for risks and charges:	73,484	58,212	39,272
a) commitments and guarantees given	64	258	530
b) pensions and similar obligations	6,329	6,937	7,009
c) other provisions for risks and charges	67,091	51,017	31,733
120. Valuation reserves	30,022	21,085	7,993
140. Equity instruments	150,000	150,000	150,000
150. Reserves	459,516	261,073	259,037
155. Interim dividend	-	-	(54,451)
160. Share premium reserve	66,277	66,277	66,277
170. Share capital	145,399	145,006	143,947
180. Treasury shares	-	(3,570)	(4,377)
200. Profit for the year	36,951	219,346	169,131
TOTAL LIABILITIES AND EQUITY	12,278,709	12,145,806	12,281,521

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Consolidated Income Statement

(Values in thousand euro)

Items	2025	2024 ADJUSTED (*)
10. Interest and similar income	490,181	747,479
<i>of which: interest income calculated according to the effective interest method</i>	459,775	722,245
20. Interest and similar expense	(266,391)	(384,178)
30. Net interest income	223,790	363,301
40. Fee and commission income	108,997	110,515
50. Fee and commission expense	(22,633)	(28,417)
60. Net fee and commission income	86,364	82,098
70. Dividends and similar income	17,088	19,844
80. Net profit from trading activities	15,978	7,892
100. Profits (losses) on disposal or repurchase of:	10,455	3,331
<i>a) financial assets measured at amortized cost</i>	10,455	3,331
<i>b) financial assets measured at fair value through other comprehensive income</i>	-	-
110. Profits (losses) on other financial assets and liabilities at fair value through profit or loss	(6,613)	(7,017)
<i>b) other financial assets subject to mandatory fair value measurement</i>	(6,613)	(7,017)
120. Total income	347,063	469,449
130. Net impairment losses/gains for credit risk associated with:	(104,544)	(5,571)
<i>a) financial assets measured at amortized cost</i>	(104,544)	(5,571)
150. Net income from banking activities	242,519	463,878
180. Net income from banking and insurance activities	242,519	463,878
190. Administrative expenses:	(191,044)	(189,694)
<i>a) personnel expenses</i>	(85,417)	(79,511)
<i>b) other administrative expenses</i>	(105,627)	(110,183)
200. Net accruals to provisions for risks and charges	(24,940)	(19,884)
<i>a) commitments and guarantees given</i>	194	273
<i>b) other net provisions</i>	(25,134)	(20,157)
210. Depreciation and impairment losses on property, equipment and investment property	(5,495)	(3,783)
220. Amortization and impairment losses on intangible assets	(12,019)	(10,070)
230. Other operating income, net	29,526	60,353
240. Operating costs	(203,971)	(163,078)
250. Profits (losses) on equity investments	3,562	2,424
280. Gains (Losses) on disposal of investments	-	3,954
290. Profit before tax from continuing operations	42,110	307,178
300. Income taxes on continuing operations	(5,159)	(87,832)
310. Profit after tax from continuing operations	36,951	219,346
330. Profit for the year	36,951	219,346
350. Profit for the year attributable to the owners of the parent	36,951	219,346
Basic earnings per share	0.20	1.17
Diluted earnings per share	0.19	1.15

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Consolidated Statement of Comprehensive Income

(Values in thousand euro)

Items	2025	2024 ADJUSTED (*)
10. Profit for the year	36,951	219,346
Other components net of taxes that may not be reclassified to profit or loss	(168)	9,506
20. Equity securities 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 securities designated at fair value through other comprehensive income		
50. Property, equipment and investment property	(215)	9,539
60. Intangible assets		
70. Defined benefit plans	47	(33)
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	9,105	4,047
110. Hedges of foreign investments	(757)	(880)
120. Foreign exchange differences	2,013	1,762
130. Cash flow hedges		
140. Hedging instruments (undesignated elements)		
150. Financial assets (other than equity securities) measured at fair value through other comprehensive income	7,849	3,165
160. Non-current assets held for sale and discontinued operations		
170. Share of valuation reserves connected with equity-accounted investments		
180. Revenue 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	8,937	13,553
210. Comprehensive income (Items 10+200)	45,888	232,899
220. Comprehensive income attributable to non-controlling interests		
230. Comprehensive income attributable to the owners of the parent	45,888	232,899

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Statement of Changes in Consolidated Equity

At 12.31.2025	Balances as at 12.31.2024	Change to opening balances	Balances as at 01.01.2025	Allocation of result for the previous year		Changes in the financial year								Consolidated comprehensive income 2025	Equity attributable to the owners of the parent as at 12.31.2025
				Reserves	Dividends and other allocations	Change in reserves	Equity transactions								
							Issue of new shares	Repurchase of treasury shares	Interim dividend	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	
Share capital:															
a) ordinary shares	145,006	-	145,006				393								145,399
b) other shares	-	-	-												
Share premium reserve	66,277	-	66,277												66,277
Reserves:		-													
a) retained earnings	252,293		252,293	219,346		(21,372)									450,266
b) other	8,781	-	8,781			(172)							641		9,250
Valuation reserves	21,085	-	21,085											8,937	30,022
Equity instruments	150,000	-	150,000												150,000
Interim dividend		-													
Treasury shares	(3,570)	-	(3,570)			3,570									
Profit for the year	219,346	-	219,346	(219,346)										36,951	36,951
Equity attributable to the owners of the parent	859,218		859,218			(17,975)	393						641	45,888	888,165

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		Changes in the financial year										Equity attributable to the owners of the parent as at 12.31.2024 ADJUSTED (*)
						Reserves	Dividends and other allocations	Change in reserves	Equity transactions							
				Issue of new shares	Repurchase of treasury shares				Interim dividend	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests		
Share capital:																
a) ordinary shares	143,947		143,947				1,059								145,006	
b) other shares																
Share premium reserve	66,277		66,277												66,277	
Reserves:																
a) retained earnings	268,055	(18,725)	249,330	13,466		(10,504)									252,293	
b) other	9,706		9,706			(1,111)							185		8,781	
Valuation reserves	7,993		7,993			(461)								13,553	21,085	
Equity instruments	150,000		150,000												150,000	
Interim dividend	(54,451)		(54,451)	54,451												
Treasury shares	(4,377)		(4,377)			807									(3,570)	
Profit for the year	171,662	(2,531)	169,131	(67,917)	(101,214)									219,346	219,346	
Equity attributable to the owners of the parent	758,812	(21,255)	737,557		(101,214)	(11,268)	1,059						185	232,899	859,218	

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Consolidated Statement of Cash Flows

Indirect method

(Values in thousand euro)

	2025	2024 ADJUSTED (*)
A. OPERATING ACTIVITIES		
1. Operations	200,352	342,743
- profit for the year (+/-)	36,951	219,346
- 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 (-/+)		-
- net impairment losses/gains for credit risk (+/-)	104,544	5,571
- depreciation, amortization and net impairment losses on property, equipment and investment property and intangible assets (+/-)	17,514	13,853
- net allocations to provisions for risks and charges and other costs/income (+/-)	24,940	19,884
- net revenue and costs of insurance contracts issued and outward reinsurance (-/+)		-
- taxes, duties and unpaid tax credits (+/-)	5,159	86,178
- net impairment losses/reversals of impairment losses on discontinued operations, net of the tax effect (+/-)	-	-
- other adjustments (+/-)	11,245	(623)
2. Cash flow generated/absorbed by financial assets	(292,473)	32,985
- financial assets held for trading	-	-
- financial assets designated at fair value	(8,683)	(12,959)
- other financial assets subject to mandatory fair value measurement	-	-
- financial assets measured at fair value through other comprehensive income	(1,468)	(105)
- financial assets measured at amortized cost	(272,752)	145,165
- other assets	(9,571)	(99,117)
3. Cash flow generated/absorbed by financial liabilities	74,579	(334,223)
- financial liabilities measured at amortized cost	104,438	(159,999)
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value	-	-
- other liabilities	(29,859)	(174,224)
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	(17,542)	41,505

(Values in thousand euro)

	2025	2024 ADJUSTED (*)
B. INVESTING ACTIVITIES		
1. Liquidity generated by		
- sales of equity investments		
- dividends collected on equity investments		
- sales of property, equipment and investment property		
- sales of intangible assets		
- sales of subsidiaries and business units		
2. Liquidity absorbed by	(11,935)	(44,172)
- purchases of equity investments		
- purchases of property, equipment and investment property	(1,119)	(31,364)
- purchases of intangible assets	(10,815)	(12,809)
- purchases of subsidiaries and business units		
Net cash absorbed by investing activities	(11,935)	(44,172)
C. FINANCING ACTIVITIES		
- issue / repurchase of treasury shares	-	-
- issue/purchase of equity securities		
- distribution of dividends and other purposes	-	(101,214)
- sale/purchase of ownership interests in subsidiaries		
Net cash absorbed by investing activities	-	(101,214)
NET CASH ABSORBED DURING THE YEAR	(29,477)	(103,882)

Reconciliation

(Values in thousand euro)

Financial statements items	2025	2024 ADJUSTED (*)
Cash and cash equivalents at the beginning of the year	153,689	257,208
Total net cash absorbed during the year	(29,477)	(103,882)
Cash and cash equivalents: effect of changes in exchange rates	365	363
Cash and cash equivalents at end of year	124,577	153,689

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Notes to the Consolidated Financial Statements

Shareholders,

The Notes are broken down into the following parts:

Adjustment of the previous year's balances in accordance with the provisions of IAS 8
(Accounting policies, changes in accounting estimates and errors)

Part A – Accounting policies

Part B – Information on the Consolidated Statement of Financial Position

Part C – Information on the Consolidated Income Statement

Part D – Comprehensive Income

Part E – Information on risks and related hedging policies

Part F – Equity

Part G – Business Combinations of companies or business units

Part H – Transactions with related parties

Part I – Share-Based Payments

Part L – Segment Reporting

Part M – Lease Reporting

Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)

During 2025, an incorrect registration of inflows was identified, relating mainly to the period between 2019 and June 2023, amounting to approximately €54 million, limited to the factoring business in Italy. In particular, from the analyses carried out by the Internal Audit Function, it emerged that these sums, collected from debtors in relation to the principal amount of the receivable, had been erroneously registered through reversals and subsequent reallocations, as additional loan interest, resulting in the recognition of higher revenues and higher taxes. The correction of this error, considered material under IAS 8, resulted in a negative cumulative effect on 2025 opening equity of €(15.1) million.

In addition, the accounts were specifically investigated also with reference to the methods of directly allocating inflows to debit notes and so-called "40 euros" invoices and ancillary charges, applying, in particular, structured statistical sampling based on the Monetary Unit Sampling (MUS) methodology, which allows for the overall error potentially present in the population to be estimated in a prudent manner, in line with a predetermined level of confidence and a tolerable error threshold. The results showed an error of approximately €3.4 million (€2.5 million euro after taxes).

In conclusion, therefore, the Bank restated in full the amount of the error, including the error determined with statistical criteria. This resulted in a restatement of the 2024 financial statements, in accordance with IAS 8, whose cumulative effect on the opening equity of 2025 is negative and equal to €(17.6) million.

In particular, as shown in the following tables, some items of the statement of financial position as at January 1, 2024, of the 2024 income statement, of the statement of comprehensive income for 2024 and of the statement of financial position as at December 31, 2024 have been restated.

(Values in thousand euro)

STATEMENT OF FINANCIAL POSITION (values in thousand euro)		01.01.2024	Adjustments IAS 8	01.01.2024 ADJUSTED
40.	Financial assets measured at amortized cost	10,805,826	(25,010)	10,780,816
	<i>a) loans and receivables with banks</i>	593,561	-	593,561
	<i>b) loans and receivables with customers</i>	10,212,265	(25,010)	10,187,255
110.	Tax assets	113,658	14,265	127,923
	<i>a) current</i>	57,414	13,328	70,742
	<i>b) deferred</i>	56,244	937	57,181
130.	Other assets	1,372,782		1,372,782
	TOTAL ASSETS	12,292,266	(10,744)	12,281,521
60.	Tax liabilities	123,790	7,103	130,893
	<i>a) Current</i>	2,472	-	2,472
	<i>b) deferred</i>	121,318	7,103	128,421
100.	Provisions for risks and charges	35,864	3,408	39,272
	<i>a) Commitments and guarantees given</i>	530		530
	<i>b) Pensions and similar obligations</i>	7,009		7,009
	<i>c) Other provisions</i>	28,325	3,408	31,733
	Other liabilities	11,373,800		11,373,800
	TOTAL LIABILITIES	11,533,454	10,511	11,543,965
150.	Reserves	277,762	(18,725)	259,037
200.	Profit for the year	171,662	(2,531)	169,131
	Other equity items	309,389		309,389
	TOTAL EQUITY	758,812	(21,255)	737,557
	TOTAL LIABILITIES AND EQUITY	12,292,266	(10,744)	12,281,521

As a result of the different allocation of inflows, interest and similar income were restated (a decrease of €25 million, mainly due to the reduction of capital gains from ancillary items, reflected by the adjustment of the Statement of Financial Position item of Loans and receivables with customers), current tax assets (increase of €13.3 million), deferred tax assets (increase of €937 thousand), provisions for risks and charges (increase of €3.4 million) and deferred tax liabilities (increase of €7.1 million). The overall effect on equity as at January 1, 2024 therefore resulted in a decrease of €21.3 million.

The following table shows the effect on statement of financial position balances as at January 1, 2024, broken down by year of formation:

	2019	2020	2021	2022	2023	Cumulative impact as at 01.01.2024
Adjustment of loans and receivables with customers	(2,306)	(3,376)	(2,991)	(12,664)	(3,672)	(25,010)
Adjustment of current tax assets		2,547	1,395	8,158	1,228	13,328
Adjustment of deferred tax assets					937	937
Total Assets	(2,306)	(829)	(1,596)	(4,505)	(1,508)	(10,744)
Adjustment of deferred tax liabilities	832	1,497	466	4,222	86	7,103
Adjustment of provisions for risks and charges					3,408	3,408
Adjustment of equity	(3,139)	(2,326)	(2,061)	(8,727)	(5,002)	(21,255)
Total liabilities and Equity	(2,306)	(829)	(1,596)	(4,505)	(1,508)	(10,744)

With reference to 2024, the correction of the error resulted in a positive impact on profit for the year of €3.7 million deriving from the net effect of an increase in interest and similar income – not due to errors in the registration of inflows in the year – of €5.3 million and an increase in income taxes of €1.6 million. In particular, the increase in interest and similar income refers to the positive effect of the change in the estimate on the recognition of additional loan interest already described in the financial statements of the previous year, net of the reversal of additional loan interest accrued in 2024 on capital that had been erroneously considered as not collected.

(Values in thousand euro)

	INCOME STATEMENT	2024	Adjustments IAS 8	2024 ADJUSTED
10.	Interest and similar income	742,159	5,321	747,479
	Other income statement items	(440,301)	-	(440,301)
300	Income taxes for the year on current operations	(86,178)	(1,654)	(87,832)
310	Profit after tax from continuing operations	215,680	3,667	219,346
330	Profit for the year	215,680	3,667	219,346
350	Profit for the year attributable to the owners of the Parent	215,680	3,667	219,346
	Basic earnings per share	1.15	0.02	1.17
	Diluted earnings per share	1.13	0.02	1.15

(Values in thousand euro)

	Statement of Comprehensive Income	2024	Adjustments IAS 8	2024 ADJUSTED
10.	Profit for the year	215,680	3,667	219,346
	Other income components, after taxes	13,553	-	13,553
230.	Comprehensive income attributable to the owners of the Parent	229,233	3,667	232,899

As at December 31, 2024, therefore, the cumulative effect of the correction of the error resulted in a reduction in loans and receivables with customers of €19.7 million, an increase in current tax assets of €13.1 million, an increase in deferred tax assets of €937 thousand, an increase in provisions for risks and charges of €3.4 million and an increase in deferred tax liabilities of €8.6 million. The overall effect on equity as at December 31, 2024 therefore resulted in a decrease of €17.6 million.

(Values in thousand euro)

	STATEMENT OF FINANCIAL POSITION	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
40.	Financial assets measured at amortized cost	10,667,128	(19,689)	10,647,438
	a) loans and receivables with banks	602,651	-	602,651
	b) loans and receivables with customers	10,064,477	(19,689)	10,044,787
110	Tax assets	101,071	14,074	115,046
	a) current	40,250	13,137	53,388
	b) deferred	60,821	937	61,758
130	Other assets	1,383,222		1,383,222
	TOTAL ASSETS	12,151,421	(5,615)	12,145,806
60.	Tax liabilities	166,691	8,566	175,257
	a) Current	2,794	-	2,794
	b) deferred	163,897	8,566	172,462
100.	Provisions for risks and charges	54,803	3,408	58,212
	a) Commitments and guarantees given	258		258
	b) Pensions and similar obligations	6,937		6,937
	c) Other provisions	47,609	3,408	51,017
	Other liabilities	11,053,120		11,053,120
	TOTAL LIABILITIES	11,274,614	11,974	11,286,588
150.	Reserves	282,329	(21,255)	261,073
200.	Profit for the year	215,680	3,667	219,346
	Other equity items	378,798		378,798
	TOTAL EQUITY	876,807	(17,589)	859,218
	TOTAL LIABILITIES AND EQUITY	12,151,421	(5,615)	12,145,806

The economic and financial impacts as at December 31, 2024 deriving from these incorrect entries relating to the item loans and receivables with customers were quantified as follows:

1. an increase in revenue relating to the Maturity Commission of approximately €3.0 million following the reduction in principal collected;
2. a reduction of revenue relating to additional loan interest of approximately €7.0 million recognized for the principal considered as not collected;
3. a reversal of capital gains of approximately €24.8 million relating to additional loan interest, having erroneously recognized inflows under this item and not under the principal;
4. an increase in additional loan interest deriving from the recognition of the impact of changes in estimates made in 2022 and 2024 amounting to approximately €9.1 million.

As regards the period 2024 – 2025, all the analyses showed no allocation errors, confirming the substantial correctness of the operating practices adopted.

In compliance with the provisions of IAS 1 and IAS 8, the statement of financial position as at January 1, 2024, and as at December 31, 2024, the income statement for 2024 and the statement of comprehensive income for 2024 are presented below. The "IAS 8 Adjustments" column shows the adjustments made to the 2024 financial statements.

Consolidated Statement of Financial Position as at January 1, 2024

(Values in thousand euro)

Assets	01.01.2024	Adjustments IAS 8	01.01.2024 ADJUSTED
10. Cash and cash equivalents	257,208	-	257,208
20. Financial assets measured at fair value through profit or loss	166,023	-	166,023
<i>a) financial assets held for trading</i>	1,167	-	1,167
<i>c) other financial assets subject to mandatory fair value measurement</i>	164,856	-	164,856
Financial assets measured at fair value through other comprehensive income	137,520	-	137,520
40. Financial assets measured at amortized cost	10,805,826	(25,010)	10,780,816
<i>a) loans and receivables with banks</i>	593,561	-	593,561
<i>b) loans and receivables with customers</i>	10,212,265	(25,010)	10,187,255
50. Hedging derivatives	-	-	-
70. Equity investments	13,160	-	13,160
90. Property, equipment and investment property	60,690	-	60,690
100. Intangible assets	74,742	-	74,742
110. Tax assets	113,658	14,265	127,923
<i>a) current</i>	57,414	13,328	70,742
<i>b) deferred</i>	56,244	937	57,181
120. Non-current assets held for sale and discontinued operations	8,046	-	8,046
130. Other assets	655,393	-	655,393
TOTAL ASSETS	12,292,266	(10,744)	12,281,521

(Values in thousand euro)

Liabilities and equity	01.01.2024	Adjustments IAS 8	01.01.2024 ADJUSTED
10. Financial liabilities measured at amortized cost	10,814,197	-	10,814,197
<i>a) due to banks</i>	2,269,074	-	2,269,074
<i>b) due to customers</i>	8,545,110	-	8,545,110
<i>c) outstanding securities</i>	14	-	14
20. Financial liabilities held for trading	1,215	-	1,215
40. Hedging derivatives	-	-	-
60. Tax liabilities	123,790	7,103	130,893
<i>a) Current</i>	2,472	-	2,472
<i>b) deferred</i>	121,318	7,103	128,421
80. Other liabilities	555,354	-	555,354
90. Post-employment benefits	3,033	-	3,033
100. Provisions for risks and charges	35,864	3,408	39,272
<i>a) Commitments and guarantees given</i>	530	-	530
<i>b) Pensions and similar obligations</i>	7,009	-	7,009
<i>c) Other provisions</i>	28,325	3,408	31,733
120. Valuation reserve	7,993	-	7,993
140. Equity instruments	150,000	-	150,000
150. Reserves	277,762	(18,725)	259,037
155. Interim dividend	(54,451)	-	(54,451)
160. Share premium	66,277	-	66,277
170. Share capital	143,947	-	143,947
180. Treasury shares	(4,377)	-	(4,377)
200. Profit for the year	171,662	(2,531)	169,131
TOTAL LIABILITIES AND EQUITY	12,292,266	(10,744)	12,281,521

Consolidated Statement of Financial Position as at December 31, 2024

(Values in thousand euro)

Assets	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Cash and cash equivalents	153,689	-	153,689
20. Financial assets measured at fair value through profit or loss	179,319	-	179,319
<i>a) financial assets held for trading</i>	1,504	-	1,504
<i>c) other financial assets subject to mandatory fair value measurement</i>	177,815	-	177,815
30. Financial assets measured at fair value through other comprehensive income	141,442	-	141,442
40. Financial assets measured at amortized cost	10,667,128	(19,689)	10,647,438
<i>a) loans and receivables with banks</i>	602,651	-	602,651
<i>b) loans and receivables with customers</i>	10,064,477	(19,689)	10,044,787
50. Hedging derivatives	303	-	303
70. Equity investments	13,690	-	13,690
90. Property, equipment and investment property	104,750	-	104,750
100. Intangible assets	77,519	-	77,519
110. Tax assets	101,071	14,074	115,146
<i>a) current</i>	40,250	13,137	53,388
<i>b) deferred</i>	60,821	937	61,758
130. Other assets	712,511	-	712,511
TOTAL ASSETS	12,151,421	(5,615)	12,145,806

(Values in thousand euro)

Liabilities and equity	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Financial liabilities measured at amortized cost	10,661,212	-	10,661,212
<i>a) due to banks</i>	1,342,119	-	1,342,119
<i>b) due to customers</i>	8,709,179	-	8,709,179
<i>c) securities issued</i>	609,914	-	609,914
20. Financial liabilities held for trading	139	-	139
60. Tax liabilities	166,691	8,566	175,256
<i>a) Current</i>	2,794	-	2,794
<i>b) deferred</i>	163,897	8,566	172,462
80. Other liabilities	388,397	-	388,397
90. Post-employment benefits	3,372	-	3,372
100. Provisions for risks and charges	54,803	3,408	58,212
<i>a) Commitments and guarantees given</i>	258	-	258
<i>b) Pensions and similar obligations</i>	6,937	-	6,937
<i>c) Other provisions</i>	47,609	3,408	51,017
120. Valuation reserve	21,085	-	21,085
140. Equity instruments	150,000	-	150,000
150. Reserves	282,329	(21,255)	261,073
160. Share premium	66,277	-	66,277
170. Share capital	145,006	-	145,006
180. Treasury shares	(3,570)	-	(3,570)
200. Profit for the year	215,680	3,667	219,346
TOTAL LIABILITIES AND EQUITY	12,151,421	(5,615)	12,145,806

Consolidated Income Statement for the year ended December 31, 2024

(Values in thousand euro)

	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Interest and similar income	742,159	5,321	747,479
of which: interest income calculated according to the effective interest method	716,924	-	716,924
20. Interest and similar expense	(384,178)	-	(384,178)
30. Net interest income	357,981	5,321	363,301
40. Fee and commission income	110,515	-	110,515
50. Fee and commission expense	(28,417)	-	(28,417)
60. Net fee and commission income	82,098	-	82,098
70. Dividends and similar income	19,844	-	19,844
80. Net profit/loss from trading activities	7,892	-	7,892
100. Gains/losses on disposal or repurchase of:	3,331	-	3,331
a) financial assets measured at amortized cost	3,331	-	3,331
b) financial assets measured at FV through other comprehensive income	-	-	-
c) financial liabilities	-	-	-
110. Profits (losses) on other financial assets at FV through profit or loss	(7,017)	-	(7,017)
a) financial assets and liabilities measured at FV	-	-	-
b) financial assets measured at FV through profit or loss	(7,017)	-	(7,017)
120. Total income	464,129	5,321	469,449
130. Net impairment losses/gains for credit risk associated with:	(5,571)	-	(5,571)
a) financial assets measured at amortized cost	(5,571)	-	(5,571)
150. Net income from banking activities	458,558	5,321	463,878
180. Net income from banking and insurance activities	458,558	5,321	463,878
190. Administrative expenses:	(189,694)	-	(189,694)
a) personnel expenses	(79,511)	-	(79,511)
b) other administrative expenses	(110,183)	-	(110,183)
200. Net accruals to provisions for risks and charges	(19,884)	-	(19,884)
a) for credit risk relating to Commitments and financial guarantees given	273	-	273
b) other net provisions	(20,157)	-	(20,157)
210. Depreciation and impairment losses on property, equipment and investment property	(3,783)	-	(3,783)
220. Amortization and impairment losses on intangible assets	(10,070)	-	(10,070)
230. Other operating income, net	60,353	-	60,353
240. Operating costs	(163,078)	-	(163,078)
250. Profits (losses) on equity investments	2,424	-	2,424
280. Gains (losses) on disposal of investments	3,954	-	3,954
290. Profit before tax from continuing operations	301,858	5,321	307,178
300. Income taxes for the year of current operations[LH1.1]	(86,178)	(1,654)	(87,832)
310. Profit after tax from continuing operations	215,680	3,667	219,347
330. Profit for the year	215,680	3,667	219,347
350. Profit for the year attributable to the owners of the Parent	215,680	3,667	219,347
Basic earnings per share	1.15	0.02	1.17
Diluted earnings per share	1.13	0.02	1.15

Statement of Comprehensive Income for the year ended December 31, 2024

(Values in thousand euro)

Items	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Profit for the year	215,680	3,667	219,347
Other components net of taxes that may not be reclassified to profit or loss	9,506	-	9,506
20. Equity securities 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 securities designated at fair value through other comprehensive income	-	-	-
50. Property, equipment and investment property	9,539	-	9,539
60. Intangible assets	-	-	-
70. Defined benefit plans	(33)	-	(33)
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	-	4,047
110. Hedges of foreign investments	(880)	-	(880)
120. Foreign exchange differences	1,762	-	1,762
130. Cash flow hedges	-	-	-
140. Hedging instruments (undesignated elements)	-	-	-
150. Financial assets (other than equity securities) measured at fair value through other comprehensive income	3,165	-	3,165
160. Non-current assets held for sale and discontinued operations	-	-	-
170. Share of valuation reserves connected with equity-accounted investments	-	-	-
180. Revenue 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	-	13,553
220. Comprehensive income attributable to non-controlling interests	-	-	-
230. Comprehensive income attributable to the owners of the Parent	229,233	3,667	232,900

Part A – Accounting policies

A.1 – GENERAL

Section 1 – Statement of compliance with International Financial Reporting Standards

The consolidated financial statements at December 31, 2025 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 thousands of 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 accruals 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 issues that could raise doubts on the Group’s ability to meet its obligations in the foreseeable future, as described below.

Disclosure regarding the going concern assumption

As required by IAS 1 and by the indications in Document no. 2 of February 6, 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Board of Directors carried out a careful assessment of the going concern assumption. On the basis of its own assessments, the consolidated financial statements as at December 31, 2025 were prepared considering the use of the going concern assumption to be appropriate.

The assessment of the Directors was carried out taking into account, among other things, the following circumstances:

- ▶ the Bank’s context which, as from December 4, 2025, has been subject to audits, that are still ongoing, by the Supervisory Authority, also following an internal analysis carried out on factoring business inflows;
- ▶ the Bank received the Order as described in the section “Events after the reporting date”;
- ▶ the events that affected the Consolidated Financial Statements as at December 31, 2025, also relating to the Remedial Actions. For more details, please refer to the section “Focus on the main phenomena affecting the Consolidated Financial Statements as at December 31, 2025”.

In this context, the going concern assessment must take into account the breach of the overall capital requirements as at December 31, 2025. At present, based on expected projections, even in the absence of external initiatives (e.g. securitizations), no capital shortfalls have been estimated below the SREP requirements for 2026 and 2027. Instead, for the 2028 financial year, in the absence of external initiatives, based on expected projections, capital shortfalls have been estimated, mainly due to the progressive application of so-called calendar provisioning to receivables classified as past due with an effective date of December 31, 2025. With reference to the liquidity indicators, compliance with the regulatory requirements is confirmed both as at December 31, 2025 and over the 2026-2028 time horizon.

These events and circumstances may raise significant doubts as to the appropriateness of the going concern assumption, starting from 2028, in the absence of external initiatives as illustrated below.

The above made it necessary, in accordance with applicable legislation, to activate the so-called Recovery Plan and define a Capital Conservation Plan, approved by the Board of Directors at its meeting of April 30, 2026 and sent at the same time to the Bank of Italy. This Plan describes the Group’s current financial position and its implications on the regulatory ratios, as well as the approach to aligning with applicable regulatory requirements. The Plan illustrates the actions identified to restore capital adequacy, in accordance with the relevant regulatory framework, and constitutes a reporting tool

for the Supervisory Authority, providing a comprehensive overview of the available evidence, the measures adopted and the initiatives envisaged, as well as the related governance and monitoring safeguards.

In application of the above, the Bank has arranged for a specific forward-looking analysis of the evolution of the Group's financial position and performance for the years 2026-2028, which incorporates some initiatives considered mitigating applied over the plan time horizon (hereinafter, the "26-28 Projections").

In particular, also in order to limit capital absorption, a so-called "baseline" scenario has been identified with reference to the years 2026 and 2027. This scenario is based on the assumption of the continuity of the Bank's current business model, assuming a more moderate growth, compared to previous years, in the new business volumes of the Factoring & Lending segment (referred to below as the "Baseline Initiatives"). Considering this growth, the Group expects to maintain profitability levels and capital requirements over the next 24 months.

To prevent the aforementioned risks for 2028, alternative scenarios have therefore been prepared – also with the support of leading advisors. In this context, the Bank is evaluating certain external initiatives aimed at enhancing specific portfolios (e.g. securitizations) or assets, possibly accompanied by the use of new operating methods in the factoring sector (referred to below, together with the Baseline Initiatives, as the "Intervention Measures").

On April 24, 2026, on a preliminary basis, and on April 30, on a final basis, the Board of Directors analyzed the Intervention Measures, which were then included in the Capital Conservation Plan approved on April 30, 2026, considering them adequate to ensure compliance with the prudential requirements provided for by applicable legislation (CRR and CRD) and to resolve the shortfalls expected in the 2028 financial year. These alternative scenarios will be further developed in the process for the preparation and approval of the future Strategic Plan. By adopting the Intervention Measures, the Bank expects compliance with the capital requirements even over a longer period than 24 months from the reporting date of the financial statements in question.

As for the feasibility and effectiveness of the Intervention Measures in response to events or conditions that pose uncertainties regarding the existence of the going concern assumption, the short-term initiative based on a more moderate growth than in previous years of the new business volumes of the Factoring & Lending segment (as factored in the Baseline scenario) is considered feasible, as it comes under the direct control of the Bank. On the contrary, the implementation of the Intervention Measures, separately or together, is affected by external factors and by complex execution times and profiles. Having said that, the Directors believe that the mix of initiatives available to the Board of Directors for strengthening capital can reduce the risk associated with the execution of these measures.

In addition, the Directors consider achievement of the objectives set out in the 26-28 Projections to be reasonable, also considering the mitigating factors which highlight the quality and capacity of the Bank to cope with the current context. This is also in light of the economic data relating to the 2025 financial year, which demonstrate, net of the related extraordinary items, the Bank's industrial capacity to generate income by performing its typical activity.

With the support of financial advisors, the Board of Directors has also started to seek out one or more financial and strategic partners.

In view of the above, the Directors note that the Intervention Measures, by their nature, are uncertain, as they refer to actions the implementation of which – although partly under the control of Management – depends on external factors; and these actions might not be carried out in the times and manner estimated by the Board of Directors. It follows that there is significant uncertainty, such as to raise considerable doubts over the appropriateness of the assumption of the Bank as a going concern, connected with the implementation of the Intervention Measures to the extent necessary to recover the shortfall expected in 2028. In addition, the Directors point out that the 26-28 Projections on which the so-called baseline scenario has been determined are based on market assumptions that may not materialize. They would therefore require the adoption of further corrective actions and measures, which cannot be hypothesized at present.

Therefore, despite the significant uncertainty related to the risk of carrying out one or more of the Intervention Measures in the times and methods indicated in the 26-28 Projections, the Directors consider, in the light of the above considerations and despite the Group's context, that it will continue to operate as a functioning entity in the foreseeable future and has therefore prepared these consolidated financial statements under the going concern assumption.

Standards, amendments and interpretations effective from 2025 or amended and not yet endorsed

IAS/IFRS and SIC/IFRIC interpretations approved, to be mandatorily adopted for the purposes of these Financial Statements

As at the date of these Consolidated Financial Statements, the amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" had been approved and are applicable as from January 1, 2025. The amendments clarify how an entity should assess whether a currency can be exchanged and how to estimate the spot exchange rate when a currency cannot be exchanged. The amendments have no impact on the Bank's Consolidated Financial Statements.

IAS/IFRS accounting standards and SIC/IFRIC interpretations approved, the application of which shall commence after December 31, 2025

Commission Regulation (EU) 2025/1047 of 27 May 2025 - Amendments to IFRS 9 and IFRS 7 "Amendments to the classification and measurement of financial instruments"

On May 30, 2024, the IASB published some amendments to IFRS 9 (and therefore IFRS 7), applicable from January 1, 2026, with the aim of addressing some critical aspects emerging from the Post Implementation Review of IFRS 9. In particular, the amendments mainly concern:

- ▶ the classification of financial instruments, whose contractual cash flows are dependent on ESG clauses. Since the presence of the aforementioned clauses could influence the valuation of loans at amortized cost or fair value, the changes under consideration provide indications and examples to assess whether or not the contractual cash flows of the financial asset are consistent with a basic financing agreement;
- ▶ the settlement of a liability through electronic payment systems. The amendment provides that a cash liability may be settled, using an electronic payment system, before the settlement date, notwithstanding current provisions, if specific criteria are met.

Specific disclosure requirements were also introduced for equity instruments for which the option was exercised for the recognition of fair value changes through other comprehensive income and for financial instruments with contingent features, for example ESG-linked features. No significant impacts are expected for the Group related to the introduction of the amendments to the standard.

Commission Regulation (EU) 2025/1331 of 9 July 2025 - Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 "Annual Cycle of Improvements to IFRS Accounting Standards - Volume 11"

On July 18, 2024, the IASB issued the customary annual amendments to IFRS "Annual Improvements to IFRS Accounting Standards - Volume 11". The document contains clarifications, simplifications, corrections and amendments aimed at improving the effectiveness of the standards in place. Specifically, these improvements concern IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The amendments will be in force for financial statements from January 1, 2026 onwards, with the possibility of early adoption. Given the smaller scope of these amendments, no significant impacts on the Bank's financial position and performance are expected.

No significant impacts are expected for the Group related to the introduction of the amendments.

IAS/IFRS accounting standards and SIC/IFRIC interpretations issued by the IASB/IFRIC, pending approval

The following part summarizes the standards, interpretations or amendments that have been approved by the IASB, but are pending approval.

IFRS 18 "Presentation and Disclosure in Financial Statements"

On April 9, 2024, the IASB published the new accounting standard IFRS 18 "Presentation and disclosure in financial statements", replacing IAS 1 "Presentation of financial statements".

The new standard aims to optimize the way in which companies present financial statements information to the market, with particular regard to income statement items. In addition, it intends to provide financial statements users with a more solid basis for the analysis and comparison of business performance.

Similarly to the provisions of IAS 1 currently in force, IFRS 18 does not impose mandatory financial statements or a detailed structure for the information provided in the notes. However, the standard establishes the minimum disclosure requirements and gives the party preparing the financial statements the responsibility of identifying and presenting, at its discretion, the most suitable information to faithfully represent the financial position, performance and cash flows of the entity.

The new standard, which will come into force from January 1, 2027 and will require the presentation of comparative information relating to the previous year, is based on the following three guiding criteria:

- ▶ enhance the comparability of income statement information through the introduction of specific categories for the presentation of results;

- ▶ organize financial statements information in a more functional and meaningful way;
- ▶ promote greater transparency in the performance measurements adopted by company management.

The aforementioned amendments, affecting the presentation of the income statement and the disclosure of the financial statements, must be appropriately coordinated with the rules for compiling bank financial statements, governed by Circular no. 262 of the Bank of Italy, the 9th update of which will be subject to consultation in the first quarter of 2026.

The Group has begun a qualitative assessment to evaluate the impacts arising from the adoption of IFRS 18, with particular reference to the presentation of the financial statements items, as well as the identification of the main business activities (hereinafter, also "MBAs") and Management Performance Measures (hereinafter also "MPM").

To date, no particular differences have emerged at the level of main business activities due to the entry into force of the standard. During 2026, the Group will identify the detailed changes to make to the consolidation tool for accounting and supervisory reporting purposes, in order to comply in full with the new regulatory requirements.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

With the publication of IFRS 19 "Subsidiaries without Public Accountability: Disclosures", on May 9, 2024, the Disclosure Initiative was concluded. This project, initiated by the IASB in 2014, aimed at improving the quality of financial reporting, together with the Primary Financial Statements initiative. IFRS 19 aims to simplify the disclosure requirements in the explanatory notes for a large number of companies controlled by groups that apply international accounting standards, also facilitating the transition to IFRS for companies that adopt local accounting standards in the preparation of their financial statements.

The possibility is exclusively for subsidiaries without "public accountability", i.e. companies that do not own instruments traded on regulated markets and that do not hold assets as trustees for a wide range of subjects, such as banks, credit unions, insurance companies, financial intermediaries, mutual funds and investment banks. Entities that meet these requirements may elect, but are not required, to apply IFRS 19 in their consolidated, separate or individual financial statements.

In light of the activities carried out by the Group and its composition, no significant impacts are expected related to the introduction of the new standard.

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 valuation 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, 2025, BFF Banking Group included the Parent 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. BFF Finance Iberia. S.A.U.	Madrid - Paseo de la Castellana, 81	1	BFF Bank S.p.A.	100%	100%
4. BFF Polska S.A.	Łódź - Jana Kilińskiego, 66	1	BFF Bank S.p.A.	100%	100%
5. BFF Medfinance S.A.	Łódź - Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
6. BFF Česká republika s.r.o.	Prague - Rožtylská 1860/1	1	BFF Polska S.A.	100%	100%
7. BFF Central Europe s.r.o.	Bratislava - Mostova, 2	1	BFF Polska S.A.	100%	100%
8. Debt-RNT Sp. Z-o.o.	Łódź - Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
9. Komunalny Fundusz Inwestycyjny Zamknięty	Warsaw - Sienna, 75	4	BFF Polska S.A.	100%	100%
10. MEDICO Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty	Warsaw - Sienna, 75	4	BFF Polska S.A.	100%	100%
11. Kancelaria Prawnicza Karnowski i Wspólnik sp.k.	Łódź - Jana Kilińskiego, 66	4	BFF Polska S.A.	99%	50%
12. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspólnik sp.k. sp.k. w likwidacji	Łódź - Jana Kilińskiego, 66	4	Debt-Rnt sp. Z O.O.	99%	50%

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 9 and 10 are concerned, voting rights refer to the investors' right to vote at the Shareholders' Meeting.

The companies in points 11 and 12 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 24% stake in Unione Fiduciaria S.p.A., which is measured 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.

Since November 2024, the Bank has also subscribed 33% of the share capital, amounting to €6,600, of the new law firm "PB & Partners Società tra Avvocati a responsabilità limitata". On June 19, 2025, the Bar Council approved the registration of STA with the special register of companies between lawyers. As at July 2025, the STA is fully operational.

During the last quarter of 2025, the securitization vehicle SPV Project 2214 Srl (hereinafter the “Vehicle”) left the scope of consolidation. In fact, the closed-end, reserved alternative investment fund called “FPAM1”, which had completed a single investment transaction in ABS securities issued by the Vehicle, was liquidated early.

Section 4 – Events after the reporting date

On February 1, 2026, based on the results of the analysis conducted by the Bank with the support of an external advisor for the period 2015–2025, with reference to the process to recognize factoring inflows, the Board of Directors resolved to proceed with a restatement of the previously approved financial statements.

Although no anomalies were detected in the 2024 and 2025 financial years, and the errors detected are mainly attributable to the period 2019-June 2023, the Bank has implemented a number of actions, also in light of the aforementioned analysis, which are still in progress. These actions are aimed at strengthening i) the safeguards and process regulations relating to the management of inflows, ii) the Law 262/2005 controls model and iii) its own procedural and administrative-accounting regulatory system.

On February 2, 2026, Massimiliano Belingheri stepped down from his position as Chief Executive Officer, while remaining a non-executive Director of the Board of Directors. The parent's Board of Directors appointed Giuseppe Sica as General Manager, giving him all powers previously exercised by Massimiliano Belingheri.

On February 13, 2026, the rating agency Moody's confirmed all BFF ratings, including the Baseline Credit Assessment (BCA) of "Ba2" and the investment grade ratings on long-term (LT) and short-term (ST) deposits, respectively equal to "Baa2"/"Prime-2". The Outlook on the ratings for Long-Term Deposits, Long-Term Issuer Ratings and Senior Unsecured Debt Ratings is Stable.

On February 16, 2026, following news reported in the press, the Bank communicated that it was aware of preliminary investigations by the Public Prosecutor's Office of Milan. The Bank is being investigated for an administrative offence pursuant to Italian Legislative Decree 231/01, in relation to the crimes referred to in Article 640, paragraph 2, of the Italian Criminal Code, Article 2622 of the Italian Civil Code and Article 185 of Italian Legislative Decree no. 58/1998, for acts committed from 2020 until December 2023. From the outset, BFF has been willing to cooperate with the Public Prosecutor's Office and to provide any useful information to the investigating bodies. At the date of preparation of this document, the Bank had not received any formal notice from the investigating bodies.

On February 20, 2026, the rating agency Morningstar DBRS ("DBRS") revised its credit ratings of BFF downwards, including the Long-Term Issuer Rating to "BB" from "BB (high)" and the Short-Term Issuer Rating to "R-4" from "R-3". In addition, DBRS downgraded the Bank's Long-Term Deposit rating to "BB (high)" from "BBB (low)". The rating agency finally changed the Outlook on BFF's long-term creditworthiness from Stable to Negative.

On February 28, 2026, the United States of America and Israel launched a joint attack against Iran. The outbreak of war in the Middle East will have impacts on the European macroeconomic scenario, the extent of which will depend on the duration of the conflict. The effects will be higher inflation, due to rising oil and gas prices, and lower growth, following a slowdown in exports. The uncertainty also concerns the fiscal measures that governments

will eventually adopt, to counteract the increase in prices rather than to increase defense spending. At present, it seems premature to assess the effects on BFF's business, although it is possible that there will be a need for more liquidity that would be positive for factoring.

On March 17, 2026, the Board of Directors resolved to co-opt Giuseppe Sica in his capacity as Director, appointing him as Chief Executive Officer. Giuseppe Sica will also continue to act as General Manager, appointed to this position in February 2026. Massimiliano Belingheri also stepped down from his position as non-executive Board Member.

On March 19, 2026, the Bank started disciplinary proceedings against some company officers involved in the operations that generated the errors in the registration of some factoring inflows, as previously described.

On March 28, 2026, the Bank received an Order pursuant to Articles 69 octiesdecies and following of the Consolidated Law on Banking from the Bank of Italy as part of its supervisory inspections. With this Provision, the Bank of Italy appointed Raffaele Lener and Francesco Fioretto as External Administrators temporarily alongside the Board of Directors, pursuant to Article 75-bis of the Consolidated Law on Banking, in order to assist it in the rapid process to re-organize its operational/accounting framework and in the management of remedial actions, also in the factoring sector and internal control system, already started by the Bank (below, the "Remedial Actions"). The findings and Remedial Actions also refer to the internal control system and organizational safeguards, with particular reference to accounting and credit management systems.

On April 1, 2026, the rating agency Moody's revised all Ratings and evaluations of BFF downwards by one notch and placed them under review for a downgrade, including the Adjusted BCA. The latter was subject to a further negative adjustment of a notch relating to Strategy, Risk Appetite and Governance, changing to "ba3" from "ba2". The long-term (LT) and short-term (ST) deposit ratings of BFF equal to "Baa3"/"Prime-3" respectively have remained at Investment Grade.

On April 2, 2026, the rating agency Morningstar DBRS ("DBRS") downgraded its credit ratings of BFF, including the Long-Term Issuer Rating to "BB (low)" from "BB". In addition, DBRS lowered its credit rating to "BB" from "BB (high)" on the Bank's Long-Term Deposits. The rating agency also placed the long-term credit ratings of the Bank Under Review, including the Long-Term Issuer Rating of "BB (low)".

Pursuant to IAS 10, in the period between the end of the 2025 reporting period and the date of approval of these consolidated financial statements, subsequent events occurred that led to adjustments to the values shown in the consolidated financial statements. For more details, please refer to the section "Key events in the Group".

Section 5 – Other issues

Shareholder Resolutions

On April 17, 2025, the Ordinary Shareholders' Meeting of the Bank resolved:

- ▶ to approve the separate financial statements for the year ended December 31, 2024, with the report on operations presented by the Board of Directors, which show a profit for the year of €160,196,420.
- ▶ to allocate €211,816 to Legal Reserve and €159,984,604 to Retained earnings;
- ▶ to approve the new "2025 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 Report on Operations;
- ▶ 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 Section II of the Ex-post Report on (i) the items that make up the Remuneration (including the treatment provided for in the event of termination of office or termination of the employment relationship) of the aforementioned individuals, in accordance with the 2024 Policy; (ii) the general information on the implementation of the 2024 Policy in 2024 and the assessments provided by the Group's control functions, each for the aspects under their responsibility; (iii) the analytical illustration of the remuneration paid in the year under consideration, for any reason and in any form, by the Bank and the Subsidiaries; (iv) the remuneration to be paid in one or more subsequent years, for the activity carried out in the year under consideration;
- ▶ to authorize the Stock Grant Plan (the "AUT Plan") and the Long-Term "2025 Incentive Plan" (the "LTIP Plan", together with the AUT Plan, are referred to as the "Plans"). The implementation of both Plans is subject to the revocation of the obligation imposed by the Bank of Italy on the Parent Company to temporarily refrain from resolving or making the payment of the variable part of remuneration;
- ▶ to revoke the previous authorization to repurchase and dispose of the Bank's treasury shares granted by the Shareholders' Meeting on April 18, 2024, which had not been executed. The Shareholders' Meeting also resolved to authorize the Board of Directors, pursuant to and for the purposes of Article 2357 of the Civil Code, to repurchase BFF ordinary shares, on one or more occasions, and for a period of 18 months from April 17, 2025, in pursuit of the purposes set out in the illustrative report on the authorization to repurchase and dispose of treasury shares. The maximum number of shares to be repurchased is 9,025,553.90 representing 5% of the 188,339,598 shares without a nominal amount representing the entire subscribed and paid-up share capital of the Bank amounting to €145,021,490.38 (as at March 12, 2025).

Communication from the Bank of Italy received on October 30, 2025

On October 30, 2025, the Bank received from the Bank of Italy (the "Supervisory Authority" or the "Regulator") notice of the closure of the proceedings in respect of:

- i. the **lifting of restrictive measures** concerning (i) the distribution of profits or other assets; (ii) the payment of the variable part of remuneration to personnel; (iii) the expansion into new foreign markets;
- ii. the **allocation of new capital requirements** as a result of the Supervisory Review Evaluation Process (SREP), confirming the additional Pillar II levels (Pillar II Requirement - P2R) currently in force.

In fact, the SREP communication requires BFF, as from the reporting of own funds as at December 31, 2025, to adopt the same capital ratios at consolidated level, already currently in force: a Common Equity Tier 1 ratio (CET 1 ratio) equal to 9.00%, a Tier 1 ratio equal to 10.50%, a Total Capital Ratio (TC ratio) equal to 12.50%, to which the requirements of the Countercyclical Capital Buffer ("CCyB") and the Systemic Risk Buffer ("SyRB"), equal overall to 0.70% as at June 30, 2025 are added.

With the aim of continuously consolidating its capital strength, on November 2, the Board of Directors approved an update to its dividend policy, increasing its capital target by 100 basis points. Consequently, the reference level of the CET 1 consolidated ratio above which the Bank expects to pay dividends stands at 13.0%, in compliance with all other current and forward-looking regulatory capital indicators.

On December 4, 2025, the Bank of Italy began a general inspection of the Bank; this inspection was still ongoing at the date of this report.

Focus on the main phenomena affecting the Consolidated Financial Statements as at December 31, 2025

The most important elements that affected the Consolidated Financial Statements as at December 31, 2025 concern:

- ▶ the reclassification of receivables from the factoring portfolio to default as a result of, i) the inclusion, among overdue exposures, of interest on arrears accrued and still to be collected on invoices for which the relative principal is collected after maturity and ii) the deactivation of certain mitigation instruments that can be used for the purpose of suspending the calculation of past due credit exposures (so-called "mitigants");
- ▶ the adoption of a new policy governing the management of the provisioning process in the light of negative rulings on legal actions initiated for the recovery of credit exposures carried out for the Italian factoring portfolio;
- ▶ the extension of the expected times for collecting late payment interest;
- ▶ the restatement of the consolidated financial statements following the identification of an incorrect recognition of inflows in the Factoring & Lending sector.

Classification of receivables as defaulting

Considering the content of the Order on the classification of receivables as defaulting, the Bank is carrying out a review of its procedures and application practices in order to better align with the regulatory provisions and their more restrictive, prudential interpretation. With particular reference to the new definition of default ("New DoD") referred to in the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013" (hereinafter, "EBA GL"), also to take into account the interpretative clarifications that have emerged and are emerging during the work to review the EBA GL, the Bank:

- ▶ included under past due exposures, for the purposes of determining the days of arrears, default interest accrued and not collected, regardless of the collection of the principal. This choice led to the classification of a total of €771 million as past due, and
- ▶ adopted more restrictive choices in the use of mitigation tools for the purpose of suspending the calculation of past due credit exposures (so-called "mitigants"). The consequent deactivation of some mitigants entailed the classification of €589 million as past due.

It should be noted that, with reference to the reclassification of past due exposures, the evaluations carried out mainly focused, on the one hand, on the definition of the perimeter of the positions concerned, considering it consistent with the Order and the assumptions underlying the exclusion of exposures to Italian Ministries and Government Bonds, and, on the other hand, on the identification of a reference date for the reclassification, identified as December 31, 2025, with the consequent first manifestation of the effects of calendar provisioning starting from the first quarter of 2028, in continuity with the methods already adopted in previous financial years in relation to reclassifications subject to requests by the Supervisory Authority.

The counterparties of receivables subject to reclassification refer to receivables from public bodies not subject to procedures that, in themselves, involve risks of loss. Therefore, there are no material impacts in terms of increased provisions pursuant to IFRS 9. On the other hand, the changes adopted in the classification of receivables resulted in:

- ▶ a significant impact as at December 31, 2025 in terms of capital absorption (RWA). Following the reclassification mentioned above, RWAs increased by €1,636 million;
- ▶ as previously stated, a greater capital absorption, starting from the first quarter of 2028, in line with the phasing-in mechanisms provided for by prudential calendar provisioning.

In line with the disclosure provided in the consolidated financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

New method of managing the provisioning process in view of the negative rulings (final and not final) regarding the Italian factoring portfolio

Based on the consolidated financial statements as at December 31, 2025, the Bank undertook a review of its Italian factoring portfolio, which involved the definition of a new method of managing the provisioning process in the face of negative (or partially negative) judgments on legal actions initiated for the recovery of non-recourse exposures to Italian debtors. This initiative, which took place in a context characterized by a progressive increase in unfavorable rulings regarding legal actions over a specific timeframe, led to the preparation of a procedural and IT configuration, suitable for carrying out a weighting of the underlying risks in a granular manner, invoice by invoice, and resulted in the approval, on February 1, 2026, of a specific internal policy (the "Policy"). This Policy governs the rules and the process to be followed to identify the probability of an adverse outcome, from which provisions will arise, to be applied to the entire perimeter of credit exposures subject to negative (or partially negative) rulings. The approach described in this Policy specifically contemplates, therefore, the analysis of these rulings, without taking into account, as a weighting effect, the possibility of reaching settlement agreements. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis of each ruling to estimate the so-called risk of an adverse outcome (high, medium or low), meaning the risk of the non-existence or the faulty existence/legitimacy of the receivable due from debtors, estimating a provision relating to the amounts not acknowledged in the ruling, estimated as non-recoverable from the debtors and/or customers.

In such cases, in fact, BFF has the right to remit the receivable, for the part relating to the principal, to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the capital of the receivable and to pay the Bank generally only the retrocession interest. Certain items, for example late payment interest or additional loan interest, are difficult to remit to the assignors and, therefore, a provision has been allocated for a part of these.

The risk of an adverse outcome determined based on the Policy's guidelines has been treated as an element that directly affects the estimate of the cash flows recoverable from the financial asset, and therefore its measurement pursuant to IFRS 9. In this approach, the contractual guarantees of the transferor acquire importance as elements that contribute to setting the minimum level of recoverable flows, contributing to defining the variability of the expected economic outcomes and, consequently, the measure of the adjustment of the value of the receivable.

The Policy, in accordance with the provisions of paragraph 34 of IAS 8, introduces a change in the estimation process related to the recoverability of non-recourse factoring credit exposures to debtors sold in the Italian market:

- ▶ based on a change in the circumstances on which the previous estimate was made (following the systematic analysis carried out and the possibility of defining an assessment model applicable to the case);
- ▶ also as a result of new information, new developments and greater experience, such as the detailed analyses carried out from the second half of 2024 onwards, which have made it possible to fully understand the causes of the negative rulings, the materiality, and possible interrelationships with incorrect accounting practices (for more details, please refer to the section “Incorrect registration of Factoring & Lending inflows”), and moreover;
- ▶ a more conservative estimation approach, which did not take into account, in the assessment of negative rulings, any possibility and/or probability of reaching settlement agreements with debtors.

As at December 31, 2025, the application of the aforementioned analysis resulted in the recognition of approximately €104.1 million¹ of provisions pursuant to IFRS 9 for Italian factoring portfolio exposures affected by negative (and partially negative) rulings amounting to around €400 million.

Extension of the expected times for collecting late payment interest

The historical series that determine the recognition percentages and the expected collection times of ancillary items are updated at least annually; the evolution of inflows is analyzed quarterly, to confirm these percentages as part of the preparation of periodic disclosure. If the updates bring to light significant deviations, the Bank updates the estimates used for accounting purposes, in compliance with IAS 8. In 2025, the Bank, as part of the model for estimating the collection times of late payment interest, introduced a refinement to the methodology adopted in previous financial years for the valuation of uncollected items. This led to the extension of the average days estimated from 2,100 to 2,400, to be applied from the most recent between the date of purchase of the receivable and the due date.

As at December 31, 2025, the extension described above resulted in the recognition of a negative impact on the income statement amounting to approximately €22.4 million.

Incorrect recognition of Factoring & Lending inflows

During the 2025 financial year, an incorrect registration of inflows was identified, relating mainly to the period between 2019 and June 2023, amounting to approximately €54 million, limited to the factoring business in Italy. In particular, from the analyses carried out by the Internal Audit Function, it emerged that these sums, collected from debtors in relation to the principal amount of the receivable, had been erroneously registered through reversals and subsequent reallocations, as additional loan interest, resulting in the recognition of higher revenue and higher taxes. The correction of this error, considered material under IAS 8, resulted in a negative cumulative effect on 2025 opening equity of €(15.1) million.

In addition, the accounts were specifically investigated also with reference to the methods of directly allocating inflows to debit notes and so-called “40 euros” active invoices and ancillary charges, applying, in particular, structured statistical sampling based on the Monetary Unit Sampling (MUS) methodology, which allows for the overall error potentially present in the population to be estimated in a prudent manner, in line with a predetermined level of confidence and a tolerable error threshold. The results showed an error of approximately €3.4 million (€2.5 million euro after taxes).

In conclusion, therefore, the Bank restated in full the amount of the error, including the error determined with statistical criteria. This resulted in a restatement of the 2024 financial statements, in accordance with IAS 8, whose cumulative effect on the opening equity of 2025 is negative and equal to €(17.6) million. For more details, please refer to the section “Adjustment of the previous year’s balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)” in the notes to the 2025 consolidated financial statements.

As regards the period 2024-2025, all the analyses showed no allocation errors, confirming the substantial correctness of the operating practices adopted.

The Bank carried out further investigations aimed at verifying, among other things, whether the increase in negative rulings was attributable to the erroneous registration of inflows and incorrect accounting practices underlying the errors subject to the restatement. The results of these analyses showed that the negative rulings were not attributable, predominantly or significantly, to the aforementioned errors.

Given that the errors in registering the inflows refer to a period prior to June 2023, the Bank, supported by an external advisor, is implementing a series of actions aimed at strengthening:

- ▶ control safeguards and process regulations relating to the management of inflows;
- ▶ the Law 262/2005 controls model; and
- ▶ its own procedural and administrative-accounting regulatory system.

Disclosure regarding Calendar Provisioning and Past Due

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 provisions 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, 2025, the impact on CET1 deriving from the application of calendar provisioning on individual debtor exposures was approximately €51.2 million, compared to December 31, 2024 when it amounted to approximately €16.6 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. In addition, on December 10, 2025, the European Central Bank published its guideline on the supervisory approach by national competent authorities to coverage of non-performing exposures held by less significant supervised entities. The Guideline aims to standardize the prudential treatment – between significant and less significant banks – of non-performing exposures originating before April 26, 2019, and excluded, to date, from calendar provisioning capital deduction requirements.

In line with the disclosure provided in the financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

¹ Amount including 100% late payment interest and flat-rate compensation for debt collection

Risks, uncertainties and impacts related to the macroeconomic and geopolitical scenario

During 2025, 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, which is having repercussions on the European and global macroeconomic situation. In addition, the bank has also focused attention on the effects arising from the Israeli-Palestinian war; however, it should be noted that the Group's exposure to entities located in Israel and countries potentially impacted by the recent tensions in the Middle East is non-existent.

Also looking ahead, the conflict represents 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 credit risk arising from impacts on financed companies that have significant business operations with Russia, Belarus, or Ukraine, or that are most exposed to changes in commodity prices, the Bank has conducted a specific assessment, identifying only certain counterparties that could potentially be impacted by rising commodity prices. As part of this, additional monitoring activities were put in place. Additionally, no customers with significant business operations with Russia, Belarus, or Ukraine were identified.

With regard to securities trading, the parent 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 requirements.

In light of the Parent'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 - IFRS 9 model update resulting from forward-looking macroeconomic scenario").

Furthermore, the consequences of the Russian-Ukrainian conflict and 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 Consolidated Financial Statements, the BFF Group considered the recommendations of ESMA, contained in the document "European common enforcement priorities for 2025 annual financial reports" published in October 2025. 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.

Among the general considerations made, ESMA has reiterated the need to ensure consistency and connectivity between the climate information reported in the financial statements and the information contained in the sustainability statement or report on operations, in order to facilitate investors in identifying material information. In addition, ESMA has stressed the importance of ensuring consistency between financial and non-financial reporting (prepared pursuant to Legislative Decree no. 125/24 and the ESRS standards) and, where appropriate, of including material financial information on climate aspects in the financial statements, illustrating how climate risks have been integrated into the accounting estimates.

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 this regard, the Bank will carry out a dedicated project during 2026 in order to align its framework with these Guidelines.

Furthermore, BFF is among Entities that still have the obligation to carry out an annual materiality assessment. In addition, new risk drivers have been 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).

In this context, also in line with the Bankit plan², the Risk Management Function continued, during 2025 as well, to integrate ESG risk factors into its risk management framework. To this end, it has carried out specific planning (for areas under its responsibility) for alignment with the reference legislation (e.g. Supervisory expectations on the integration of climate and environmental risks of the Bank of Italy, EBA Guidelines, the CRR, the CRD).

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.

Part E of the report examines in detail how the Group's risk management framework includes a materiality assessment, as well as the implementation of specific controls in the Risk Appetite Framework (RAF), the performance of stress analyses, and oversight of ESG risks broken down into the various risk categories (e.g. credit, strategic, business and liquidity risk).

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.

² Three-year action plan for the progressive alignment with the Bank of Italy's expectations in terms of climate and environmental risks' approved by the Board of Directors on March 29, 2023.

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, 2025, 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 securities 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 securities and equity securities, 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 represented 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 methods and valuation models are used, which take into account all risk factors related to the instruments and which are based on market observable data such as: the measurement of listed instruments with equivalent features, discounted cash flow calculations, models to determine option prices, values identified in 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 securities that are included in a Hold to Collect and Sell Business Model and that pass the contractual characteristics test (SPPI test);
- ▶ equity investments, 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.

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 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 represented by the fair value at the time of reclassification and the effects are on a forward-looking basis from that date with the following impacts: in the case of reclassification from the category in question to that of amortized cost, the accumulated gain (loss) recognized in the valuation reserve adjusts the fair value of the financial asset at the date of reclassification; in the case of reclassification to the category fair value through profit or loss, the accumulated gain (loss) previously recognized in the valuation reserve is reclassified from equity to profit (loss) for the year.

Recognition criteria

The initial recognition of financial assets takes place on the date of settlement for debt and equity securities. 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 fair value changes 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 recognised in Valuation reserves until the financial asset is disposed of, at which time the cumulative gains and losses are recognised in the Income statement under item 100 "Profits (losses) on disposal or repurchase of: b) financial assets measured at fair value through profit or loss".

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 securities 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 reversal, 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 classified 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 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 amount of capital to return (passing 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 statements 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 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 quarterly 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 on a forward-looking basis from this 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 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 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 performing 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 updates the estimate used for accounting purposes.

With regard to the expected times for collecting late payment interest, the estimated days for collection were extended, from 2,100 to 2,400 days. This extension was influenced, in credit recovery processes, partly, by resorting to mainly ordinary legal actions in the last few years, replaced from 2024 onwards by injunctive decrees.

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.

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. 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 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 date of preparation of the consolidated financial statements or interim financial reports, the Group determines the possible specific impairment loss to be recognised on 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 reports, a specific impairment loss is 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.

As specified in the section 'Measurement of impairment losses on financial assets' regarding the financial statements as at December 31, 2025, a new method was used for the management of the provisioning process in the face of the risk of an adverse outcome in legal actions initiated for the recovery of non-recourse factoring credit exposures to debtors. Adjustments to receivables identified under the new method, which are in addition to the adjustments to receivables mentioned above, are recognized in the Income Statement under line item 130.

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 recognized. After the gain, the carrying amount cannot in any case exceed measurement at amortized cost had the impairment loss not been recognized. The impairment 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 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 consolidated 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 fair value changes 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 fair value changes 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

Equity investments in companies subject to joint control (Joint Ventures) and associates are recognized in the consolidated financial statements at cost, equal to the fair value of the consideration paid.

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 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.

Measurement criteria

After initial recognition, equity investments in Joint Ventures and associates are measured using the equity method, adjusting the initial value to reflect changes in net assets attributable to the Group with respect to the acquisition date. The equity investments under consideration are subject to impairment testing if there is objective evidence of a loss in value due to one or more events, subsequent to the date of initial recognition, that have an impact on the expected cash flows of the entity that is an associate or subject to joint control. Examples of events that may indicate an impairment loss of the equity investment are:

- ▶ significant financial difficulties of the associate or joint venture;
- ▶ a breach of contract, such as a default or non-payment by the associate or joint venture;
- ▶ the likelihood that the associate or joint venture will file for bankruptcy or other financial restructuring proceedings or
- ▶ the disappearance of an active net investment market due to the financial difficulties of the associate or joint venture.

The recoverable amount of the investment is determined on the basis of the provisions of IAS 36.

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 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 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 right-of-use assets, 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) is 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 of the contract, 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.

Depreciation begins as at 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: up to 9 years;
- ▶ plants: up to 5 years;
- ▶ machines: up to 3 years;
- ▶ others: up to 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 restated net value if the method adopted for is the fair value measurement 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 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 reported in the income statement, the reversal should be recognized as income;
- ▶ 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 their 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.

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 be exchanged 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.

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. During 2025, the real estate market did not undergo significant changes compared to 2024, therefore the sensitivity analysis carried out in 2024 is still considered valid. 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, the ranges of change consistent with the potential market dynamics at the reporting date had been used and a change of +/- 25 basis points for the net capitalization rate and of +/-15 basis points for the inflation rate had been assumed. 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%, had been 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 net impairment losses on property, equipment and investment property".

If an impairment loss is reversed, 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.

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 agreements.

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 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, or in the case of lease 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 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 net impairment losses on intangible assets."

If an impairment loss is reversed, 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.

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". The 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 or its activities 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.

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 profit 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 given

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.

The provisions for risks and charges include also the allowances 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".

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 revised, 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 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 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.

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 of 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, 2025 (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, 2025, 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 accruals basis.

The costs for servicing the plan are recorded under personnel expenses, item 190 "Administrative expense: a) personnel expenses" 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 revised, 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 consolidated 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 annual update of the time series determined an estimated recovery percentage exceeding 75,0%. Therefore, the percentage used for the preparation of the 2025 consolidated financial statements remained unchanged compared to 2024 and is equal to 65%.

With regard to the expected times for collecting late payment interest, the estimated days for collection were extended, from 2,100 to 2,400 days. This extension was influenced, in credit recovery processes, partly, by resorting to mainly ordinary legal actions in the last few years, replaced from 2024 onwards by injunctive decrees.

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. Late payment interest is recognized from the due date of the invoice and up to the collection of the principal on the basis of the legal interest rate in force. With reference to the estimate of the amount of late payment interest considered as possible to collect, the percentages used by BFF Central Europe S.r.o. vary from 50% to 100% for receivables for which legal action has been initiated.

Compound interest, where applicable, is usually 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-rata over the duration of the financial asset or liability.

Fees and commissions and other revenues

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 recognized according to the provisions of IFRS 2.

The fair value of payments settled with the issue of shares for the provision of work or other services received is recognized as a cost in the income statement under item "190. Administrative expenses: a) personnel expenses" as a contra-entry to item "150. Reserves" of Equity on an accruals basis in proportion to the period in which the service is provided. Fair value is determined at the date of allocation of the benefits and is not subject to subsequent remeasurements.

With regard to share-based and cash-settled payments, the benefits obtained and the liabilities assumed are measured at the fair value of the latter, recognized under item "80. Other liabilities". Until the liability is settled, the fair value is recalculated at the end of each reporting period up to the settlement date, recognizing under item "190. Administrative expenses: a) personnel expenses" all fair value changes. The fair value is measured at the date of assignment of the benefits and is remeasured at the end of subsequent reporting period and up until the payment of the benefit to the employee.

Use of estimates and assumptions in the preparation of financial reporting

As part of the preparation of the consolidated financial statements, the parent 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 consolidated financial statements.

The significant assessments of the Parent in the application of the accounting policies and the main sources of estimation uncertainty are unchanged from those already illustrated in the Parent'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, 2025. 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, the current values recognized in the consolidated financial statements at as December 31, 2025 may differ – even significantly – owing to a change in the subjective assessments used.

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 at December 31, 2025, there are no trigger events that could impact the valuation of equity investments, goodwill and intangible assets with a finite useful life recorded as at December 31, 2025.

Measurement of impairment losses on financial assets

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 non-performing 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.

During 2025, the time series data for PD and LGD risk parameters were updated, extending them until December 31, 2024. In addition, the forward-looking macroeconomic scenarios were updated taking into account the latest updates provided by the EBA during the stress test (January 2025). The same PD and LGD risk parameters were applied at the reporting date of December 31, 2025.

Based on the consolidated financial statements as at December 31, 2025, the Bank undertook a review of its Italian factoring portfolio, which involved the definition of a new method of managing the provisioning process in the face of negative (or partially negative) judgments on legal actions initiated for the recovery of non-recourse exposures to Italian debtors. This initiative, which took place in a context characterized by a progressive increase in unfavorable rulings regarding legal actions over a specific timeframe, led to the preparation of a procedural and IT configuration, suitable for carrying out a weighting of the underlying risks in a granular manner, invoice by invoice, and resulted in the approval, on February 1, 2026, of a specific internal policy (the “Policy”). This Policy governs the rules and the process to be followed to identify the probability of an adverse outcome, from which provisions will arise, to be applied to the entire perimeter of credit exposures subject to negative (or partially negative) rulings. The approach described in this Policy specifically contemplates, therefore, the analysis of these rulings, without taking into account, as a weighting effect, the possibility of reaching settlement agreements. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis of each ruling to estimate the so-called risk of an adverse outcome (high, medium or low), meaning the risk of the non-existence or the faulty existence/legitimacy of the receivable due from debtors, estimating a provision relating to the amounts not acknowledged in the ruling, estimated as non-recoverable from the debtors and/or customers.

In such cases, in fact, BFF has the right to remit the receivable, for the part relating to the principal. to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the principal of the receivable and to pay the Bank generally only the retrocession interest. Certain items, for example late payment interest or additional loan interest, are difficult to remit to the assignors and, therefore, a provision has been allocated for a part of these.

The risk of an adverse outcome determined based on the Policy’s guidelines has been treated as an element that directly affects the estimate of the cash flows recoverable from the financial asset, and therefore its measurement pursuant to IFRS 9. In this approach, the contractual guarantees of the transferor acquire importance as elements that contribute to setting the minimum level of recoverable flows, contributing to defining the variability of the expected economic outcomes and, consequently, measurement of the adjustment to the receivable.

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. This 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 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. Since the third quarter of 2025, the use of the Watchlist as an allocation criterion in stage 2, previously applied to the Transaction Services perimeter, has been extended to the entire Group.

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 the Factoring & Loans exposures of BFF, BFF ES, BFF Polska S.A. and its subsidiaries, the calculation of the 30 days past due is aligned with the regulatory definition of the calculation of days past due, the value of which is calculated at counterparty level, also taking into account any suspensive measures and exceeding materiality thresholds. For the other technical forms, the calculation of the 30 days past due is calculated at transaction level, comparing the reporting date with the maturity date;
- ▶ 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 at January 1, 2021. As at 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 probability that a counterparty will be classified as defaulting, given a certain reference time horizon, and for the purposes of developing IFRS 9 PDs, the Group uses the rating agency matrices (ECAIs) 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. 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, the ECAI external migration matrix is adopted as the best methodological approach, since, being Bond-like financial instruments, the use of ECAI matrices is already in itself representative of the relative level of risk. 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 and by counterparty segment;
- ▶ 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.

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). However, given the particular aspects of the process for the recovery of the non-recourse factoring portfolio compared to those of the remaining product types of BFF Bank S.p.A. and BFF Finance Iberia S.A and, as at December 31, 2025, also for the Factoring & Loans portfolio of BFF Polska and its subsidiaries, the Group has refined the LGD parameter estimation analysis by calibrating the external grids on long-term internal recovery rates. 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 and (iii) by the Bank of Italy's request to have the calibration of the LGD also for BFF Polska and its subsidiaries. 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 - IFRS 9 model update resulting from the forward-looking macroeconomic scenario

As mentioned above, the Risk Management Function has updated the macroeconomic scenarios for prospective conditioning of the PD considering the latest macroeconomic updates published by the EBA in January 2025 during stress tests.

The baseline forecast scenario assumes moderate economic growth over the entire time horizon of the financial year, from 2025 to 2027: in relation to GDP, moderate and sustained growth is expected, with no sharp peaks or troughs, reflecting a gradual economic recovery and a degree of resilience of the European economic system. Inflation, after surpassing the short-term target, is expected to gradually converge toward the medium-term target set by central banks, without major fluctuations. Interest rates are expected to remain at moderate levels, reflecting the expansionary monetary policies in place and the expected gradual normalization; aggressive monetary tightening is not expected. The financial situation is expected to be relatively stable, with access to credit not expected to be subject to significant restrictions. Banks should maintain an adequate level of capital to support economic growth.

The adverse scenario refers to the possible reduction in international trade transactions due to (i) the imposition of tariffs and increasingly inward-oriented trade policies globally and (ii) escalation in the Russia-Ukraine conflict and the Middle East conflict. These factors cause rising energy and commodity prices and the subsequent inflationary pressures, disruptions in the supply chain, and negative effects on private consumption and investment, as well as a contraction of the world economy with a sustained decline in EU GDP over the 2025-2027 period.

A.4 – DISCLOSURE 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, 2025 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, 2025, 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, 2025 the Group does not own financial instruments classified in fair value level 3.

A.4.3 Fair value hierarchy

At December 31, 2025, as in 2024, 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 euro)

	12.31.2025			12.31.2024		
Financial assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	2	181,241	-	13,213	179,317	-
a) financial assets held for trading	2	1,356	-	2	1,502	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other assets subject to mandatory fair-value measurement	-	179,885	-	-	177,815	-
2. Financial assets measured at fair value through other comprehensive income	21,931	129,787	-	13,211	128,231	-
3. Hedging derivatives	-	-	-	-	303	-
4. Property, equipment and investment property	-	-	89,179	-	-	91,216
5. Intangible assets	-	-	-	-	-	-
Total	21,933	311,028	89,179	13,213	307,851	91,216
1. Financial liabilities held for trading	-	778	-	-	139	-
2. Financial liabilities measured at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	186	-	-	-	-
Total	-	964	-	-	139	-

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 euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	12.31.2025				12.31.2024 ADJUSTED (*)			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortized cost	10,824,128	4,618,101	-	6,276,918	10,647,438	4,585,397	-	6,052,596
2. Property, equipment and investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	10,824,128	4,618,101	-	6,276,918	10,647,438	4,585,397	-	6,052,596
1. Financial liabilities measured at amortized cost	10,783,741	637,474	-	10,163,782	10,661,212	613,716	-	10,051,298
2. Liabilities linked to assets held for sale	-	-	-	-	-	-	-	-
Total	10,783,741	637,474	-	10,163,782	10,661,212	613,716	-	10,051,298

Key:

CA = Carrying Amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

A.5 – DISCLOSURE 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

€124,577 thousand

1.1 Cash and cash equivalents: breakdown

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
a) Cash	174	183
b) Current accounts and sight deposits at Central Banks	36,000	10,486
c) Current accounts and sight deposits at banks	88,403	143,020
Total	124,577	153,689

As at December 31, 2025, this item mainly included unrestricted deposits with the Bank of Italy, amounting to €36.0 million (compared to €10.5 million as at December 31, 2024), as well as current accounts held by the Bank and its subsidiaries at third-party banks as at December 31, 2025, amounting to €88.4 million. Specifically, "Current accounts and sight deposits at banks" mainly refer for €65.1 million to BFF Bank, €22.8 million to BFF Polska Group, €306 thousand to BFF Finance Iberia and €133 thousand to BFF Techlab.

Section 2 – Financial assets measured at fair value through profit or loss - Item 20

€181,243 thousand

This item is broken down as follows:

- ▶ Financial assets held for trading of €1.4 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 €179.9 million, which mainly include the "UCI units" managed in part by the "Italian SGR Investment Fund", to a lesser extent by the "Atlante Fund" and by the Ingenii Fund, with units subscribed by the Parent for a value of €144 million as at December 31, 2025. 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 subscribed in 2024, amounting to €5.1 million.

2.1 Financial assets held for trading: breakdown by type

(Values in thousand euro)

Items/values	Total 12.31.2025			Total 12.31.2024		
	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						
2. Equity securities	2			1		
3. UCI units						
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total (A)	2	-	-	1	-	-
B. Derivatives						
1. Financial derivatives						
1.1 held for trading		1,356			1,503	
1.2 connected to the fair value option						
1.3 others						
2. Credit derivatives						
2.1 held for trading						
2.2 connected to the fair value option						
2.3 others						
Total (B)	-	1,356	-	-	1,503	-
Total (A+B)	2	1,356	-	1	1,503	-

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 euro)

Items/values	Total 12.31.2025	Total 12.31.2024
A. On-statement of financial position assets		
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	2	1
a) Banks		
b) Other financial companies:		
of which: insurance companies		
c) Non-financial companies	2	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)	2	1
B. Derivatives		
a) Central counterparties		
b) Others	1,356	1,503
Total (B)	1,356	1,503
Total (A+B)	1,358	1,504

2.5 Other financial assets subject to mandatory fair value measurement: breakdown by type

(Values in thousand euro)

Items/Values	Total 12.31.2025			Total 12.31.2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities		5,104			5,372	
1.1 Structured securities						
1.2 Other debt securities		5,104			5,372	
2. Equity securities						
3. UCI units		174,780			172,443	
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total	-	179,885	-	-	177,815	-

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 euro)

	Total 12.31.2025	Total 12.31.2024
1. Equity securities		
of which: banks		
of which: other financial companies		
of which: other non-financial companies		
2. Debt securities	5,104	5,372
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies	5,104	5,372
of which: insurance companies		
e) Non-financial companies		
3. UCI units	174,780	172,443
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	179,885	177,815

Section 3 – Financial assets measured at fair value through other comprehensive income - Item 30

€151,718 thousand

At December 31, 2025 this item included:

- ▶ the stake in the Bank of Italy of €125 million;
- ▶ other minor investments worth approximately €26.7 million.

The change compared to December 31, 2024 is due to the fair value adjustment of equity investments of €8.8 million and to the increases for the year of €2.0 million, partially offset by sales for the financial year of €0.5 million.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

(Values in thousand euro)

Items/values	Total 12.31.2025			Total 12.31.2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities	21,931	129,787	-	13,211	128,231	-
3. Loans						
Total	21,931	129,787	-	13,211	128,231	-

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 euro)

Items/values	Total 12.31.2025	Total 12.31.2024
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	151,718	141,442
a) Banks	125,653	125,598
b) Other issuers:	26,065	15,844
- other financial companies	21,901	13,874
of which: insurance companies		
- non-financial companies	4,164	1,970
- 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	151,718	141,442

Section 4 – Financial assets measured at amortized cost - Item 40

€10,824,128 thousand

This item is broken down as follows:

- ▶ Loans and receivables with banks of €854,821 thousand;
- ▶ Loans and receivables with customers amounting to €9,969,307 thousand. This balance also includes the Held to Collect – HTC securities portfolio, amounting to €4,547,210 thousand.

Loans and receivables with banks

€854,821 thousand

4.1 Financial assets measured at amortized cost: breakdown by type of loans and receivables with banks

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025						Total 12.31.2024					
	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	148,935					148,935	32,051					32,051
1. Time deposits	16,359			X	X	X	16,153			X	X	X
2. Mandatory reserve	132,576			X	X	X	15,898			X	X	X
3. Reverse repurchase agreements	-			X	X	X				X	X	X
4. Others				X	X	X				X	X	X
B. Loans and receivables with banks	705,886					705,886	570,600	-	-			570,600
1. Loans	705,886						570,600					570,600
1.1 Current accounts				X	X	X				X	X	X
1.2 Time deposits	9,802			X	X	X	22,500			X	X	X
1.3 Other loans:	696,084			X	X	X	548,100			X	X	X
- Reverse repurchase agreements	566,058			X	X	X	405,474			X	X	X
- Loans for leases	-			X	X	X				X	X	X
- Others	130,026			X	X	X	142,626			X	X	X
2. Debt securities												
2.1 Structured securities	-											
2.2 Other debt securities	-											
Total	854,821	-	-	-	-	854,821	602,651	-	-	-	-	602,651

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

As at December 31, 2025, the item "Loans and receivables with Central Banks - Mandatory Reserve," amounting to €132.6 million, also included the amounts deposited in compliance with the reserve requirement of client banks, for which BFF 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 €16.4 million.

"Loans and receivables with banks - time deposits" referred for €9.8 million 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 €566.1 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

€9,969,307 thousand, including Held to Collect securities of €4,547,210 thousand.

This item includes loans to customers of €5,422.1 million and €4,547.2 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 accruals 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. Please note that in 2024, the Group increased the percentage of recognition of late payment interest from 50% to 65%.

Moreover, in 2025, with regard to the expected times for collecting late payment interest, the estimated days for collection were extended, from 2,100 to 2,400 days. This extension was influenced, in credit recovery processes, partly,

by resorting to mainly ordinary legal actions in the last few years, replaced from 2024 onwards by injunctive decrees.

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, this item 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 as settled in legal proceedings; as regard BFF Central Europe instead, the accounting treatment adopted is the same as that for amortized cost. Late payment interest is recognized from the due date of the invoice and up to the collection of the principal on the basis of the legal interest rate in force. With reference to the estimate of the amount of late payment interest considered as possible to collect, the percentages used by BFF Central Europe S.r.o. vary from 50% to 100% for receivables for which legal action has been initiated.

The total net amount of impaired exposures for BFF Banking Group is €3,124.5 million. Of this amount, €95.3 million relates to bad loans (including €88.5 million relating to municipalities and provincial governments in financial distress, of which €2.7 million was purchased already impaired) and €74.3 million to unlikely-to-pay exposures. Past due exposures amounted to €2,954.8 million, of which 96.2% relating to public counterparties.

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. On May 28, 2025, the European Court issued a further ruling ordering the Italian state to ensure, within three months of the date of the ruling, the enforcement of the pending domestic judicial orders by appropriate means, and also awarding further amounts for moral damages and legal fees.

This item also includes flat rate compensation for debt collection (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 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 therefore tracked the collections of collection expenses to develop a time series which currently has a depth of 7 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 regard to collection expenses, the 2024 time series update led to an increase in the percentage of recognition from 50% to 65%, while in 2025 the percentage of recognition was unchanged compared to 2024.

Finally, note that in the period between 2015 and 2025, the average weighted overall percentage of recovery of late payment interest and the 40 euros receivable was higher than 75.0% - 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 +/- €122 million.

Debt securities classified in the HTC portfolio, equal to €4,547.2 million, are measured at amortized cost. The relevant interest is therefore recognized in the income statement using the effective rate of return.

As at December 31, 2025, 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 €4,552.0 million and fair value of €4,618.1 million, with a positive difference (before taxes) of around €71.0 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 with customers

€9,969,307 thousand

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025						Total 12.31.2024 ADJUSTED (*)					
	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	2,297,640	3,121,781	2,675			5,422,097	3,561,942	1,885,007	2,996			5,449,944
1.1 Current accounts	9,273			X	X	X	1,316	460		X	X	X
1.2 Repurchase agreements	29,014			X	X	X	54,656			X	X	X
1.3 Mortgages				X	X	X				X	X	X
1.4 Credit cards, personnel loans and salary-backed loans				X	X	X	17			X	X	X
1.5 Finance leases		1		X	X	X	163			X	X	X
1.6 Factoring	1,153,787	2,040,309	2,675	X	X	X	1,906,338	1,491,400	2,996	X	X	X
1.7 Other loans	1,105,565	1,081,471	-	X	X	X	1,599,453	393,147		X	X	X
2. Debt securities	4,547,210	-	-	4,618,101			4,594,843		4,585,397			
2.1 Structured securities												
2.2 Other debt securities	4,547,210			4,618,101			4,594,843		4,585,397			
Total	6,844,851	3,121,781	2,675	4,618,101		5,422,097	8,156,785	1,885,007	2,996	4,585,397	-	5,449,944

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

This item breaks down as follows:

- ▶ Performing factoring loans amounted to a total of €1,153,787 thousand for BFF Banking Group and mainly 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", for €989,086 thousand for BFF Bank and €136,157 thousand for the subsidiary BFF Finance Iberia;
 - performing non-recourse factoring loans of BFF Polska Group, for €13,921 thousand.

- ▶ Other performing loans due from customers amounted to €1,105,565 thousand. They mainly include:

- (i) net accrued late payment interest of approximately €85,968 thousand, including €85,546 thousand relating to BFF Bank and €421 thousand relating to the Spanish subsidiary. The gross amount of €89,567 thousand, already recognized in the income statement in the current and prior years, refers only to late payment interest accrued. Therefore, of the €616.0 million in late payment interest recognized in the income statement, and referring to the provision existing at December 31, 2025, €89.6 million refers to the item under review, while of the remaining amount, €249.1 million was recognized under "factoring" and €277.3 million under other impaired loans, primarily past due;
- (ii) net collection expense of €18,899 thousand, of which €17,785 thousand relating to BFF Bank, €617 thousand relating to the Spanish subsidiary and €497 thousand relating to BFF Central Europe; this amount, equal to €19,945 thousand, along with the €149,309 thousand classified under impaired loans and approximately €4,278 thousand (€23 thousand performing, and €4,255 thousand non-performing) 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 €238.5 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 €165.8 million;
- (v) financing activities of BFF Polska Group of €538,408 thousand.

- ▶ Reverse repurchase agreements amounting to €29,014 thousand. These are exposures arising from contracts with customers regulated by the Global Master Repurchase Agreement (GMRA).
- ▶ Performing current account loans amounting to €9,273 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).
- ▶ BFF Banking Group's net "Impaired assets" amounted to a total of €3,124,456 thousand, compared to €1,888,003 thousand as at December 31, 2024. 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. At December 31, 2025, the overall total of the Banking Group's non-performing loans, net of impairment, amounted to €95,330 thousand, of which €2,675 thousand purchased already impaired. Net non-performing loans concerning Italian municipalities and provincial governments in financial distress amounted to €88,509 thousand, accounting for 92.8% of the total. Gross non-performing loans amounted to €128,868 thousand (€113,630 thousand at December 31, 2024). The related impairment totaled €33,539 thousand (€14,204 thousand at December 31, 2024). The increase in loss allowances is mainly attributable to the review of the entire Italian portfolio of negative rulings in relation to receivables from the Italian public sector. With reference to the parent, at December 31, 2025 total non-performing loans, net of any estimated impairment losses, amounted to €90,260 thousand, of which €88,509 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 the BFF Banking Group has the legal right to receive 100% of the principal and late payment interest at the end of the insolvency procedure. Specifically, the amount of €2,675 thousand refers to loans and receivables due from local entities (municipalities, and provincial governments) 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 €15,757 thousand. After estimated impairment losses of €11,575 thousand they amounted to €4,182 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 carried out independently of the existence of any past due and unpaid amounts (or installments). As at December 31, 2025, gross exposures classified as unlikely to pay amounted to €85,635 thousand (€78,142 thousand as at December 31, 2024), of which €79,409 thousand is attributable to BFF Polska Group (€70,291 thousand at December 31,

2024), €4,760 thousand to the Bank (€4,310 thousand at December 31, 2024) and €1,466 thousand to BFF Finance Iberia (€3,541 thousand at December 31, 2024). It should be noted that a significant portion of these net exposures, amounting to approximately €66.6 million, relates to Polish public hospitals, which the Bank has prudentially classified as unlikely to pay as they have undertaken restructuring procedures, to which the Bank believes they are not entitled, and which, in themselves, are not representative of an actual deterioration in asset quality. The total net carrying amount is €74,292 thousand (€68,778 thousand at December 31, 2024), referring primarily to BFF Polska Group.

- (iii) Net past due exposures of the BFF Banking Group amounted to €2,954,834 thousand (€1,719,798 as at December 31, 2024). They refer to the parent for €1,934,946 thousand, to the Spanish subsidiary for €307,369 thousand and to BFF Polska Group for €712,520 thousand. 96.2% of these exposures relate to public counterparties.

Overall, factoring items and other performing and non-performing loans include (i) interest on arrears calculated using the amortized cost method for a total of €778.4 million, of which €111.1 million relates to the Polska Group, and (ii) recovery expenses for a total of €173.1 million, of which €1.9 million relates to the BFF Polska Group.

In line with the disclosure provided in the consolidated financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

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 and receivables with customers

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025			Total 12.31.2024 ADJUSTED (*)		
	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	4,547,210			4,594,843		
a) Public administrations	4,538,890			4,587,702		
b) Other financial companies	8,320			7,141		
of which: insurance companies						
c) Non-financial companies						
2. Loans to:	2,297,640	3,121,781	2,675	3,561,942	1,885,007	2,996
a) Public administrations	1,744,941	2,996,171	2,675	3,026,188	1,778,683	2,996
b) Other financial companies	432,903	1,012		369,728	1,243	
of which: insurance companies						
c) Non-financial companies	119,190	85,741		163,977	50,644	
d) Households	606	38,857		2,049	54,436	
Total	6,844,851	3,121,781	2,675	8,156,785	1,885,007	2,996

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

4.4 Financial assets measured at amortized cost: gross amount and total adjustments

(Values in thousand euro)

	Gross amount				Total adjustments				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	
	of which: Instruments with low credit risk								
Debt securities	4,549,229				2,019				
Loans	3,137,333	22,627	3,248,365	3,090	7,237	261	126,584	415	
Total 12.31.2025	7,686,562	22,627	3,248,365	3,090	9,256	261	126,584	415	
Total 12.31.2024 ADJUSTED (**)	8,717,780	45,186	1,910,857	3,192	3,379	151	25,850	197	

(*) Value presented for informative purposes.
 (**) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Section 5 – Hedging derivatives - Item 50

€0 thousand

5.1 Hedging derivatives: breakdown by hedge type and level

(Values in thousand euro)

	Fair Value 12.31.2025			NA 12.31.2025	Fair Value 12.31.2024			NA 12.31.2024
	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 Amount
 L1 = Level 1
 L2 = Level 2
 L3 = Level 3

Section 7 – Equity investments - Item 70

€15,323 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 investments are consolidated 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%
2. PB & Partners Società tra Avvocati a responsabilità limitata	Milan (Italy)	Milan (Italy)	Other forms of control	BFF Bank S.p.A.	33%	33%
C. Exclusively controlled companies						
3. Kancelaria Prawnicza Karnowski i Wspólnik sp.k.	Łódź (Poland)	Łódź (Poland)	Other forms of control	BFF Polska S.A.	99%	99%
4. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspolnik sp.k.	Łódź (Poland)	Łódź (Poland)	Other forms of control	Debt-Rnt sp. Z O.O	99%	99%

7.4 Non-significant equity investments: accounting information

(Values in thousand euro)

Names	Carrying amount of equity investments	Total assets	Total liabilities	Total revenue	Profit (loss) after tax from continuing operations	Profit (loss) from operations after tax	Profit for the year (1)	Other income components, after taxes (2)	Comprehensive income (expense) (3) = (1) + (2)
A. Jointly controlled companies									
B. Companies over which significant influence is exercised									
1. Unione Fiduciaria S.p.A.	13,227	74,798	71,812	20,958	2,986		2,986		2,986
2. PB & Partners S.T.A.	2,000	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	798	420	1,519	515		515		515
2. Restrukturyzacyjna Kancelaria Prawnicza Karnowski I Wspolnik sp.k. sp.k									
3. Restrukturyzacyjna Kancelaria Prawnicza Karnowski I Wspolnik sp.k. sp.k w likwidacji	90	65	-	-	(26)		(26)		(26)

7.5 Equity investments: annual changes

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
A. Opening balance	13,690	13,160
B. Increases	3,056	1,953
B.1 Purchases		7
B.2 Impairment gains		
B.3 Revaluations	3,055	1,945
B.4 Other changes	1	6
C. Decreases	(1,423)	(1,423)
C.1 Sales		
C.2 Impairment losses		
C.3 Impairment		
C.4 Other changes	(1,423)	(1,423)
D. Closing balance	15,323	13,690
E. Total revaluations		
F. Total adjustments		

Revaluations refer to shareholdings in Unione Fiduciaria and in PB & Partners Società tra Avvocati a responsabilità limitata measured using the equity method. Other decreases represent the dividend received from Unione Fiduciaria in 2025.

Section 9 – Property, equipment and investment property - Item 90

€104,212 thousand

9.1 Property, equipment and investment property with functional use: breakdown of assets measured at cost

(Values in thousand euro)

Assets/Values	Total 12.31.2025	Total 12.31.2024
1. Proprietary assets	7,485	8,199
a) land		
b) buildings		
c) furniture	5,249	5,334
d) electronic systems	1,417	2,090
e) others	819	775
2. Right-of-use assets	7,548	5,335
a) land		
b) buildings	6,104	4,696
c) furniture		
d) electronic systems	3	
e) others	1,441	639
Total	15,033	13,534
of which: obtained by enforcement of guarantees received		

9.3 Property, equipment and investment property with functional use: breakdown of revalued assets

(Values in thousand euro)

Assets/Values	12.31.2025			12.31.2024		
	L1	L2	L3	L1	L2	L3
1. Proprietary assets						
a) land			30,602			30,602
b) buildings			58,557			60,614
c) furniture						
d) electrical systems						
e) others						
2. Right-of-use assets						
a) land						
b) buildings						
c) furniture						
d) electrical systems						
e) others						
Total			89,179			91,216
of which: obtained through the exclusion of guarantees received						

9.6 Property, equipment and investment property with functional use: yearly changes

(Values in thousand euro)

	Land	Buildings	Furnishings	Electronic system	Others	Total
A. Gross opening balances	30,602	92,939	8,382	14,159	11,156	157,238
A.1 Total net impairment losses		(27,630)	(3,048)	(12,069)	(9,742)	(52,489)
A.2 Opening net balances	30,602	65,310	5,334	2,090	1,414	104,750
B. Increases:		2,804	539	243	1,759	5,344
B.1 Purchases			453	243	422	1,118
B.2 Capitalized leasehold improvements						
B.3 Reversals of impairment losses						
B.4 Increases in fair value						
through:						
a) equity						
b) profit or loss						
B.5 Exchange rate gains		19			7	26
B.6 Transfers from investment property						
B.7 Other changes		2,785	86		1,330	4,200
C. Decreases:		(3,432)	(624)	(914)	(913)	(5,882)
C.1 Sales			-	-	(2)	(2)
C.2 Depreciation		(3,314)	(443)	(841)	(897)	(5,495)
C.3 Impairment losses through:						
a) equity						
b) profit or loss						
C.4 Decreases in fair value						
through:						
a) equity						
b) profit or loss						
C.5 Exchange rate losses		1			1	2
C.6 Transfers to:						
a) property, equipment and investment property investment property						
b) non-current assets held for sale and discontinued operations						
C.7 Other changes		(119)	(181)	(73)	(15)	(387)
D. Closing net balances	30,602	64,682	5,249	1,419	2,260	104,212
D.1 Total net impairment losses		(31,061)	(3,671)	(12,983)	(10,655)	(58,371)
D.2 Closing Gross Amount	30,602	95,743	8,921	14,402	12,915	162,583
E. Measurement at cost	30,602	95,743	8,921	14,402	12,915	162,583

As at December 31, 2025, the item "Property, equipment and investment property" amounted to a total of €104,212 thousand. Of this amount, €10,463 thousand related to BFF Bank, €89,733 thousand related to BFF Immobiliare, €2,005 thousand to BFF Polska Group, €1,830 thousand to BFF Finance Iberia and €181 thousand related to BFF Techlab.

As at December 31, 2025 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 €64,682 thousand include the Parent Company's Rome property at Via Elio Chianesi 110/d owned by the former DEPO bank, amounting to €2,348 thousand, and the property "Casa BFF" owned by BFF Immobiliare, totaling €56,229 thousand;
- ▶ Right-of-use assets relating to the application of IFRS 16 on leases of €7,548 thousand, of which €6,104 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).

Section 10 – Intangible assets - Item 100

€67,240 thousand (of which €30,957 thousand relating to goodwill).

10.1 Intangible assets: breakdown by type of asset

(Values in thousand euro)

Assets/Values	Total 12.31.2025		Total 12.31.2024	
	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	36,283		46,562	
of which: software	18,635		18,955	
A.2.1 Assets measured at cost:				
a) Intangible assets created internally				
b) Other assets	36,283		46,562	
A.2.2 Assets measured at fair value:				
a) Intangible assets created internally				
b) Other assets				
Total	36,283	30,957	46,562	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 €13,730 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, 2025 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 expected future flows used in the assessments.

For the BFFTechlab 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 opted for an approach for estimating the recoverable amount oriented towards the determination of fair value based on the market multiples approach.

With regard to the BFF Finance Iberia CGU, the estimate of the recoverable amount identified in the impairment test was higher than the carrying amount and therefore did not indicate the need to recognize an impairment loss.

In relation to the BFF Polska CGU, for the purposes of carrying out the impairment test and determining the recoverable amount, the fair value was determined, which was higher than the carrying amount and therefore did not indicate the need to recognize any impairment. In particular, the fair value was estimated by applying the stock exchange multiples method, considering the minimum and maximum value deriving from the average and median of the Price/Adjusted Earnings multiples ('P/E ADJ') for the years 2026, 2027 and 2028, calculated on the basis of a sample of Polish comparable listed companies operating in the same sector as BFF Polska. It should be noted that the multiple that would make the recoverable amount equal to the carrying amount is around 9x.

The application of the market multiples approach to the BFF Techlab CGU returned an Enterprise Value of €1.3 million. This value is higher than the equity "cum goodwill" allocated (equal to €0.4 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:

- ▶ $Coe = Risk\ Free\ e_t + \beta \times (Equity\ Risk\ Premium) + Size\ Premium$;
- ▶ 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 3.2% for Spain;
- ▶ β =coefficient expressing the risk of a security, estimated for the CGUs as equal to 1.1x 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 2.7%.

The “g” growth rate was prudently assumed to be equal to the inflation rate forecast by the IMF in October 2025 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 affect the impairment 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 euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	30,957			71,202		102,160
A.1 Total net impairment losses				(24,640)		(24,641)
A.2 Opening net balances	30,957			46,562		77,519
B. Increases				10,837		10,837
B.1 Purchases				10,784		10,784
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				28		28
B.6 Other changes				25		25
C. Decreases				(21,116)		(21,116)
C.1 Sales				(12,019)		(12,019)
C.2 Impairment losses						
- Amortization	X					
- 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				(9,097)		(9,097)
D. Closing net balances	30,957			36,283		67,240
D.1 Total net impairment losses				(36,659)		(36,659)
E. Closing gross balances	30,957			72,942		103,899
F. Measurement at cost	30,957			72,942		103,899

Section 11 – Tax assets and tax liabilities - Item 110 of assets and Item 60 of liabilities

As at December 31, 2025, tax assets and liabilities amounted to €134,329 thousand and €163,633 thousand, respectively. Current tax assets and liabilities amounted to €72,827 thousand and €1,585 thousand, respectively, and included the net balance of the Group's tax positions with the 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

€61,502 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

€162,049 thousand

Deferred tax liabilities mainly refer to the taxes on BFF Bank's late payment interest, recognized in the consolidated financial statements on an accruals 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.

11.3 Changes in deferred tax assets (through profit or loss)

€61,502 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024 ADJUSTED (*)
1. Initial amount	61,523	56,938
2. Increases	9,266	9,134
2.1 Deferred tax assets recognized during the year	8,824	9,119
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) reversals of impairment losses	-	-
d) others	8,824	9,119
2.2 New taxes or increases in tax rates	443	-
2.3 Other increases	-	14
3. Decreases	(9,287)	(4,549)
3.1 Deferred tax assets canceled during the year	(9,028)	(4,549)
a) reversals	(9,028)	(4,549)
b) impairment of non-recoverable items	-	-
c) changes in accounting criteria	-	-
d) others	-	-
3.2 Reductions in tax rates	-	-
3.3 Other reductions	(260)	-
a) transformation into tax credits as referred to in Law no. 214/2011	-	-
b) other	(260)	-
4. Final amount	61,502	61,523

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

11.4 Changes in deferred tax assets pursuant to Law No. 214/20211

€9,337 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
1. Initial amount	10,616	12,897
2. Increases	350	-
3. Decreases	(1,629)	(2,282)
3.1 Reversals	(1,629)	(2,282)
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	9,337	10,616

11.5 Changes in deferred tax liabilities (through profit or loss)

€156,347 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024 ADJUSTED (*)
1. Initial amount	167,269	118,986
2. Increases	4,062	53,732
2.1 Deferred tax liabilities recognized during the year	3,916	52,269
a) relating to previous years		
b) due to changes in accounting criteria		
c) others	3,916	52,269
2.2 New taxes or increases in tax rates	146	
2.3 Other increases		1,463
3. Decreases	(14,984)	(5,449)
3.1 Deferred tax liabilities canceled during the year	(14,984)	(5,449)
a) reversals	(14,984)	(5,449)
b) due to changes in accounting criteria		
c) others		
3.2 Reductions in tax rates		
3.3 Other reductions		
4. Final amount	156,347	167,269

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

11.6 Changes in deferred tax assets (recorded in equity)

€0 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
1. Initial amount	235	244
2. Increases		
2.1 Deferred tax assets recognized during the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) others		
2.2 New taxes or increases in tax rates		
2.3 Other increases	-	-
3. Decreases	(235)	(8)
3.1 Deferred tax assets canceled during the year	(34)	(8)
a) reversals		
b) impairment of non-recoverable items		
c) due to changes in accounting criteria		
d) others	(34)	(8)
3.2 Reductions in tax rates		
3.3 Other reductions	(201)	-
4. Final amount	-	235

11.7 Changes in deferred tax liabilities (recorded in equity)

€5,701 thousand

	(Values in thousand euro)	
	Total 12.31.2025	Total 12.31.2024
1. Initial amount	5,193	2,332
2. Increases	585	4,705
2.1 Deferred tax liabilities recognized during the year	585	4,705
a) relating to previous years		
b) due to changes in accounting criteria		
c) others	585	4,705
2.2 New taxes or increases in tax rates		
2.3 Other increases		-
3. Decreases	(77)	(1,843)
3.1 Deferred tax liabilities canceled during the year	(77)	(380)
a) reversals		
b) due to changes in accounting criteria		
c) others	(77)	(380)
3.2 Reductions in tax rates		
3.3 Other reductions	-	(1,463)
4. Final amount	5,701	5,193

Section 13 – Other assets - Item 130

13.1 Other assets: breakdown

€675,940 thousand

	(Values in thousand euro)	
Breakdown	12.31.2025	12.31.2024
Security Deposits	7,681	2,726
Invoices issued and to be issued	11,048	20,608
Payment flows to be credited	138,053	117,373
Other exposures	67,792	87,175
Accrued income and prepaid expenses	23,745	21,017
Ecobonus tax assets	427,620	463,612
Total	675,940	712,511

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 expenses 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.

As at December 31, 2025, the item ecobonus tax assets, amounting to €427.6 million, included both receivables acquired through factoring transactions according to the HTC Business Model of €158.7 million, €251.6 million as at December 31, 2024, and purchased according to the Trading Business Model equal to €270.0 million, €212.0 million as at December 31, 2024, receivables recognized and measured according to the fair value method. 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

€10,783,741 thousand

This item is broken down as follows at December 31, 2025:

- ▶ due to banks of €1,307,147 thousand;
- ▶ due to customers of €8,856,635 thousand;
- ▶ debt securities issued of €619,959 thousand.

Due to banks

€1,307,147 thousand

1.1 Financial liabilities measured at amortized cost: breakdown by type of amounts due to banks

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025				Total 12.31.2024			
	CA			Fair value	CA			Fair value
	L1	L2	L3		L1	L2	L3	
1. Amounts due to central banks	2,889	X	X	x	2,401	X	X	X
2. Due to banks	1,304,258	X	X	x	1,339,718	X	X	x
2.1 Current accounts and sight deposits	853,653	X	X	X	716,161	X	X	X
2.2 Time deposits	245,495	X	X	X	177,651	X	X	x
2.3 Loans	26,560	X	X	x	212,849	X	X	X
2.3.1 Repurchase agreements - payable	26,560	X	X	x	212,849	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	178,550	X	X	x	233,057	X	X	x
Total	1,307,147	-	-	-	1,342,119	-	-	-

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 €853.7 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 €26.6 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

€8,856,635 thousand

1.2 Financial liabilities measured at amortized cost: breakdown by type of amounts due to customers

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025				Total 12.31.2024			
	CA			Fair value	CA			Fair value
	L1	L2	L3		L1	L2	L3	
1. Current accounts and sight deposits	4,634,496	X	X	X	4,100,334	X	X	X
2. Time deposits	1,121,944	X	X	X	2,491,495	X	X	X
3. Loans	2,481,858	X	X	X	1,483,840	X	X	X
3.1 repurchase agreements	2,321,742	X	X	X	1,349,472	X	X	X
3.2 Others	160,115	X	X	X	134,367	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments		X	X	X		X	X	X
5. Lease liabilities	8,194	X	X	X	6,067	X	X	X
6. Sundry liabilities	610,145	X	X	X	627,443	X	X	X
Total	8,856,635				8,709,179			

Key:
CA = Carrying Amount
L1= Level 1
L2= Level 2
L3= Level 3

As at December 31, 2025, the item mainly consisted of ‘current accounts and sight deposits’ for an amount of €4,635 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 €2,322 million.

The item also includes exposure to online deposit accounts (“conto facto”) offered in Italy, Spain, Germany, the Netherlands, Ireland, Poland and, from 2025, Greece for a total of €1,258 million (restricted deposits and current accounts), compared to €2,763 million as at December 31, 2024.

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 €8.2 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.

Debt securities issued

€619,959 thousand

1.3 Financial liabilities at amortized cost: breakdown by type of securities issued

(Values in thousand euro)

Type of securities/Values	Total 12.31.2025				Total 12.31.2024			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	619,959	637,474			609,914	613,716		
1.1 structured	619,959	637,474			609,914	613,716		
1.2 others								
2. other securities								
2.1 structured								
2.2 others								
Total	619,959	637,474	-		609,914	613,716	-	

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 at January 1, 2025.

Specifically, the balance as at December 31, 2025 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

€778 thousand

2.1 Financial liabilities held for trading: breakdown by type

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025				Total 12.31.2024			
	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
3.1.2 Other bonds								X
3.2 Other securities								
3.2.1 Structured								X
3.2.2 Others								X
Total (A)	-	-	-	-	-	-	-	-
B. Derivatives								
1. Financial derivatives								
1.1 Held for trading	X		778		X		139	X
1.2 Connected to the fair value option	X				X			X
1.3 Others	X				X			X
2. Credit derivatives								
2.1 Held for trading	X				X			X
2.2 Connected to the fair value option	X				X			X
2.3 Others	X				X			X
Total (B)	X	-	778	-	X	-	139	X
Total (A+B)	X	-	778	-	X	-	139	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, 2025 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 4 – Hedging derivatives - Item 40

€186 thousand

4.1 Hedging derivatives: breakdown by hedge type and level

	FV 12.31.2025			NV 12.31.2025	FV 12.31.2024			NV 12.31.2024
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives		186		89,568				
1) Fair value								
2) Cash flows								
3) Foreign investments		186		89,568				
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total	-	186		89,568	-	-	-	-

4.2 Hedging derivatives: breakdown by hedged portfolios and hedge type

(Values in thousand euro)

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
2. Financial assets measured at amortized cost		X			X	X	X	X	X	X
3. Portfolio	X	X	X	X	X	X			X	X
4. Other transactions							X	X	X	186
Total assets									X	186
1. Financial liabilities		X					X	X	X	X
2. Portfolio	X	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 6 – Tax liabilities – Item 60

€163,633 thousand

See "Section 11 - Tax assets and liabilities - Item 110" of the consolidated statement of financial position assets.

Section 8 – Other liabilities - Item 80

€365,213 thousand

8.1 Other liabilities: breakdown

(Values in thousand euro)

Breakdown	Total 12.31.2025	Total 12.31.2024
Trade payables	19,285	21,790
Invoices to be received	21,353	35,445
Liabilities to tax authorities	7,720	8,297
Liabilities to social security and welfare bodies	2,409	2,214
Liabilities to employees	23,621	23,867
Collections pending allocation	76,798	63,056
Payment flows received to be charged	162,929	191,862
Sundry liabilities	46,888	35,944
Accrued expense and deferred income	4,211	5,922
Total	365,213	388,397

"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, 2025 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

€3,508 thousand

9.1 Post-employment benefits: annual changes

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
A. Opening balance	3,372	3,033
B. Increases	2,732	2,568
B.1 Provision for the year	2,732	2,523
B.2 Other changes	-	45
C. Decreases	(2,596)	(2,229)
C.1 Payments made	(1)	(118)
C.2 Other changes	(2,595)	(2,111)
D. Closing balance	3,508	3,372
Total	3,508	3,372

The liability recorded in the consolidated financial statements at December 31, 2025 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, 2025 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 5-7 Index (in line with the duration of the items measured) and it was found to be 3.09%.

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

€73,484 thousand

10.1 Provisions for risks and charges: breakdown

(Values in thousand euro)

Items/Components	Total 12.31.2025	Total 12.31.2024 ADJUSTED (*)
1. Provisions for credit risk relating to Commitments and financial guarantees given	64	258
2. Provisions for other commitments and other guarantees provided		
3. Pension and similar obligations	6,329	6,937
4. Other provisions for risks and charges		
4.1 Legal and tax disputes		
4.2 Personnel costs		
4.3 Others	67,091	51,017
Total	73,484	58,212

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

The increase compared to December 31, 2024, attributable to the item "other provisions for risks and charges", mainly relates to higher provisions for some non-performing positions both for direct exposure and for legal actions against debtors with assignors mainly in insolvency proceedings.

The item "pension and similar obligations" decreased due to uses as a result of payments to certain categories of employees of deferred bonuses relating to the objectives achieved in previous years.

10.2 Provisions for risks and charges: annual changes

(Values in thousand euro)

	Provisions for other commitments and other guarantees provided	Pension and similar obligations	Other provisions for risks and charges	Total ADJUSTED (*)
A. Opening balance	258	6,937	51,017	58,212
B. Increases	5	364	25,158	25,527
B.1 Provision for the year	5	229	25,134	25,368
B.2 Changes due to the passage of time		134		134
B.3 Changes due to variations in the discount rate				
B.4 Other changes			24	24
C. Decreases	(199)	(972)	(9,085)	(10,255)
C.1 Utilization for the year	(199)	(968)	(3,019)	(4,186)
C.2 Changes due to variations in the discount rate				
C.3 Other changes		(4)	(6,065)	(6,069)
D. Closing balance	64	6,329	67,091	73,484

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

10.3 Allowances for credit risk relating to commitments and financial guarantees given

(Values in thousand euro)

	Allowances for credit risk relating to commitments and financial guarantees given				Total
	Stage one	Stage two	Stage Three	Purchased or originated credit impaired	
Commitments to disburse funds	4		1		5
Financial guarantees given	59				59
Total	63	-	1	-	64

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 €3.9 million and the provisions relating to the incentive scheme with deferred payment envisaged for specific BFF Bank employees, amounting to €2.1 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, 2025, the fund in question also included the provision for the commitment made by the former DEPO bank to some employees who left the Bank, amounting to €131 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 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 3-5, or 10+ for the CEO, recorded as at December 31, 2025 and equal to 2.79%, or 3.96% in the case of the CEO. 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	14.10%
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 2.52%.

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 resignation and dismissals

Equal to 12.8%.

10.6 Provisions for risks and charges - Other provisions

Other provisions of €67.1 million refer to:

- ▶ litigation liabilities for which the Bank has estimated a probable risk of loss for approximately €66.3 million;
- ▶ provisions related to possible damages for operational errors of approximately €807 thousand.

Section 13 – Group equity - Items 120, 130, 140, 150, 160, 170 and 180

€888,165 thousand

13.1 "Share capital" and "Treasury shares": breakdown

(Values in thousand euro)

Types	12.31.2025	12.31.2024
1. Share Capital	145,399	145,006
1.1 Ordinary shares	145,399	145,006
2. Treasury shares		(3,570)

13.2 Share capital - Number of parent shares: annual changes

(Values in units)

Items/Types	Ordinary	Other
A. Shares as at the beginning of the year	188,319,458	
- fully paid-in	188,319,458	
- not fully paid-in		
A.1 Treasury shares (-)	(391,426)	
A.2 Shares outstanding: initial balance	187,928,032	
B. Increases	902,420	
B.1 New issues		
- for consideration:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- others		
- without consideration:		
- to employees	510,994	
- to directors		
- others		
B.2 Sales of treasury shares		
B.3 Other changes	391,426	
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	188,830,452	
D.1 Treasury shares (+)		
D.2 Shares existing at the end of the year	188,830,452	
- fully paid-in	188,830,452	
- 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 euro)

	12.31.2025	Possibility of use (a)	Portion available	Portion with tax suspension	Summary of use in the last three years (*)
					To cover losses For other reasons
Share capital	145,399				
Reserves	459,516				
- Legal reserve (**)	29,001	B		26,196	
- Extraordinary reserve	89	A, B, C	89		
- Retained earnings (***)	421,176	A, B, C	421,176	50,387	135,677
- Stock option and financial instrument reserves	8,359	A			
- Other reserves	890				
Valuation reserves	30,022				
- HTCS securities	13,548				
- Others	16,474				
Treasury share reserve					
Share premium reserve	66,277	A, B, C	66,277		
Total share capital and reserves	701,214		487,543	76,583	135,677

(a): Possible uses: A=for share capital increase B=to cover losses C=for distribution to shareholders.

(*) Uses in the last three years amounting to €135,677 thousand include primarily uses for a total of €26,123 thousand for the exercise of stock options by certain beneficiaries in the course of 2023, 2024 and 2025, the use of €26,446 thousand (net of the tax effect) for the payment of the interest coupon, structuring expenses relating to the Additional Tier 1 (AT1) financial instrument and the allocation of €6,710 thousand relating to the tax for the extraordinary contribution to release the extra-profit reserve required by Article 26 of Decree-Law of 10 August 2023, as well as uses in the last three years relating to the payment of dividends distributed as per shareholders' resolutions in the amount of €76,398 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 equity are shown below:

(Values in thousand euro)

	Legal	Retained earnings ADJUSTED (*)	Others	Total
A. Opening balance	28,789	223,503	8,781	261,073
B. Increases	212	221,516	2,713	224,441
B.1 Allocation of profits	212	219,135		219,346
B.2 Other changes		2,382	2,713	5,094
C. Decreases		(23,754)	(2,244)	(25,998)
C.1 Uses				
- coverage of losses				
- distribution				
- transfer to share capital				
C.2 Other changes		(23,754)	(2,244)	(25,998)
D. Closing balance	29,001	(421,265)	9,250	459,516

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Retained earnings

The retained earnings increased by €221.5 million due to (i) the allocation to of a share of profits for 2024, in accordance with the Shareholders' Meeting resolution of April 17, 2025 for €219 million and (ii) the allocation of the general share-based plan for €1.6 million;

Decreases in the retained earnings of €23.8 million mainly relate to (i) the payment of interest coupons of the "Additional Tier 1" instrument, (ii) the payment of withholding taxes on the exercise of stock options by the beneficiaries, (iii) the exercise of the stock options and share allocations in relation to the incentive system for the deferred part and (iv) the allocation of tax relating to the extraordinary contribution for the release of the extra-profit reserve provided for in Article 26 of Decree-Law No. 104 of August 10, 2023, converted, with amendments, by Law No. 136 of 9 October 2023.

Other reserves

The other reserves mainly:

- ▶ increased by €2.7 million due to provisions related to the variable remuneration of the so-called “Key Personnel” (RiskTakers), 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 €2.2 million due to exercises of stock options or share grants related to the Parent’s incentive scheme and non-compete agreements.

Tax suspension restriction

As noted previously, in 2021 the parent took advantage of the facilitation provided under Art. 110 of Italian Decree-Law no. 104 of August 14, 2020 and proceeded with the alignment between the carrying and tax amounts of the item goodwill present in the financial statements at December 31, 2019 and 2020 of the former DEPObank, which was merged into BFF Bank on March 5, 2021. This transaction, which was approved by the parent’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 ended December 31, 2020 of the former 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 at December 31, 2025 there were no changes compared to December 31, 2024. 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 year, the parent 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 euro)

	Nominal amount on commitments and financial guarantees given				Total 12.31.2025	Total 12.31.2024
	Stage one	Stage two	Stage three	Purchased or originated credit impaired		
1. Commitments to disburse funds	493,199		46,455		539,654	420,051
a) Central Banks						
b) Public administrations	85,319		46,454		131,773	49,192
c) Banks						132
d) Other financial companies	403,815				403,815	365,932
e) Non-financial companies	4,065		1		4,066	4,795
f) Households						
2. Financial guarantees given	3,654		5,823		9,477	6,480
a) Central Banks						
b) Public administrations						
c) Banks						
d) Other financial companies	141				141	89
e) Non-financial companies	3,514		5,823		9,337	6,390
f) Households						

2. Other commitments and other guarantees provided

(Values in thousand euro)

	12.31.2025	12.31.2024
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 euro)

Portfolios	Amount 12.31.2025	Amount 12.31.2024
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	2,412,902	1,940,935
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 euro)

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	122,560,835
a) third-party securities deposited: relating to custodian bank activities (excluding portfolio management)	34,289,948
1. securities issued by consolidated companies	7,348
2. other securities	34,282,600
b) third-party securities deposited (excluding portfolio management): others	84,497,263
1. securities issued by consolidated companies	19,568
2. other securities	83,477,695
c) third party securities deposited with third parties	110,468,367
d) proprietary securities deposited with third parties	4,773,624
4. Other transactions	

Part C – Consolidated Income Statement

All amounts in the tables are stated in thousand euro.

Section 1 – Interest - Items 10 and 20

1.1 Interest and similar income: breakdown

€490,181 thousand (of which €459,775 thousand relating to interest income calculated according to the effective interest method)

(Values in thousand euro)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 2025	Total 2024 ADJUSTED (*)
1. Financial assets measured at fair value through profit or loss:					
1.1. Financial assets held for trading					
1.2. Financial assets designated at fair value					
1.3. Other financial assets subject to mandatory fair value measurement	511			511	453
2. Financial assets measured at fair value through other comprehensive income			X		
3. Financial assets measured at amortized cost:					
3.1 Loans and receivables with banks	18,450	13,965	X	32,415	35,890
3.2 Loans and receivables with customers	111,067	339,293	X	450,360	698,644
4. Hedging derivatives	X	X			
5. Other assets	X	X	6,891	6,891	12,479
6. Financial liabilities	X	X	X	3	13
Total	130,028	353,258	6,891	490,181	747,479
of which: interest income on impaired assets					
of which: interest income on finance leasing	X	8	X	8	27

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 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 €339.3 million (€517.2 million in 2024) 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.

The reduction in revenue is due to:

- ▶ non-recurring income of €112.1 million recognized in 2024 following the change in the percentage of recognition of late payment interest from 50% to 65%;
- ▶ the reduction in the average rate of return on loans from 7.5% to 6.5%, also in light of the decrease in the ECB/MRO benchmark rates;
- ▶ the extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days for €22.4 million.

Interest income on debt securities linked to loans and receivables with customers and totaling approximately €111.1 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 expense: breakdown

€266,391 thousand

(Values in thousand euro)

Items/Technical forms	Liabilities	Securities	Other transactions	Total 2025	Total 2024
1. Financial liabilities measured at amortized cost					
1.1 Amounts due to central banks		X	X		
1.2 Amounts due to banks	42,154	X	X	42,154	85,906
1.3 Amounts due to customers	188,409	X	X	188,409	276,993
1.4 Securities issued	X	29,515	X	29,515	12,777
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value		6		6	
4. Other liabilities and provisions	X	X	3,698	3,698	6,655
5. Hedging derivatives	X	X	2,610	2,610	1,847
6. Financial assets	X	X	X	-	-
Total	230,563	29,521	6,307	266,391	384,178
di cui: interessi passivi relativi ai debiti per <i>leasing</i>	239	X	X	239	257

Interest expense went from €384.2 million for the previous year to €266.4 million for 2025. The reduction is mainly attributable to the decrease in interest rates. In fact, the ECB/MRO benchmark rates went from 4.25% in 2024 to 2.15% in 2025.

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 and, as from July 2025, "Facto Prothesmiaki" offered by the branch in Greece), 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 €29,515 thousand (€12,777 thousand in 2024), 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

€108,997 thousand

(Values in thousand euro)

Type of services/Values	Total 2025	Total 2024
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. Other commissions connected to corporate finance services		
c) Consulting activities related to investments	37	58
d) Clearing and settlement	-	
e) Collective portfolio management	-	
f) Custody and administration	30,807	27,806
1. Custodian bank	20,776	18,331
2. Other commissions linked to custody and administration activities	10,031	9,475
g) Central administrative services for collective portfolio management	-	
h) Fiduciary activities	-	

(Values in thousand euro)

Type of services/Values	Total 2025	Total 2024
i) Payment services	70,249	72,694
1. Current accounts	-	-
2. Credit cards	1,249	1,647
3. Debit cards and other payment cards	5,039	7,503
4. Bank transfers and other payment orders	20,887	20,236
5. Other commissions linked to payment services	43,074	43,308
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	1,051	1,126
of which: credit derivatives	-	
o) Lending transactions	-	
of which: for factoring transactions	-	
p) Currency trading	-	
q) Commodities	-	
r) Other fee and commission income	6,853	8,831
of which: for management activities of multilateral trading systems	-	
of which: for management activities of organized trading systems	-	
Total	108,997	110,515

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 expense: breakdown

€22,633 thousand

(Values in thousand euro)

Services/Values	Total 2025	Total 2024
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	2,011	1,846
c) Collective portfolio management		
d) Custody and administration	4,072	4,248
e) Collection and payment services	13,653	16,580
of which: credit cards, debit cards and other payment cards	418	3,074
f) Servicing activities for securitization transactions	2	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
k) Other fee and commission expense	2,879	5,724
Total	22,633	28,417

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

€17,088 thousand

(Values in thousand euro)

Items/Income	Total 2025		Total 2024	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading				6
B. Other financial assets subject to mandatory fair value measurement	10,553			13,547
C. Financial assets measured at fair value through other comprehensive income	6,535			6,292
D. Equity investments				
Total	17,088			19,844

In 2025, the item mainly included dividends received from the Bank of Italy amounting to €5.7 million (€5.7 million in 2024), whose shares subscribed by the parent 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 2025 from Fondo Italiano di Investimento, amounting to around €1.4 million (€2.9 million in 2024) and from Fondo Ingenii, amounting to €9.2 million (€10.6 million in 2024), 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

€15,978 thousand

4.1 Profits (losses) on trading: breakdown

€15,978 thousand

(Values in thousand euro)

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	7	23,538	(6)		23,538
1.1 Debt securities	6	649	(6)		649
1.2 Equity securities	1				1
1.3 UCI units					
1.4 Loans		22,889			22,889
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	(7,561)
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	7	23,538	(6)	-	15,978

In 2025, 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 €22.9 million.

The profits on trading mainly derive 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 – Gains (losses) on disposals/repurchases - Item 100

€10,455 thousand

6.1 Gains (Losses) on disposals/repurchases: breakdown

€10,455 thousand

(Values in thousand euro)

Items/Income items	Total 2025			Total 2024		
	Profits	Loss	Net profit	Profits	Loss	Net profit
Financial assets						
1. Financial assets measured at amortized cost						
1.1 Loans and receivables with banks						
1.2 Loans and receivables with customers	10,455		10,455	3,552	(221)	3,331
2. Financial assets measured at fair value through other comprehensive income						
2.1 Debt securities						
2.2 Loans						
Total assets (A)	10,455		10,455	3,552	(221)	3,331
Financial liabilities measured at amortized cost						
1. Amounts due to banks						
2. Amounts due to customers						
3. Securities issued						
Total liabilities (B)						

In 2025, the item in question amounted to €10,455 thousand, and represents the net balance of sales of debt securities for a nominal value of €460 million (€3,331 thousand in 2024 for a nominal value of €230 million) classified in asset item 40 b) "Financial assets measured at amortized cost - loans and receivables with customers".

Section 7 – Profits (losses) on other financial assets and liabilities at fair value through profit or loss – Item 110

(€6,613 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 euro)

Transactions/Income items	Capital gains (A)	Realized gains (B)	Capital losses (C)	Losses on disposal (D)	Net loss [(A+B) - (C+D)]
1. Financial assets			(6,239)	(374)	(6,613)
1.1 Debt securities					
1.2 Equity securities					
1.3 UCI units			(6,239)	(374)	(6,613)
1.4 Loans					
2. Financial assets in foreign currency: foreign exchange differences	X	X	X	X	
Total	-	-	(6,239)	(374)	(6,613)

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

(€104,544 thousand)

8.1 Net impairment losses/gains for credit risk associated with financial assets measured at amortized cost: breakdown

(Values in thousand euro)

Transaction/Income items	Impairment losses				Impairment gains				Total 2025	Total 2024
	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							189			
- Loans							189			
- Debt securities										
B. Loans and receivables with customers	(6,108)	(211)	(3,716)	(98,317)		(218)	192	89	3,557	
- Loans	(5,963)	(211)	(3,716)	(98,317)		(218)	192	89	3,557	
- Debt securities	(145)									101
Total	(6,108)	(211)	(3,716)	(98,317)		(218)	381	89	3,557	

The increase in the provision in 2025 compared to 2024 is mainly related to the provisions recognized by the Bank for the use of a new method of managing the provisioning process relating to rulings on legal actions initiated for the recovery of non-recourse factoring credit exposures with Italian debtors. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis – of each ruling – to estimate the so-called risk of an adverse outcome. For further details, please refer to the section "Focus on the main phenomena affecting the Consolidated Financial Statements as at December 31, 2025" in Section 5 "Other Aspects" of Part A "Accounting Policies".

Section 12 – Administrative expenses - item 190

€191,044 thousand

12.1 Personnel expense: breakdown

€85,417 thousand

(Values in thousand euro)

Type of expenditure/Sectors	Total 2025	Total 2024
1) Employees	82,129	77,407
a) wages and salaries	50,928	49,713
b) social security contributions	14,503	13,746
c) post-employment benefits		
d) pension costs	2	2
e) provision for post-employment benefits	2,559	2,151
f) provision for pensions and similar obligations:		
- defined contribution plans		
- defined benefit plans		
g) payments to external complementary pension funds:	517	472
- defined contribution plans		
- defined benefit plans	517	472
h) costs related to share-based payments	7,869	6,715
i) other employee benefits	5,749	4,607
2) Other personnel in service	470	347
3) Directors and statutory auditors	2,819	1,758
Total	85,417	79,511

The item "personnel expenses" includes, in addition to the amount of expense and contributions paid to employees, including for the Group incentive system, expense for stock options for certain employees of the Group for 2025, equal to approximately €7,869 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.

The change compared to 2024 is mainly due to the increase in the workforce and some costs for other employee benefits such as insurance.

12.2 Average number of employees broken down by category

(Values in thousand euro)

Categories	Average number 2025	Average number 2024
Senior Executives/Executives	33	29
Managers/Middle Managers/Professionals	421	406
Specialists	413	389
Total	867	824

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 €5,749 thousand (€4,607 thousand in 2024), these mainly refer to expenses incurred for training, meal tickets, donations and insurance for employees of the Group. The increase compared to 2024 is mainly due to the increase in the cost of employee insurance.

12.5 Other administrative expenses: breakdown

€105,627 thousand

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Legal fees	7,746	5,267
Data processing services	16,321	15,486
External credit management services	669	771
Supervisory Body fees	61	30
Legal fees for loans and receivables under management	372	207
Notary fees	251	293
Notary fees to be recovered	861	896
Entertainment expense and donations	1,832	4,506
Maintenance expense	12,447	8,566
Non-deductible VAT	12,507	11,451
Other taxes	5,936	6,312
Consulting services	22,139	24,591
Head office operating expenses	5,116	5,252
Resolution Fund and FITD	311	5,450
Other expenses	19,057	21,106
Total	105,627	110,183

Other administrative expenses for 2025 amounted to €105.6 million, a slight decrease compared to the previous year.

The change is mainly due to the contribution to the Interbank Deposit Protection Fund (FITD) of 0.3 million in 2025 and 5.5 million in 2024. Also in 2025, no compensation was paid to the Resolution fund. 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.

“Other administrative expenses” mainly include services outsourced in 2025, which are listed below:

(Values in thousand euro)

Breakdown	Total 2025
Fees paid to external company for support to Internal Audit	335
Fees paid to external companies for Data Processing	6,102
Fees paid to external companies for Credit Checks	669

Section 13 – Net accruals to provisions for risks and charges - Item 200

€24,940 thousand

13.1 Net accruals to provisions for credit risk relating to commitments to disburse funds and financial guarantees given: breakdown

(€194 thousand)

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Provision for risk on commitments and guarantees	(194)	(273)
Total	(194)	(273)

13.3 Net accruals to provisions for risks and charges: breakdown

€25,134 thousand

The accruals to the provisions, compared to the prior year, show the following breakdown.

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Other provisions	25,134	20,157
Total	25,134	20,157

The change compared to 2024 is mainly due to greater provisions on some non-performing positions both for direct exposure and for legal actions against debtors with assignors mainly in insolvency proceedings.

Section 14 – Depreciation and net impairment losses on property, equipment and investment property - Item 210

€5,495 thousand

14.1 Depreciation and net impairment losses on property, equipment and investment property: breakdown

(Values in thousand euro)

Asset/Income items	Depreciation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Net result (a+b-c)
A. Property, equipment and investment property				
1. Used in the business	5,495			5,495
- Owned	3,723			3,723
- Right-of-use assets	1,772			1,772
2. Investment property				
- Owned				
- Right-of-use assets				
3. Inventories	X			X
Total	5,495	-	-	5,495

Section 15 – Amortization and net impairment losses on intangible assets - Item 220

€12,019 thousand

15.1 Amortization and net impairment losses on intangible assets: breakdown

(Values in thousand euro)

Asset/Income items	Amortization (a)	Impairment losses (b)	Reversals of impairment losses (c)	Net result (a+b-c)
A. Intangible assets				
A.1 Owned				
- Generated internally by the company				
- Others	12,019			12,019
A.2 Right-of-use assets				
Total	12,019	-	-	12,019

The item refers to amortization for the year relating to intangible assets with finite useful lives, which also includes “Customer Contracts”.

Section 16 – Other operating income, net - Item 230

€29,526 thousand

16.1 Other operating expenses: breakdown

(€1,740 thousand)

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Prior year expense	(608)	(3,259)
Rounding and allowances	(4)	(24)
Other charges	(454)	(340)
Deposit guarantee scheme expense	-	-
Registry tax expense	(674)	(695)
Impairment of assets	-	(2,996)
Total	(1,740)	(7,314)

The change in the item is due to the impairment of assets in 2024, relating to the loss recognized on the property located in via Chianesi in Rome to adjust the carrying amount to the market value.

16.2 Other operating income: breakdown

€31,266 thousand

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Recovery of legal fees for purchases of non-recourse trade receivables	1,629	1,942
Recovery of legal fees	516	569
Other recoveries	450	527
Prior year income	416	4,235
Recovery of assignor notary expenses	1,263	1,598
Other income	26,993	58,795
Total	31,266	67,667

It should be noted that during 2024, the Group updated the percentage recognition of late payment interest and the flat-rate compensation for debt collection (so-called "40 euros"), increasing it 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.

In 2025, the item included the amount pertaining to the year of the flat-rate compensation for debt collection (so-called "40 euros") equal to €14.5 million (€20.2 million as at December 31, 2024). The reduction is mainly due to the lower volumes produced in Italy in 2025.

Section 17 – Profits/losses on equity investments - Item 250

17.1 Profits on equity investments: breakdown

€3,562 thousand

(Values in thousand euro)

Income item/Values	Total 2025	Total 2024
1) Joint ventures		
A. Income		
1.Revaluations		
2.Gains on disposal		
3.Impairment gains		
4.Other income		
B. Expense		
1.Impairment		
2.Adjustments to account for impairment		
3.Losses on disposal		
4. Other charges		
Net profit	-	-
2) Companies subject to significant influence		
A. Income	3,562	2,424
1.Revaluations		
2.Gains on disposal		
3.Impairment gains		
4.Other income	3,562	2,424
B. Expense	-	-
1.Impairment		
2.Adjustments to account for impairment		
3.Losses on disposal		
4. Other charges	-	-
Net profit	3,562	2,424
Total	3,562	2,424

Other income in 2025 mainly includes the effect of the adjustment of the value of the investments in the Unione Fiduciaria and the Law Firm PB& Partners measured using the equity method.

Section 20 – Gains (losses) on disposal of investments - Item 280

20.1 Gains (losses) on disposal of investments: breakdown

€0 thousand

(Values in thousand euro)

Income item/Values	Total 2025	Total 2024
A. Properties		3,954
- Gains on disposal		3,954
- Losses on disposal		
B. Other assets		
- Gains on disposal		
- Losses on disposal		
Total	-	3,954

Gains on disposal of investments realized in 2024 relate to the gains realized from the sale in December 2024 of the property located in Milan, Via Domenichino.

Section 21 – Income taxes for the year on continuing operations - Item 300

€5,159 thousand

21.1 Income taxes on continuing operations: breakdown

(Values in thousand euro)

Income items/Sectors	Total 2025	Total 2024 ADJUSTED (*)
1. Current taxes (-)	20,682	51,014
2. Adjustment to current tax of prior years (+/-)	(4,824)	1,479
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 (+/-)	223	(4,570)
5. Change in deferred tax liabilities (+/-)	(10,922)	39,909
6. Taxes for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	5,159	87,832

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 consolidated financial statements for the Parent and the Italian subsidiaries (when applicable) is provided below.

	Proportion % of theoretical taxable profit
Income tax - theoretical tax charge	33.07
Increases in taxes	0.92
Others	0.92
Decreases in taxes	(21.74)
Permanent differences	(0.63)
Others	(6.83)
Effects of subsidiaries	(14.28)
Actual tax charge	12.25

Section 25 – Earnings per share

25.1 Average number of ordinary shares with diluted capital

Breakdown	Total 2025	Total 2024
Average number of shares outstanding	188,352,501	187,148,157
Average number of potentially dilutive shares	1,903,205	3,041,857
Average number of diluted shares	190,255,705	190,190,015

25.2 Other information

(Values in units, unless otherwise stated)

Breakdown	Total 2025	Total 2024 ADJUSTED (*)
Profit for the year (in thousand euro)	36,951	219,346
Average number of shares outstanding	188,352,501	187,148,157
Average number of potentially dilutive shares	1,903,205	3,041,857
Average number of diluted shares	190,255,705	190,190,015
Basic earnings per share (in euro units)	0.20	1.17
Diluted earnings per share (in euro units)	0.19	1.15

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Part D – Comprehensive Income

Consolidated Statement of Comprehensive Income

(Values in thousand euro)

Items	2025	2024 ADJUSTED (*)
10. Profit for the year	36,951	219,346
Other income components not reclassified to profit or loss	(168)	9,506
20. Equity securities designated at fair value through other comprehensive income:		
<i>a) fair value changes</i>		
<i>b) transfers to other equity items</i>		
30. Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness):		
<i>a) fair value changes</i>		
<i>b) transfers to other equity items</i>		
40. Hedges of equity securities designated at fair value through other comprehensive income:		
<i>a) fair value changes (hedged instrument)</i>		
<i>b) fair value changes (hedging instrument)</i>		
50. Property, equipment and investment property	(215)	14,065
60. Intangible assets		
70. Defined benefit plans	61	(46)
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		
110. Taxes on other components not reclassified to profit or loss	(13)	(4,514)
Other income components, net of taxes, reclassified to profit or loss	9,105	4,047
120. Hedges of foreign investments:		
<i>a) fair value changes</i>	(1,131)	(1,314)
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
130. Foreign exchange differences:		
<i>a) changes in value</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>	2,013	1,762
140. Cash flow hedges:		
<i>a) fair value changes</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
of which: result of net positions		

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(Values in thousand euro)

Items	2025	2024 ADJUSTED (*)
150. Hedging instruments (undesignated elements):		
<i>a) changes in value</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
160. Financial assets (other than equity securities) measured at fair value through other comprehensive income:		
<i>a) fair value changes</i>	8,377	2,984
<i>b) reclassification through profit or loss</i>		
- adjustments for credit risk		
- gains/losses on disposal		
<i>c) other changes</i>		
170. Non-current assets held for sale and discontinued operations:		
<i>a) fair value changes</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
180. Share of valuation reserves connected with equity-accounted investments:		
<i>a) fair value changes</i>		
<i>b) reclassification through profit or loss</i>		
- adjustments for credit risk		
- profits/losses on disposal		
<i>c) other changes</i>		
190. Revenue or costs of a financial nature related to insurance contracts issued		
<i>a) changes in value</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
200. Revenue or costs of a financial nature relating to outward reinsurance		
<i>a) changes in value</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
210. Taxes on other components reclassified to profit or loss	(154)	616
220. Total other comprehensive income	8,937	13,553
230. Comprehensive income (Items 10+220)	45,888	232,899
240. Comprehensive income attributable to non-controlling interests		
250. Comprehensive income attributable to the owners of the parent	45,888	232,899

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- 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'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 suitable 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;
- ▶ supervising the functioning of the risk management process and monitoring compliance with it;
- ▶ monitoring the adequacy and effectiveness of measures taken to remedy any deficiencies found in the risk management system;
- ▶ submitting periodic reports to the corporate bodies on the activities carried out and providing them with advice 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 separated, from an organizational point of view, 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 euro)

Portfolios/quality	Bad loans	Unlikely to pay positions	Impaired past due exposures	Other impaired overdue exposures	Performing exposures	Total
1. Financial assets measured at amortized cost	95,330	74,292	2,954,834	525,637	7,174,035	10,824,128
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					5,104	5,104
5. Financial assets held for sale						
Total 12.31.2025	95,330	74,292	2,954,834	525,637	7,179,140	10,829,232
Total 12.31.2024 (*)	99,426	68,778	1,719,798	1,077,854	7,686,954	10,652,812

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

(Values in thousand euro)

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	3,251,455	126,999	3,124,456		7,709,188	9,517	7,699,672	10,824,128
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	5,104	5,104
5. Financial assets held for sale								
Total 12.31.2025	3,251,455	126,999	3,124,456	-	7,709,188	9,517	7,704,776	10,829,232
Total 12.31.2024 (*)	1,930,201	26,052	1,904,150	-	8,746,819	3,530	8,748,662	10,652,812

(Values in thousand euro)

Portfolios/quality	Assets of evident poor credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading			1,356
2. Hedging derivatives			
Total 12.31.2025	-	-	1,356
Total 12.31.2024	-	-	1,805

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(**) Value to be displayed for information purposes.

B. Disclosure on structured entities (other than securitization companies)

B.2 Structured entities not consolidated for accounting purposes

(Values in thousand euro)

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)
Financial assets measured at fair value through profit or loss	(174,780)			(174,780)	(148,704)	26,076

Section 2 – Prudential consolidation risks

1.3 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 58.7% 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 2025 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 residual activity for BFF Banking Group.

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 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;
- ▶ 50% for exposures to the public administration agencies of countries with Credit Quality Step 2, which include the exposures to entities of the Italian, Polish, Portuguese, Spanish and Slovak public sector;
- ▶ 100% to (i) exposures to public sector bodies for countries with merit classes 3, 4 and 5 (Greece); and (ii) exposures to public sector bodies for countries where the central government is unrated;
- ▶ from 20% to 150% for loans with supervised intermediaries, depending on the original duration and the intermediary’s credit quality as determined by an ECAI or determined under Article 121 of the CRR for unrated intermediaries;
- ▶ 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 assets;
- ▶ 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 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, 2025 is €323.7 million for BFF Banking Group.

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.

Specifically:

- ▶ “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 collective impairment losses ("collective impairment")*
- ▶ *Exposures subject to specific impairment losses.*

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

During 2025, the time series data for PD and LGD risk parameters were updated, extending them until December 31, 2024. In addition, the forward-looking macroeconomic scenarios were updated taking into account the latest updates provided by the EBA during the stress test (January 2025). The same PD and LGD risk parameters were applied at the reporting date of December 31, 2025.

Based on the consolidated financial statements as at December 31, 2025, the Bank undertook a review of its Italian factoring portfolio, which involved the definition of a new method of managing the provisioning process in the face of negative (or partially negative) judgments on legal actions initiated for the recovery of non-recourse exposures to Italian debtors. This initiative, which took place in a context characterized by a progressive increase in unfavorable rulings regarding legal actions over a specific timeframe, led to the preparation of a procedural and IT configuration, suitable for carrying out a weighting of the underlying risks in a granular manner, invoice by invoice, and resulted in the approval, on February 1, 2026, of a specific internal policy (the "Policy"). This Policy governs the rules and the process to be followed to identify the probability of an adverse outcome, from which provisions will arise, to be applied to the entire perimeter of credit exposures subject to negative (or partially negative) rulings. The approach described in this Policy specifically contemplates, therefore, the analysis of these rulings, without taking into account, as a weighting effect, the possibility of reaching

settlement agreements. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis of each ruling to estimate the so-called risk of an adverse outcome (high, medium or low), meaning the risk of the non-existence or the faulty existence/legitimacy of the receivable due from debtors, estimating a provision relating to the amounts not acknowledged in the ruling, estimated as non-recoverable from the debtors and/or customers.

In such cases, in fact, BFF has the right to remit the receivable, for the part relating to the principal, to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the principal of the receivable and to pay the Bank generally only the retrocession interest. Certain items, for example late payment interest or additional loan interest, are difficult to remit to the assignors and, therefore, a provision has been allocated for a part of these.

The risk of an adverse outcome determined based on the Policy's guidelines has been treated as an element that directly affects the estimate of the cash flows recoverable from the financial asset, and therefore its measurement pursuant to IFRS 9. In this approach, the contractual guarantees of the transferor acquire importance as elements that contribute to setting the minimum level of recoverable flows, contributing to defining the variability of the expected economic outcomes and, consequently, the measure of the adjustment of the value of the receivable.

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 enabled development of 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 definition of 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 lifetime 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 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 date of preparation of the consolidated financial statements or interim financial situations, a specific impairment loss is 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 result in a lower

coverage rate than for stage 2 exposures, the final level of adjustment attributed will be equal to the impairment obtained with the collective calculation model.

BFF Banking Group's impaired exposures consist of bad exposures, unlikely to pay and past due exposures, for a total of €3,124,456 thousand – net of individual impairment – and are broken down as follows:

- ▶ bad loans of €95,330 thousand (gross exposure in the consolidated financial statements of €128,868 thousand with an adjustment of €33,539 thousand);
- ▶ unlikely to pay exposures amounting to €74,292 thousand (gross exposure in the consolidated financial statements equal to €85,635 thousand with adjustments equal to €11,342 thousand);
- ▶ impaired past due exposures of €2,954,834 thousand (gross exposure in the consolidated financial statements of €3,036,952 thousand with an adjustment of €82,118 thousand).

As regards the impairment policies adopted, BFF Polska Group and BFF Finance Iberia submit specific periodic reports to the Parent, so that the corresponding functions of the parent can report on the activities conducted in this area and check the correctness of the conclusions.

Measuring expected credit losses

During 2025, the IFRS 9 framework was updated and reviewed in relation to: i) the updating of the historical series of PD and LGD risk parameters as at December 31, 2024; ii) the updating of the forward-looking macroeconomic scenarios taking into account the latest updates provided by the EBA during the stress test (January 2025); iii) the resolution of the Bank of Italy's survey relating to the strengthening of the LGD estimation model for BFF Polska S.A., including its subsidiaries. The main change concerns the recalibration of the LGD Through the Cycle ("TTC") on the internal loss rates observed in the long term; (iv) modification of the calculation of the 30-day past due criterion for the allocation on stage for BFF Polska S.A. and its subsidiaries, in accordance with the regulatory definition used for the calculation of impaired past due exposures.

The macroeconomic scenario, albeit in a context of high uncertainty, in particular on the trade policies of the new US administration and the geopolitical tensions in place in Europe (Russia-Ukraine war), reflects the prospects for growth in euro area external demand compared to previous projections. Based on futures contracts, oil prices would decline over the three-year period as would natural gas prices. 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 reference to exposures to counterparties to which treasury and securities services are offered, risk mitigation techniques also include clearing agreements (ISDA) and collateral management agreements (CSA) in line with EMIR. 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 €3,124,456 thousand. 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. At December 31, 2025, the overall total of the Banking Group's non-performing loans, net of impairment, amounted to €95,330 thousand, of which €2,675 thousand purchased already impaired. Net non-performing loans concerning Italian municipalities and provincial governments in financial distress amounted to €88,509 thousand, accounting for 92.8% of the total. Gross non-performing loans amounted to €128,868 thousand (€113,630 thousand at December 31, 2024). The related impairment totaled €33,539 thousand (€14,204 thousand at December 31, 2024). The increase in the loss allowance is mainly attributable to the review of the entire Italian portfolio of negative rulings in relation to receivables from the Italian public sector. With reference to the parent, at December 31, 2025 total non-performing loans, net of any estimated impairment losses, amounted to €90,260 thousand, of which €88,509 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 the BFF Banking Group has the legal right to receive 100% of the principal and late payment interest at the end of the insolvency procedure. Specifically, the amount of €2,675 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 €15,757 thousand. After estimated impairment losses of €11,575 thousand, they amounted to €4,182 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 carried out independently of the existence of any past due and unpaid amounts (or installments). As at December 31, 2025, gross exposures classified as

unlikely to pay amounted to €85,635 thousand (€78,142 thousand as at December 31, 2024), of which €79,409 thousand is attributable to BFF Polska Group (€70,291 thousand at December 31, 2024), €4,760 thousand to the Bank (€4,310 thousand at December 31, 2024) and €1,466 thousand to BFF Finance Iberia (€3,541 thousand at December 31, 2024). It should be noted that a significant portion of these net exposures, amounting to approximately €66.6 million, relates to Polish public hospitals, which the Bank has prudentially classified as unlikely to pay as they have undertaken restructuring procedures, to which the Bank believes they are not entitled, and which, in themselves, are not representative of an actual deterioration in asset quality. The total net carrying amount is €74,292 thousand (€68,778 thousand at December 31, 2024), referring primarily to BFF Polska Group.

- iii. Net past due exposures of the BFF Banking Group amounted to €2,954,834 thousand (€1,719,798 thousand as at December 31, 2024). They refer to the parent for €1,934,946 thousand, to the Spanish subsidiary for €307,369 thousand and to BFF Polska Group for €712,520 thousand. 96.2% of these exposures relate to public counterparties.

It should be noted that, overall, factoring and other performing and non-performing loans include additional loan costs, i.e. interest on arrears and recovery costs, amounting to €778.4 million (of which €111.1 million related to the BFF Polska Group) and €173.1 million (of which €1.9 million related to the BFF Polska Group), respectively, for a total of €951.5 million.

In line with the disclosure provided in the consolidated financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

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 euro)

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	24,792	55,607	433,253	643	798	10,543	211,242	170,080	1,376,676	-	-	2,675
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
Total 12.31.2025	24,792	55,607	433,253	643	798	10,543	211,242	170,080	1,376,676	-	-	2,675
Total 12.31.2024 (*)	144,720	118,730	791,009	1,486	2,501	19,409	88,108	88,008	1,191,978	-	-	2,996

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: trend in total adjustments and total provisions

(Values in thousand euro)

Causes/stages of risk	Total adjustments																						Total provisions on commitments to disburse funds and financial guarantees given				Total	
	Assets in stage one						Assets in stage two						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 write-downs	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 write-downs	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 write-downs	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 write-downs	Stage one	Stage two	Stage three		commitments to disburse funds and financial guarantees given purchased or originated impaired
Total initial adjustments ADJUSTED (*)	158	3,379				3,537	1	151				152	25,850			25,850			197			197		324				30,061
Increases in purchased or originated financial assets																												
Derecognitions other than write-offs																												
Net impairment losses/gains for credit risk (+/-)	(153)	5,877	-	-	-	5,724	(1)	110	-	-	-	109	-	100,733	-	-	100,733	-	218	-	-	218	-	(261)	-	1	-	106,524
Contractual modifications without derecognitions																												
Changes in estimate methodology																												
Write-offs not recognized directly in profit or loss																												
Other changes																												
Total final adjustments	5	9,256	-	-	-	9,261	0	261	-	-	-	261	-	126,584	-	-	126,584	-	415	-	-	415	-	63	-	1	-	136,585
Recoveries from receipts on written-off financial assets																												
Write-offs recognized directly in profit or loss																												

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 euro)

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	8,132	1,933	74,746	80	694,155	14,370
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					16,705	
Total 31.12.2025	8,132	1,933	74,746	80	710,860	14,370
Total 31.12.2024	10,637	147,625	326,835	577	715,832	7,439

A.1.4 Prudential consolidation - On- and off-statement of financial position credit exposures to banks: gross and net values

(Values in thousand euro)

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	IPurchased or originated credit impaired		
A. On-statement of financial position credit exposures										
A.1 On demand	124,409	120,845	3,563		6	6			124,403	
a) Impaired		X				X				
b) Performing	124,409	120,845	3,563	X	6	6	X		124,403	
A.2 Others	854,825	854,825			4	4			854,821	
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	854,825	854,825	X		4	4	X		854,821	
- of which: forborne exposures			X				X			
Total (A)	979,234	975,671	3,563		10	10			979,081	
B. Off-statement of financial position exposures										
a) Impaired		X				X				
b) Others	1,356		X				X		1,356	
Total (B)	1,356								1,356	
Total (A + B)	980,590	975,671	3,563		10	10			980,581	

(*) 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 euro)

Types 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	128,868	X		125,778	3,090	33,539	X		33,124	415	95,330	
- of which: forborne exposures	848	X		848	-	575	X		575	-	273	
b) Unlikely-to-pay positions	85,635	X		85,635	-	11,342	X		11,342	-	74,292	
- of which: forborne exposures	15,003	X		15,003	-	1,391	X		1,391	-	13,612	
c) Impaired past due exposures	3,036,952	X		3,036,952	-	82,118	X		82,118	-	2,954,834	
- of which: forborne exposures	7,841	X		7,841	-	31	X		31	-	7,810	
d) Past due performing exposures	527,872	515,629	12,243	X		2,236	1,977	259	X		525,636	
- of which: forborne exposures	-	-	-	X		-	-	-	X		-	
e) Other performing exposures	6,331,595	6,316,107	10,384	X		7,277	7,274	2	X		6,324,318	
- of which: forborne exposures	3,856	-	3,856	X		1	-	1	X		3,855	
Total (A)	10,110,922	6,831,736	22,627	3,248,365	3,090	136,511	9,251	261	126,584	415	9,974,411	
B. Off-statement of financial position exposures												
	-											
a) Impaired	54,978	X	-	52,278		1	X		1		54,977	
b) Performing	530,153	496,853	-	X		63	63	-	X		530,090	
Total (B)	585,131	496,853	-	52,278	-	64	63	-	1	-	585,067	
Total (A+B)	10,696,053	7,328,589	22,627	3,300,643	3,090	136,575	9,314	261	126,585	415	10,559,478	

(*) 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 euro)

Descriptions/Categories	Non-performing loans	Unlikely to pay positions	Impaired past due exposures
A. ADJUSTED Starting Gross Exposure (+)	113,630	78,142	1,722,278
- of which: assets sold but not derecognized	-	-	-
B. Increases	54,900	85,703	2,482,362
B.1 inflows from performing exposures	9,770	192	334,841
B.2 transfers from purchased or originated credit impaired financial assets	-	-	-
B.3 transfers from other impaired exposures	10,259	1,151	8,353
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	34,870	84,360	2,139,167
C. Decreases	39,661	78,210	1,167,688
C.1 outflows to performing exposures	1,290	1,536	45,431
C.2 write-offs	-	-	3,716
C.3 collections	18,162	70,400	742,656
C.4 collections from disposals	-	-	-
C.5 losses on disposal	-	-	-
C.6 transfers to other impaired exposures	7,894	4,181	7,688
C.7 contractual modifications without derecognition	-	-	-
C.8 other decreases	12,314	2,093	368,197
D. Final gross exposure	128,868	85,635	3,036,952
- of which: assets sold but not derecognized	-	-	-

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 euro)

Descriptions/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Starting gross exposure	34,628	10,379
- of which: assets sold but not derecognized		
B. Increases	13,563	1,387
B.1 inflows from performing, non-forborne exposures		
B.2 inflows from performing, forborne exposures	6,108	X
B.3 income from non-performing forborne exposures	X	
B.4 inflows from impaired, non forborne exposures	4,954	
B.5 other increases	2,501	1,387
C. Decreases	24,500	7,910
C.1 transfers to performing exposures not subject to forbearance measures	X	98
C.2 outflows towards forborne performing exposures		X
C.3 outflows towards non-performing forborne exposures	X	6,108
C.4 write-offs		
C.5 collections	24,270	1,703
C.6 collections from disposals		
C.7 losses on disposal		
C.8 other decreases	229	
D. Final gross exposure	23,692	3,856
- of which: assets sold but not derecognized	-	-

A.1.9 Prudential consolidation - On-statement of financial position non-performing credit exposures to Customers: trend in the total adjustments

(Valori in migliaia di euro)

Descriptions/Categories	Non-performing loans		Unlikely to pay positions		Unlikely to pay positions	
	Total (*)	of which: forborne exposures	Total	of which: forborne exposures	Total (*)	of which: forborne exposures
A. Total opening adjustments	14,204	702	9,364	1,868	2,479	55
- of which: assets sold but not derecognized	-	-	-	-	-	-
B. Increases	20,197	6	6,311	709	85,134	3
B.1 adjustments to purchased or originated credit impaired assets		X		X		X
B.2 other adjustments	19,570	6	6,181	708	84,402	1
B.3 losses on disposal						
B.4 transfers from other categories of impaired exposures	157	-	128	-	702	-
B.5 contractual modifications without derecognition						
B.6 other increases	471	-	2	-	30	3
C. Decreases	862	133	4,333	1,186	5,496	27
C.1 fair value gains	-	-	-	-	-	-
C.2 impairment gains from collection	87	-	495	482	932	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	3,476	-
C.5 transfers to other categories of impaired exposures	127	-	701	-	159	-
C.6 contractual modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	648	133	3,136	704	928	27
D. Total final adjustments	33,539	575	11,342	1,391	82,118	31
- of which: assets sold but not derecognized						

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 euro)

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	57,515	8,374,756	268,303	19,476	2,903	-	2,237,691	10,960,643
- Stage one	44,166	7,213,812	160,430	19,476	2,903	-	1,503,791	8,944,577
- Stage two	-	22,307	-	-	-	-	129,847	152,154
- Stage three	13,349	1,138,637	107,873	-	-	-	600,963	1,860,822
- Purchased or originated credit impaired	-	-	-	-	-	-	3,090	3,090
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)	57,515	8,374,756	268,303	19,476	2,903	-	2,237,691	10,960,643
D. Commitments to disburse funds and financial guarantees given	-	87,773	24,000	-	-	-	437,358	549,131
- Stage one	-	87,773	4,000	-	-	-	430,941	522,713
- Stage two	-	-	-	-	-	-	593	593
- Stage three	-	-	20,000	-	-	-	5,824	25,824
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total D	-	87,773	24,000	-	-	-	437,358	549,131
Total (A+B+C+D)	57,515	8,462,528	292,303	19,476	2,903	-	2,675,049	11,509,774

For the purposes of assigning creditworthiness, the ratings provided by the following rating agencies were used, depending on the portfolios:

- DBRS Ratings Limited for public counterparties
- S&P Global Ratings for private counterparties
- S&P Global Ratings, Moody's Investors service and Fitch Ratings' for the public bodies portfolio.

Below is the link between the risk classes and the ratings provided by the aforementioned agencies.

Creditworthiness class	ECAI			
	DBRS Ratings Limited	S&P Global Ratings	Moody's Investors Service	Fitch Ratings'
1	from AAA to AAL	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	from AH to AL	From A1 to A3	From A+ to A-	From A+ to A-
3	from BBBH to BBBL	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	from BBH to BBL	from BB+ to BB-	from Baa1 to Ba3	from BB+ to BB-
5	from BH to BL	from B+ to B-	from B1 to B3	from B+ to B-
6	<= CCCH	≤ CCC+	≤ Caa1	≤ 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

(Values in thousand euro)

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)								Total (1)+(2)	
							Credit derivatives					Endorsement credits				
			Real estate - mortgages	Finance lease properties	Securities	Other collateral	CREDIT LINKED NOTES	Central counterparties	Banks	Other financial companies	Other entities	Public administrations	Banks	Other financial companies		Other entities
1. Guaranteed on-statement of financial position exposures:	566,059	566,058			562,289											562,289
1.1 totally secured	566,059	566,058			562,289											562,289
- of which impaired																
1.2 partially secured																
- of which impaired																
2. Guaranteed off-statement of financial position credit exposures:																
2.1 totally secured																
- of which impaired																
2.2 partially secured																
- of which impaired																

A.3.2 Prudential consolidation - Guaranteed on- and off-statement of financial position credit exposures to customers

(Values in thousand euro)

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)								Total (1)+(2)	
							Credit derivatives					Endorsement credits				
			Real estate - mortgages	Finance lease properties	Securities	Other collateral	CREDIT LINKED NOTES	Central counterparties	Banks	Other financial companies	Other entities	Public administrations	Banks	Other financial companies		Other entities
1. Guaranteed on-statement of financial position exposures:	30,380	30,374			28,723	581									1,358	30,082
1.1 totally secured	30,380	30,374			28,723	581									1,358	30,082
- of which impaired																
1.2 partially secured																
- of which impaired																
2. Guaranteed off-statement of financial position credit exposures:																
2.1 totally secured																
- of which impaired																
2.2 partially secured																
- of which impaired																

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 euro)

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	88,512	6,150	-	-	-	-	5,747	23,791	1,070	3,597
- of which: forborne exposures	-	-	-	-	-	-	248	478	25	98
A.2 Unlikely to pay	66,608	5,088	-	136	-	-	7,481	5,257	203	862
- of which: forborne exposures	11,376	597	-	136	-	-	2,166	425	70	232
A.3 Impaired past due exposures	2,843,726	79,668	1,012	17	-	-	72,512	2,252	37,584	181
- of which: forborne exposures	4,956	1	-	-	-	-	2,816	20	38	10
A.4 Performing exposures	6,283,831	8,710	446,327	98	-	-	119,190	703	606	2
- of which: forborne exposures	3,620	1	-	-	-	-	223	-	13	-
Total A	9,282,677	99,615	447,339	251	-	-	204,931	32,003	39,464	4,641
B. Off-statement of financial position credit exposures										
B.1 Impaired exposures	46,453	1	-	-	-	-	8,524	-	-	-
B.2 Performing exposures	85,319		403,953	3	-	-	40,819	60	-	-
Total B	131,771	1	403,953	3	-	-	49,343	60	-	-
Total (A+B) 12.31.2025	9,414,449	99,616	851,292	254	-	-	254,274	32,063	39,464	4,641
Total (A+B) 12.31.2024 (*)	9,444,760	4,905	798,252	1,303	-	-	261,779	18,616	56,485	4,972

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

B.2 Prudential consolidation - Territorial distribution of on- and off-statement of financial position credit exposures to customers

(Values in thousand euro)

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	90,260	19,103	5,070	14,436						
A.2 Unlikely to pay	2,598	1,787	71,694	9,555						
A.3 Impaired past due exposures	1,429,697	81,495	1,525,137	623						
A.4 Performing exposures	6,112,822	9,372	737,133	140						
Total (A)	7,635,376	111,757	2,339,034	24,754	-	-	-	-	-	-
B. Off-statement of financial position credit exposures										
B.1 Impaired exposures	8,524	-	46,453	1						
B.2 Performing exposures	449,140	62	80,950	1						
Total (B)	457,664	62	127,403	2	-	-	-	-	-	-
Total (A+B) 12.31.2025	8,093,041	111,820	2,466,437	24,755	-	-	-	-	-	-
Total (A+B) 12.31.2024 (*)	8,298,527	8,897	2,181,303	20,895	-	-	-	-	81,446	4

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(Values in thousand euro)

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	322	3,352	1,388	8,721	2,043	1,389	86,506	5,640
A.2 Unlikely to pay	745	498	1,806	673	-	502	48	115
A.3 Impaired past due exposures	167,907	10,915	105,237	7,934	291,411	15,226	865,142	47,419
A.4 Performing exposures	71,681	400	22,217	36	5,887,775	4,949	131,149	3,987
Total (A)	240,655	15,166	130,647	17,364	6,181,230	22,066	1,082,844	57,161
B. Off-statement of financial position credit exposures								
B.1 Impaired exposures	-	-	5,824	-	2,700	-	-	-
B.2 Performing exposures	289,131	61	35,725	1	124,283	0	-	-
Total (B)	289,131	61	41,549	1	126,983	0	-	-
Total (A+B) 12.31.2025	529,787	15,227	172,197	17,365	6,308,213	22,066	1,082,844	57,161
Total (A+B) 12.31.2024 (*)	551,089	3,269	192,895	843	6,414,490	4,033	1,140,053	752

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

B.3 Prudential consolidation - Territorial distribution of on- and off-statement of financial position credit exposures to banks

(Values in thousand euro)

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	881,330	2	94,081	7	2,654		1,159			
Total (A)	881,330	2	94,081	7	2,654	-	1,159	-	-	-
B. Off-statement of financial position credit exposures										
B.1 Impaired exposures										
B.2 Performing exposures	43		1,313							
Total (B)	43	-	1,313	-	-	-	-	-	-	-
Total (A+B) 12.31.2025	881,373	2	95,394	7	2,654	-	1,159	-	-	-
Total (A+B) 12.31.2024	629,465	39	116,686	30	1,657	-	9,976	128	-	-

(Values in thousand euro)

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	409,814	2	101,243	-	314,412	1	55,861	-
Total (A)	409,814	2	101,243	-	314,412	1	55,861	-
B. Off-statement of financial position credit exposures								
B.1 Impaired exposures								
B.2 Performing exposures	43							
Total (B)	43	-	-	-	-	-	-	-
Total (A+B) 12.31.2025	409,858	2	101,243	-	314,412	1	55,861	-
Total (A+B) 12.31.2024	269,468	8	89,071	11	227,088	9	43,839	11

B.4 Large exposures

At December 31, 2025 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 €9,661,169 thousand, while the weighted amount was €284,924 thousand.

C. Securitization transactions

Disclosure on the transaction with "TeamSystem S.p.A. - Invoice Trading PA."

Qualitative information

Strategies, processes and objectives

In 2023, the Parent BFF 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 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., aimed to increase the value of its assets through investments made to acquire, subscribe and/or sell ABS 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.

During the last quarter of 2025, the closed-end, reserved alternative investment fund called "FPAM1", which had completed a single investment transaction in ABS issued by the Vehicle, was liquidated early.

Qualitative information

Type of financial instruments held

The Parent 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

(Values in thousand euro)

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.	5,019				85													
- mutui ipotecari su immobili residenziali e non residenziali																		

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 euro)

	Financial assets sold and fully recognized				Associated financial liabilities			
	Carrying Amount	of which: subject to securitization transactions	of which: subject of sales contracts with repurchase agreement	of which impaired	Carrying Amount	of which: subject to securitization transactions	of which: subject of sales contracts with repurchase agreement	
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	1,998,361		1,998,361		1,989,053		1,989,053	
2. Loans								
Total (12.31.2025)	1,998,361		1,998,361		1,989,053		1,989,053	
Total (12.31.2024)	1,262,634		1,262,634		1,161,524		1,161,524	

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 euro)

Tipologia/Durata residua	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	-	-	-	149,380	119,580	-	-	-
1.1 Debt securities								
- with early repayment option								
- others								
1.2 Other assets				149,380	119,580			
2. On-statement of financial position liabilities	-	-	-			-	-	-
2.1 Repurchase agreements - payable								
2.2 Other liabilities								
3. Financial derivatives	-	-	-	132,759	119,580	-	-	-
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security				132,759	119,580			
- Options								
+ long positions								
+ short positions								
- Other derivatives				132,759	119,580			
+ long positions								
+ short positions				132,759	119,580			

2. Regulatory trading portfolio: distribution of exposures to equity securities and stock indices by the main listing market countries

(Values in thousand euro)

Transaction type/Index	Listed		Unlisted
	Italy	Others	
A. Equity securities	2		
- long positions	2		
- short positions			
B. Sales not yet settled on equity securities			
- long positions			
- short positions			
C. Other equity derivatives			
- 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

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 consists of several components, the most relevant of which are:

- ▶ 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 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 Bank's net interest income 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 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 book assets and liabilities (this therefore excludes positions in the trading book - Other).

Following the regulatory changes introduced as at the 48th update of Bank of Italy Circular 285 of June 18, 2024, the Parent 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 Parent 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.

In line with the provisions of the 48th update of Circular 285, the Bank relies on the EBA interest rate shock scenarios prescribed by EU Regulation 856/2023 for the determination of internal capital, taking into account the worst-case scenario, considering both the impact in terms of economic value and that on the interest margin. The Parent 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 the indications 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 euro)

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	3,212,681	1,501,268	3,898,980	315,181	739,795	105,242	863	
1.1 Debt securities	-	1,030	3,595,528	217,168	731,299	7,290		
- with early repayment option	-	-	-	-	-	-		
- others	-	1,030	3,595,528	217,168	731,299	7,290		
1.2 Loans and receivables with banks	74,545	828,209	-	-	-	-		
1.3 Loans and receivables with customers	3,138,136	672,029	303,453	98,013	8,495	97,953	863	
- current account	8,732	-	-	-	-	-		
- other loans	3,129,403	672,029	303,453	98,013	8,495	97,953	863	
- with early repayment option	-	0	-	-	-	-		
- others	3,129,403	672,028	303,453	98,013	8,495	97,953	863	
2. On-statement of financial position liabilities	5,421,717	3,375,840	184,452	51,116	353,917	17,210	3,219	
2.1 Amounts due to customers	4,526,946	2,810,390	184,452	51,116	43,786	17,210	3,219	
- current account	4,226,062	526,924	183,287	49,823	26,990			
- other payables	300,884	2,283,466	1,166	1,294	16,795	17,210	3,219	
- with early repayment option								
- others	300,884	2,323,941	1,166	1,294	16,795	17,210	3,219	
2.2 Amounts due to banks	894,771	255,622						
- current account	701,774							
- other payables	192,997	255,622						
2.3 Debt securities		309,828			310,131			
- with early repayment option								
- others		309,828			310,131			
2.4 Other liabilities								
- with early repayment option								
- others								
3. Financial derivatives		1,199,684						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		1,199,684						
- Options								
+ long positions								
+ short positions								
- Other derivatives		1,199,684						
+ long positions		702,527						
+ short positions		497,157						
4. Other off-statement of financial position transactions	4,345,823	4,345,823						
+ long positions	4,345,823							
+ short positions		4,345,823						

Currency: OTHER1

(Values in thousand euro)

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	122,743	796,210	128,629	44,492	80,617	4,811	2,297	
1.1 Debt securities	-	-	-	-	-	-	-	
- with early repayment option	-	-	-	-	-	-	-	
- others	-	-	-	-	-	-	-	
1.2 Loans and receivables with banks	76,460	-	-	-	-	-	-	
1.3 Loans and receivables with customers	46,283	796,210	128,629	44,492	80,617	4,811	2,297	
- current account	541	-	-	-	-	-	-	
- other loans	45,742	796,210	128,629	44,492	80,617	4,811	2,297	
- with early repayment option	-	-	-	-	-	-	-	
- others	45,742	796,210	128,629	44,492	80,617	4,811	2,297	
2. On-statement of financial position liabilities	577,029	274,574	39,372	15,332	1,148			
2.1 Amounts due to customers	420,275	274,574	39,372	15,332	1,148			
- current account	414,434	274,574	39,372	15,332	1,148			
- other payables	5,841							
- with early repayment option								
- others	5,841							
2.2 Amounts due to banks	156,754							
- current account	151,542							
- other payables	5,211							
2.3 Debt securities								
- with early repayment option								
- others								
2.4 Other liabilities								
- with early repayment option								
- others								
3. Financial derivatives		1,202,173						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		1,202,173						
- Options								
+ long positions								
+ short positions								
- Other derivatives		1,202,173						
+ long positions		498,508						
+ short positions		703,666						
4. Other off-statement of financial position transactions								
+ long positions								
+ short positions								

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 Group to perform optimized management of its equity investments and loans provided in currencies other than the euro in which the Group 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. Currency risk is monitored by the Risk Management Function, in line with the requirements of European regulations (Regulation (EU) No 575/2013 - CRR).

1. Breakdown by currency of assets, liabilities and derivatives

(Values in thousand euro)

Items	Currencies					
	US Dollar	Pounds	Yen	Canadian Dollar	Swiss Francs	Other currencies
A. Financial assets	17,533	2,689	2,701	1,095	1,719	1,154,781
A.1 Debt securities						
A.2 Equity securities	416					302
A.3 Loans and receivables with banks	16,913	2,663	2,701	1,095	1,719	51,369
A.4 Loans and receivables with customers	204	26				1,103,110
A.5 Other financial assets						
B. Other assets					2	5,564
C. Financial liabilities	329,303	50,599	69,695	13,318	23,189	421,352
C.1 Amounts due to banks	126,409	5,826	958	5,354	6,053	12,158
C.2 Amounts due to customers	202,893	44,772	68,737	7,964	17,135	409,195
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities	38	8				77,388
E. Financial derivatives	313,973	47,934	66,995	12,231	21,500	739,541
- Options						
+ long positions						
+ short positions						
- Other derivatives	313,973	47,934	66,995	12,231	21,500	739,541
+ long positions	312,417	47,922	66,995	12,228	21,484	37,461
+ short positions	1,555	12		2	16	702,080
Total assets	329,950	50,611	69,695	13,323	23,205	1,197,807
Total liabilities	330,896	50,619	69,695	13,320	23,205	1,200,820
Difference (+/-)	(946)	(8)		3		(3,013)

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivatives

A. Financial derivatives

A.1 Trading financial derivatives: notional end-of-period amounts

Transactions carried out primarily through recourse to currency swaps are carried out by the Parent 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 euro)

	12.31.2025			Organized markets	12.31.2024			Organized markets
	Over the counter		Over the counter					
	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			252,338				178,606	
a) Options								
b) Swaps								
c) Forwards			252,338				178,606	
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			902,909				665,377	
a) Options								
b) Swaps								
c) Forwards			902,909				665,377	
d) Futures								
e) Others								
4. Commodities								
5. Others								
Total			1,155,247	12			843,995	

A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by products

(Values in thousand euro)

	12.31.2025				12.31.2024			
	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			1,356				1,502	
f) Futures								
g) Others								
Total			1,356				1,502	
2. Negative fair value								
a) Options								
b) Interest rate swaps								
c) Cross currency swaps								
d) Equity swaps								
e) Forwards			778				139	
f) Futures								
g) Others								
Total			778				139	

A.3 OTC trading financial derivatives - notional amounts, positive and negative gross fair value by counterparties

(Values in thousand euro)

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not falling under netting agreements				
1) Debt securities and interest rates				252,338
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
2) Equity securities and stock indices				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
3) Currency and gold				
- Notional amount	X	902,909		
- Positive fair value	X	1,356		
- Negative fair value	X	778		
4) Commodities				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
5) Others				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			

(Values in thousand euro)

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts falling under netting agreements				
1) Debt securities and interest rates				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
2) Equity securities and stock indices				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
3) Currency and gold				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
4) Commodities				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
5) Others				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			

A.4 Residual life of OTC financial derivatives: notional amounts

(Values in thousand euro)

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	132,759	119,580		252,338
A.2 Financial derivatives on equity securities and stock indices				
A.3 Financial derivatives on currency and gold	902,909			902,909
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
Total 12.31.2025	1,035,667	119,580		1,155,247
Total 12.31.2024	735,390	108,593		843,983

1.3.2 Accounting hedges

Qualitative information

At December 31, 2025, the Parent 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 euro)

Underlying assets/Derivative types	Total 12.31.2025			Total 12.31.2024		
	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			89,568			-
a) Options						
b) Swaps						
c) Forwards			89,568			-
d) Futures						
e) Others						
4. Commodities						
5. Other underlying						
Total			89,568			-

A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by products

(Values in thousand euro)

Types of derivatives	Total 12.31.2025			Total 12.31.2024		
	Over the counter		Organized markets	Over the counter		Organized markets
	Central counterpartie	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			186			
g) Others						
Total			186			

A.3 OTC trading financial derivatives: notional amounts, positive and negative gross fair value by counterparties

(Values in thousand euro)

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not falling under netting agreements				
1) Debt securities and interest rates				
- Notional amount	X	89,568		
- Positive fair value	X			
- Negative fair value	X	186		
2) Equity securities and stock indices				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
3) Currency and gold				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
4) Commodities				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			
5) Others				
- Notional amount	X			
- Positive fair value	X			
- Negative fair value	X			

(Values in thousand euro)

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts falling under netting agreements				
1) Debt securities and interest rates				
- Notional amount				
- Positive fair value				
- Negative fair value				
2) Equity securities and stock indices				
- Notional amount				
- Positive fair value				
- Negative fair value				
3) Currency and gold				
- Notional amount				
- Positive fair value				
- Negative fair value				
4) Commodities				
- Notional amount				
- Positive fair value				
- Negative fair value				
5) Others				
- Notional amount				
- Positive fair value				
- Negative fair value				

A.4 Residual life of OTC financial derivatives: notional amounts

(Values in thousand euro)

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 equity indices				
A.3 Financial derivatives on currencies and gold	89,568			89,568
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
Total 12.31.2025	89,568			89,568
Total 12.31.2024	88,275			88,275

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 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. For the management of intraday liquidity risk, the Bank may possibly use the pool account held with the Bank of Italy, determining the share of eligible securities deemed adequate to guarantee an intraday advance by the Central Bank in order to meet the 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 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's liquidity position is subject to constant first and second level control and monitoring. This monitoring confirmed the substantial solidity of the Group's liquidity thanks to the maintenance of adequate liquid reserves deriving from the collection.

As at December 31, 2025, the NSFR indicator stood at 113.62%, while the LCR indicator was 177.77%. Both indicators were above the regulatory limit of 100%.

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

Currency: EURO

(Values in thousand euro)

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	3,156,243	159,791	256,087	499,695	484,147	378,185	383,939	3,730,847	764,891	132,576
A.1 Government Securities	-	-	350	-	1,667	54,257	270,275	3,678,500	645,000	-
A.2 Other debt securities	4,500	-	-	144	-	104	913	40,900	7,000	-
A.3 UCI units	174,780	-	-	-	-	-	-	-	-	-
A.4 Loans	2,976,963	159,791	255,736	499,551	482,480	323,824	112,752	11,447	112,891	132,576
- banks	74,038	114,648	169,691	252,522	158,780	-	-	-	-	132,576
- customers	2,902,924	45,143	86,045	247,028	323,700	323,824	112,752	11,447	112,891	-
On-statement of financial position liabilities	5,874,431	2,606,569	61,944	99,290	381,431	184,831	50,833	628,853	126	
B.1 Deposits and current accounts	4,920,253	284,790	47,635	87,015	352,389	184,641	50,505	26,990		
- banks	696,991	243,509								
- customers	4,223,262	41,281	47,635	87,015	352,389	184,641	50,505	26,990		
B.2 Debt securities					28,875			600,000		
B.3 Other liabilities	954,178	2,321,779	14,309	12,275	167	190	328	1,862	126	
Off-statement of financial position transactions	4,345,823	4,687,873	352,121	505,512			45	9,760	5,018	
C.1 Financial derivatives with exchange of capital		342,051	352,121	505,512						
- long positions		140,886	241,576	320,065						
- short positions		201,165	110,545	185,447						
C.2 Financial derivatives without exchange of capital										
- long positions										
- short positions										
C.3 Deposits and loans to be received	4,345,823	4,345,823								
- long positions	4,345,823									
- short positions		4,345,823								
C.4 Commitments to disburse funds										
- long positions										
- short positions										
C.5 Financial guarantees given							45	9,760	5,018	-
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 euro)

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 year to 5 years	More than 5 years	Indefinite duration
On-statement of financial position assets	124,171	1,589	5,183	13,445	42,258	57,467	78,878	272,141	589,722	
A.1 Government Securities	-	-	-	-	-	-	-	-	-	
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	
A.3 UCI units	-	-	-	-	-	-	-	-	-	
A.4 Loans	124,171	1,589	5,183	13,445	42,258	57,467	78,878	272,141	589,722	
- banks	76,465	-	-	-	-	-	-	-	-	
- customers	47,707	1,589	5,183	13,445	42,258	57,467	78,878	272,141	589,722	
On-statement of financial position liabilities	568,249	27,252	30,100	47,093	173,171	40,391	15,814	1,148		
B.1 Deposits and current accounts	568,249	27,252	30,100	47,093	173,171	40,391	15,814	1,148		
- banks	156,758									
- customers	411,490	27,252	30,100	47,093	173,171	40,391	15,814	1,148		
B.2 Debt securities										
B.3 Other liabilities										
Off-statement of financial position transactions		342,556	353,023	506,594						
C.1 Financial derivatives with exchange of capital		342,556	353,023	506,594						
- long positions		201,522	110,947	186,038						
- short positions		141,034	242,077	320,556						
C.2 Financial derivatives without exchange of capital										
- long positions										
- short positions										
C.3 Deposits and loans to be received										
- long positions										
- short positions										
C.4 Commitments to disburse funds										
- long positions										
- short positions										
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;

- Lossdatacollection(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 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) in accordance with Article 313 of Regulation (EU) No 575/2013 (CRR).

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.

It should be noted that the main areas of risk in this area are related to (i) credit recovery processes through legal actions, for which a high number of negative rulings regarding legal actions initiated for the recovery of credit exposures of non-recourse factoring towards debtors was observed, as well as (ii) an incorrect registration of inflows relating to the period from 2019 to June 2023.

Finally, as regards the strategic and financial forecasts and underlying managerial actions aimed at achieving the objectives that have been set, it should be noted that the success of the aforementioned actions is subject to uncertainties, also linked to the unstable macroeconomic context, the regulatory environment, the evolving scenario of interest rates and the Group's liquidity position, also in light of ongoing international conflicts, as well as the effectiveness of the mitigation actions aimed at curbing the effects of Calendar Provisioning on the Group's own funds.

In this regard, it should be noted that the Group has some levers for intervention, not included in the 2026 Budget forecasts, that can potentially be activated to deal with any negative developments in the aforementioned areas (e.g. derisking actions of the past due portfolio, the use of interest rate risk hedging instruments).

At the reporting date of these consolidated financial statements, there were no elements requiring adjustments to the forecasts and assumptions underlying the preparation of the 2026 Budget.

Climate-related risk management

In line with the increasing importance assumed by ESG risk factors both for the Supervisory Authority and in terms of its effects and impact on other types of traditional risk, the BFF Group has started³ to strengthen the processes of identification, measurement, management and monitoring of these risk factors, with particular reference to climate and environmental factors, through the integration of the same into governance, strategic and risk management mechanisms (e.g. Risk Appetite Framework, ICAAP/ILAAP).

The Risk Management Department has embarked on a path of integrating ESG risk factors into its strategic, operational and risk management framework model. 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.

The ESG risk management framework is developed based on the following principles:

ID	Assets	Description
1	Risk identification	- Identification of climate and environmental risk factors (physical and transitional risk), consistent with the business model and characteristics of the Group; - identification of the main transmission channels through which climate and environmental risk factors impact traditional risks.
2	Measurement and assessment	- Measurement and assessment of climate and environmental risks, based on both quantitative data and qualitative assessments, including through stress analysis.
3	Management and mitigation	- Integration of climate and environmental risks into the risk management process; - definition of policies and guidelines aimed at managing these risks; - identification of specific mitigation actions based on the evidence emerging from the quantification and stress test analyses.
4	Monitoring and reporting	- Periodic reviews of risk factors related to the environment and climate and monitoring also through reporting to company bodies (e.g. Dashboard); - periodic reporting on environmental and climate risks in accordance with regulations and supervisory expectations (e.g. ICAAP, Pillar 3, Sustainability reporting).

In line with the expectations of the Supervisory Authority, the Group has developed a qualitative-quantitative analysis process aimed at assessing the relevance of climate and environmental risk factors, in order to identify the potential impact of these factors on its business model and risk profile. In line with the EBA Guidelines⁴, this exercise is conducted annually and integrated into the ICAAP/ILAAP Report, and is aligned with the other relevant assessments carried out by BFF (e.g. those carried out for the purposes of sustainability reporting).

The materiality assessment aims to identify the sectors of economic activity, geographic areas and portfolios (e.g. Public and Non-Public F&L, Securities, Transaction Services, Deposit Account, Assignors) that have a greater potential vulnerability to climate and environmental risk factors, and therefore support the correct prioritization in the implementation of risk measures. In particular, the results are used to:

- ▶ update the considerations relating to the impacts of climate and environmental risk factors and the related transmission channels on traditional risks;
- ▶ evaluate the integration or modification of the indicators/ metrics entered in the RAF and Dashboard;
- ▶ define the types of stress tests consistent with the main vulnerabilities;
- ▶ support company strategies and, if necessary, the identification of mitigation actions aimed at containing these risks.

The assessment is carried out taking into account the Group's business model, operational, dimensional and organizational complexity, in order to identify the areas (in terms of business lines and traditional risk category impacted) potentially most exposed to climate and environmental risk factors.

In general, the Group has identified two main types of climatic and environmental risk factors with potential impact on its business, in line with legislation and market practices:

- ▶ 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.

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 loans and receivables portfolio based on the results of the analysis of the transmission channels;
- ▶ 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.

³ The activities began in line with the three-year Action Plan for the progressive alignment with the Bank of Italy's expectations in terms of climate and environmental risks, transmitted to the Authority during the first half of 2023, in order to meet the Authority's expectations, made as part of the publication of the results of the thematic survey conducted on a sample of less significant banks.

⁴ See EBA, Guidelines on the Management of Environmental, Social and Governance (ESG Risks), January 2025.

With reference to the first phase, the Bank has identified the following main transmission channels:

- ▶ **Credit risk:** the effects of physical and transition risk on counterparties could lead to a reduction in their ability to honor debts, with a consequent downward revision of creditworthiness and an increase in the probability of default, negatively impacting the calculation of impairment and expected losses (i.e., ECL, according to the requirements of IFRS 9)⁵ with reference to Public Administration exposures; on the contrary, extreme weather events could lead to faster payment times and greater financial capacity, in consideration of possible greater financing 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.

The following table summarizes the above:

	Drivers	Impact 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 climatic events resulting in changes in outstanding and positions classified as default; 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 (Including ICT and Legal)	▶ Physical risk ▶ Transition risk	Group	Increased operating losses/increased costs and expenses due to 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, Supervisory Authorities)	Loss of customers and investors/ lenders, hence decrease in volumes/funding, resulting in decrease in profits caused by greenwashing or inadequate ESG rating. Possible sanctions from the SA for non-compliance	▶ Strategic risk ▶ Operational risk ▶ Liquidity risk

In relation to the second stage, depending on whether the risk considered is quantifiable or not, the Bank has adopted two strategies for the purpose of assessing exposure to ESG risk factors. Specifically:

- ▶ for non-measurable risks, activities have been initiated to integrate the self-assessment questionnaires produced by the Corporate Structures in order to identify both current and future key vulnerabilities. At the end of 2024, the methodologies related to Strategic Risk and Reputational Risk were updated, and approved by the BoD. Regarding the integration of the Risk Self-Assessment (RSA) questionnaire for Operational Risk, activities were completed during 2025 for integration into the ICAAP report;
- ▶ for quantifiable risks, the Bank has carried out quantitative estimation and classification of the Group's portfolio.

⁵ 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.

In relation to the latter, the 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 joint matrix calculates an overall expert-based risk score by combining the risk levels for individual physical factors (in the rows) and transitional factors (in the columns), reducing the scale from four categories to a three-level breakdown ("High", "Medium", "Low").

Below is a graphical representation, by way of example, of the methodology used to assess risky counterparties (debtors, assignors and depositors).

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

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

This matrix was developed in accordance with each stress exercise (phase three) and considering, depending on the potential risk assessed, a different view. Consistent with the transmission channels deemed most plausible and impactful for the Group, the following stress tests were developed as part of the ICAAP/ILAAP Report 2024:

- Credit risk: conducting a stress test consisting of applying an expert-based mechanism of downgrading the rating class of debtors considered most exposed to physical risk and transitional risk factors;
- Strategic risk: conducting a stress test applied to the value of invoices purchased from assignors, assuming a decrease in the relative outstanding due to a decline in counterparty turnover as a result of the occurrence of negative effects related to transition risk;
- Liquidity risk: conducting a stress test on liquidity collected through deposit accounts, for which a run-off scenario caused by the occurrence of events related to physical risk is assumed.

In addition, consistent with the Action Plan developed by the Bank for the purpose of alignment with Bank of Italy Expectations described above, an initial set of monitoring metrics designed to capture the Group's exposure to ESG risk factors has been identified.

Indicators were selected based on the Group's business model and the outcomes of analyses conducted in relation to both transmission channels and quantification and stress analyses. These metrics are monitored as part of the Tableau de Bord [dashboard] reporting, prepared quarterly and approved by the Board of Directors.

Finally, it should be noted that, considering the changing regulatory framework, the Bank is evaluating the necessary additions to its framework in order to align with the new regulatory expectations of the Supervisory Authorities, including the Guidelines on ESG risk management (EBA/GL/2025/01) and on ESG Scenario Analyses (EBA/GL/2025/02).

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 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 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.

Section 1 – 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 Equity: breakdown by type of enterprise

(Values in thousand euro)

Equity	Prudential consolidation	Insurance companies	Other companies	Eliminations and adjustments from consolidation	Total
1. Share capital	145,399				145,399
2. Share premium reserve	66,277				66,277
3. Reserves	459,516				459,516
3.5 Interim dividends (-)					
4. Equity instruments	150,000				150,000
5. (Treasury shares)					
6. Valuation reserves:	30,022				30,022
- 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 securities) at fair value through other comprehensive income	13,548				13,548
- Property, equipment and investment property	11,697				11,697
- Intangible assets					
- Hedges of foreign investments	(6,702)				(6,702)
- Cash flow hedges					
- Hedging instruments [undesignated elements]					
- Foreign exchange differences	5,526				5,526
- 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	322				322
- Share of valuation reserves for equity-accounted investments	4,832				4,832
- Special revaluation laws	799				799
7. Profit (+/-) for the year attributable to owners of the parent and non-controlling interests	36,951				36,951
Total	888,165				888,165

B.2 Valuation reserves of the financial assets measured at fair value through other comprehensive income: breakdown

(Values in thousand euro)

Assets/Values	Prudential consolidation		Insurance companies		Other companies		Eliminations and adjustments from consolidation		Total 12.31.2025	
	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	13,548								13,548	-
3. Loans										-
Total	13,548								13,548	-
Total 12.31.2024	5,699	-	-	-	-	-	-	-	5,699	-

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 and measured at fair value in certain financial and non-financial companies for a total amount recognized in the consolidated financial statements of approximately €21.5 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 euro)

	Debt securities	Equity securities	Loans
1. Opening balances	-	5,699	-
2. Positive changes			
2.1 Increases in fair value		8,398	
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		132	
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		417	
4. Closing balances	-	13,548	-

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, 2025, this actuarial reserve amounts to €322 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, 2025 envisages that BFF Bank S.p.A. is the parent.

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 III, as well as the effects of calendar provisioning.

Additional Tier 1 (AT1) capital includes Tier 1 instruments issued during the previous year.

In 2025 Own funds were influenced primarily by:

- ▶ the capitalization of the Group's profit of €37.0 million;
- ▶ additional deductions due to calendar provisioning of €34.5 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 euro)

ITEMS/VALUES	Total 12.31.2025	Total 12.31.2024
A. Common Equity Tier 1 (CET1) pre-application of prudential filters	733,759	722,401
of which CET1 instruments subject to transitional provisions		
B. Prudential CET1 filters (+/-)	(349)	(335)
C. CET1 gross of elements to be deducted and effects of transitional rules (A +/- B)	733,410	722,065
D. Elements to be deducted from CET1	(101,745)	(83,561)
E. Transitional period - Impact on CET1 (+/-), including non-controlling interests subject to transitional provisions		
F. Total Common Equity Tier 1 (CET1) (C - D +/- E)	631,665	638,504
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 rules		
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 capital (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)	781,665	788,504

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 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 as at December 31, 2025, in relation to its business, is adequate according to the level of capitalization and the risk profile identified.

With regard to the Banking Group, as at December 31, 2025 the CET1 is 9.9% and the Tier 1 Capital Ratio and the Total Capital Ratio are 12.3%.

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;
- ▶ operational risk, through the calculation of the "Component of the calculated activity indicator (BIC)";
- ▶ "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.

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.

In line with the Operational Risk Management framework applied, the Parent 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. Non-credit boundary operating losses referring to 2025 were significantly lower than the capital requirement for operational risk and the requirement calculated at operational level in the 2024 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.

In particular, this methodology includes the tax receivables of the trading portfolio for which the generic risk is calculated. The maturity-based and de minimis method for currency risk is used.

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.

The 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 17, 2025. 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 euro)

Categories/Values	Non-weighted amounts		Weighted amounts/ requirements	
	12.31.2025	12.31.2024	12.31.2025	12.31.2024
A. RISK ASSETS				
A.1 Credit and counterparty risk	12,038,133	11,979,560	5,666,044	4,284,007
1. Standardized methodology	12,033,029	11,974,187	5,659,958	4,277,776
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitizations	5,104	5,372	6,086	6,231
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			453,284	342,721
B.2 Credit valuation adjustment risk			879	35
B.3 Settlement risks				
B.4 Market risks			117	409
1. Standard methodology			117	409
2. Internal models				
3. Concentration risk				
B.5 Operational risk			53,897	74,009
B.6 Other calculation factors				
B.7 Total prudential requirements			508,176	417,173
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			6,352,203	5,214,662
C.2 CET 1/Risk-weighted assets (CET1 capital ratio) (%)			9.94%	12.24%
C.3 Tier 1 Capital/Risk-weighted assets (Tier 1 capital ratio) (%)			12.31%	15.12%
C.4 Total Own Funds/Risk-weighted assets (Total capital ratio) (%)			12.31%	15.12%

Part G – Business combinations of companies or business units

Section 1 – Transactions completed during the year

As at December 31, 2025 there are no extraordinary business combinations falling within the definition provided by IFRS 3 (revised).

Section 2 – Transactions after the reporting date

After the end of 2025, 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 Group in 2025, broken down by type of related party pursuant to IAS 24, and as a percentage of 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 associates. 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 Key Management Personnel (*)	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, 2025		19,044	19,044	9,969,307	0,2%	(272,752)	-7.0%
Equity investments							
At December 31, 2025		15,323	15,323	15,323	100%		
Other assets							
At December 31, 2025		639	639	675,940	0,1%	(9,571)	-6.7%
Amounts due to customers							
At December 31, 2025		(2,316)	(2,316)	(8,856,635)	0,0%	104,438	-2.2%
Provision for risks and charges: a) pensions and similar obligations							
At December 31, 2025	(1,908)		(1,908)	(6,329)	30,2%	(29,859)	6.4%
Other liabilities							
At December 31, 2025	(7,665)	(990)	(8,654)	(365,213)	2,4%	(29,859)	29.0%
Reserves							
At December 31, 2025	(1,171)		(1,171)	(459,516)	0,3%		
Impact of transactions on the consolidated income statement							
Interest and similar income							
2025		731	731	490,181	0,1%		
Interest and similar expense							
2025	-	(12)	(12)	(266,391)	0,0%		
Profits (losses) from trading activities							
2025	-	272	272	15,978	1,7%		
Administrative expenses: a) personnel expenses							
2025	(6,412)		(6,412)	(85,417)	7,5%		
Administrative expenses: b) other administrative expenses							
2025	-	(2,977)	(2,977)	(105,626)	2,8%		
Other operating income, net							
2025	-	118	118	29,526	0,4%		
Profits on equity investments							
2025	-	3,562	3,562	3,562	100%		

Notes:

(*) Including members of the Board of Directors.

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 newly issued ordinary shares of the parent or shares that have already been issued and are included in the parent'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.

As at December 31, 2025, all options granted under the plan had been exercised. As at December 31, 2025, therefore, there were no allocated, exercisable options. As at December 31, 2024, 2,000 options had been allocated and were still exercisable, as they had matured during the vesting period, representing all the options of the plan still in existence.

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 or shares that have already been issued and are included in the parent'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.

As at December 31, 2025, the number of stock options allocated and not exercised was 1,260,000, of which 1,000,000 vested and exercisable. As at December 31, 2024, the number of stock options allocated and not exercised was 2,763,450, of which 2,485,450 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 and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

As reported in the note as at December 31, 2024, only two of the three tranches had been allocated. As at December 31, 2025, the number of options allocated and not yet exercised amounted to 6,659,000 (of which 2,968,500 planned as equity-settled and cash-less and 3,690,500 cash-settled/phantom shares). As at December 31, 2024, 7,404,400 options had been allocated (of which 3,246,500 equity-settled and cash-less and 4,175,500 cash-settled/phantom shares), none of which yet exercisable.

BFF Banking Group 2025 Long-Term Incentive Plan

On April 17, 2025, the Ordinary Shareholders' Meeting approved a new "2025 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 12,000,000 options divided into three tranches assignable by December 31, 2027. 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 and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

As at December 31, 2025, one of the three planned tranches for a total of 7,664,000 options had been allocated (of which 2,445,500 planned as equity-settled and cash-less and 5,218,500 cash-settled/phantom shares), none of which yet exercisable.

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 2025 (amounts in thousand euro)	FL	SS	PAYM.	CC	Total
Net interest income	140,859	6,253	6,708	69,969	223,790
<i>Of which non-recurring</i>	(24,742)	-	-	-	(24,742)
Net fee and commission income (expense)	2,450	26,940	57,843	(868)	86,364
Dividends and similar income	-	-	-	17,088	17,088
Net profit/loss from trading activities	22,932	-	-	(6,954)	15,978
Gains/losses on disposal or repurchase of financial assets measured at amortized cost:	-	-	-	10,455	10,455
Profits (losses) on financial assets and liabilities measured at fair value through profit or loss	615	-	-	(7,228)	(6,613)
Total income	166,856	33,193	64,551	82,462	347,063
Net impairment losses/gains for credit risk associated with: financial assets measured at amortized cost	(104,821)	520	-	(242)	(104,544)
<i>Of which non-recurring</i>	(91,709)	-	-	-	(91,709)
Net income from banking activities	62,035	33,713	64,551	82,221	242,519
Net income from banking and insurance activities	62,035	33,713	64,551	82,221	242,519
Administrative expenses	(52,628)	(22,085)	(35,632)	(80,698)	(191,044)
<i>Of which non-recurring</i>	(2,915)	(500)	(321)	(7,298)	(11,035)
Other net provisions	(25,281)	-	56	285	(24,940)
<i>Of which non-recurring</i>	(15,434)	-	-	-	(15,434)
Depreciation/amortization and impairment losses on property, equipment and investment property/intangible assets	(2,299)	(3,257)	(3,334)	(8,624)	(17,514)
<i>Of which non-recurring</i>		(1,206)	(1,493)		(2,699)
Other operating income (expenses), net	17,596	501	11,738	(309)	29,526
<i>Of which non-recurring</i>	-	-	-	(423)	(423)
Operating costs	(62,612)	(24,842)	(27,172)	(89,345)	(203,971)
Profits (losses) on equity investments	507	-	-	3,054	3,562
Profit (loss) before tax from continuing operations	(70)	8,871	37,379	(4,071)	42,110
<i>Of which non-recurring</i>	(134,800)	(1,706)	(1,815)	(7,720)	(146,041)

ADJUSTED financial year 2024 (*) (amounts in thousand euro)	FL	SS	PAYM.	CC	Total
Net interest income	277,095	5,364	10,631	70,211	363,301
<i>Of which non-recurring</i>	112,113				112,113
Net fee and commission income (expense)	3,073	24,486	55,720	(1,181)	82,098
Dividends and similar income				19,844	19,844
Net profit/loss from trading activities	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	295,715	29,850	66,350	78,123	469,449
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	289,715	29,611	66,350	78,200	463,878
Net income from banking and insurance activities	289,715	29,611	66,350	78,200	463,878
Administrative expenses	(49,037)	(21,040)	(34,857)	(84,759)	(189,694)
<i>Of which non-recurring</i>	(2,809)	(231)	(151)	(9,433)	(12,625)
Other net provisions	(19,873)	172	(182)		(19,884)
<i>Of which non-recurring</i>	(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)
<i>Of which non-recurring</i>		(1,206)	(1,493)		(2,699)
Other operating income (expenses), net	49,274	(2,291)	11,459	1,911	60,353
<i>Of which non-recurring</i>	25,727			(2,996)	22,731
Operating costs	(21,326)	(25,481)	(26,557)	(89,714)	(163,078)
Profits (losses) on equity investments	478			1,945	2,424
Gains (losses) on disposal of investments				3,954	3,954
<i>Of which non-recurring</i>				3,954	3,954
Profit (loss) before tax from continuing operations	268,867	4,130	39,793	(5,614)	307,178
<i>Of which non-recurring</i>	118,831	(1,437)	(1,644)	(8,475)	107,274

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

The main KPIs monitored by the group by geographical area are shown below

<i>Turnover purchased/Financing provided in the year and Loans and receivables with customers</i>	2025	2024 (**)
Loans and receivables with customers (*)	5,821	5,859
Italy	3,487	3,655
Spain	446	492
Poland	1,102	983
Slovakia	236	224
Portugal	208	229
Greece	205	217
France	135	58
Czech Republic	1	2
Acquired turnover/Loans disbursed during the year	8,900	8,466
Italy	4,598	4,367
Spain	1,900	2,224
Poland	1,345	964
Slovakia	41	22
Portugal	482	542
Greece	258	235
France	275	108
Czech Republic	2	4

(*) Loans and receivables with customers include Ecobonus tax assets amounting to €427.6 million (€463.6 million as at December 31, 2024) classified under the Statement of financial position item "Other assets".

(**) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Securities Services BU

Managed amounts and deposits	2025	2024
Custodian Bank (AuD, €M)	83,539	73,963
Global Custody (AuC, €M)	135,113	125,641
Deposits - Final Balance (€M)	3,855	3,126

Payments BU

Transactions made and deposits	2025	2024
Transactions (no. trans. million)	915	908
Deposits - Final Balance (€M)	2,703	2,598

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 are 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 statement of financial position 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, equipment and investment property” at first- time adoption and at December 31, 2025 are shown below.

(Values in thousand euro)

	Right-of-use assets 12.31.2025	Right-of-use assets 12.31.2024
BFF Bank	4,099	3,025
BFF Finance Iberia	1,444	338
BFF Polska Group	1,834	1,851
BFF Techlab	171	121
Total BFF Banking Group	7,548	5,335

The increase compared to December 2024 is mainly due to the renewal of the lease contract of the Spanish subsidiary.

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 euro)

	Total 12.31.2025	Total 12.31.2024
Time periods	Lease payments to be received	Lease payments to be received
Up to 1 year	1	126
More than 1 year to 2 years	-	41
More than 2 years to 3 years	-	-
More than 3 years to 4 years	-	-
More than 4 years to 5 years	-	-
Over 5 years	-	-
Total lease payments to be received	1	167
RECONCILIATION WITH FINANCING ACTIVITIES		
Financial gains not yet accrued (-)	-	(8)
Unguaranteed residual value (-)	-	-
Loans for leases	1	159

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 2025 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.

Type of services	BFF Bank S.p.A.				Group Companies			
	KPMG S.p.A.		Rete KPMG S.p.A.		KPMG S.p.A.		Rete KPMG S.p.A.	
	Italy	Outside Italy	Italy	Outside Italy	Italy	Outside Italy	Italy	Outside Italy
Statutory audit	196	16		132	56			429
Attestation services (*)	79			19				
Other services (**)	213		70					
	488	16	70	151	56	-	-	429

(*) Amounts refer to comfort letters issued for the purposes of bond issues and to the attestations regarding the Consolidated Sustainability Statement.

(**) The amounts refer to agreed audit procedures.



Annexes





Certification by the Financial Reporting Officer

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

- Giuseppe Sica, 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 2025 Consolidated Financial Statements.

2) The suitability and effective application of the administrative and accounting process employed to draw up the 2025 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 Treadway Commission (COSO)* of the reference standards for the internal audit system generally accepted on an international level.

In this regard, the following key points have emerged

- In view of the events affecting BFF Bank in the fourth quarter of 2025, relating to the effects attributable to the incorrect recording of certain collections for the period 2019–June 2023, which resulted in the necessity to perform a restatement of the previously approved financial statements in accordance with IAS 8, it should be noted, however, that the Bank took prompt action to initiate a review of the existing regulatory and procedural framework and of the organisational, administrative and accounting structure, as well as the related control activities, with a view to further strengthening the Internal Control System. In particular, with regard to the collections received in 2025 financial year, the Financial Reporting Officer carried out specific checks with a targeted focus on ancillary items.

3) Moreover, the undersigned hereby certify that:

3.1 the 2025 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 the Group is exposed. The Report on Operations includes, moreover, a reliable analysis of the information concerning major transactions with related parties.

Milan, 30 April 2026

Giuseppe Sica

Chief Executive Officer
Giuseppe Sica

Giuseppe Manno

Financial Reporting Officer

Giuseppe Manno

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

- Giuseppe Sica, 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, 30 April 2026

Giuseppe Sica

Chief Executive Officer
Giuseppe Sica

Giuseppe Manno

Financial Reporting Officer

Giuseppe Manno



Independent Auditors' Report



KPMG S.p.A.
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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 2025, 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 2025 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 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 opinion.

Material uncertainty about going concern

We draw attention to that disclosed by the directors in the "Part A - Accounting policies: Section 2 - Basis of presentation - Disclosure regarding the going concern assumption" section of the notes to the consolidated financial statements about events and circumstances that indicate that there is a material uncertainty which would cast significant doubts about the group's ability to continue as a going concern.

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di diritto italiano
e fa parte del network KPMG
di entità indipendenti affiliate a
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BFF Banking Group
Independent auditors' report
31 December 2025

Obtaining sufficient appropriate audit evidence to support the directors' assessment of the appropriateness of the going concern basis of accounting was a key audit matter.

Our audit procedures on the going concern assumption included:

- understanding and analysing the process and models used by the directors to assess the group's ability to continue as a going concern, including the directors' use of work performed by external experts;
- understanding and assessing the reasonableness of the key assumptions underpinning the updated 2026-2028 financial projections, the capital conservation plan, the recovery plan and AMD and the related stress-testing scenarios, including by involving our specialists;
- analysing the minutes of the board of directors', board of statutory auditors' and control and risks committee's meetings;
- analysing the events after the reporting date to gather useful information for the assessment of the going concern assumption;
- assessing the appropriateness of the disclosures about going concern.

Our opinion is not qualified in this respect.

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.

In addition to that described in the "Material uncertainty about going concern" section, we have identified the following key audit matters to report herein:

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.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 - Information on the 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 directors 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	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



BFF Banking Group

Independent auditors' report

31 December 2025

Key audit matter	Audit procedures addressing the key audit matter
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. 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.	the main assumptions and variables included therein, including by involving our specialists; - checking, on a sample basis, the accuracy of the accounting records; - assessing the appropriateness of the disclosures about late payment interest.

Recognition of 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 the parent's 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 parent'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.	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, including by involving our specialists; - 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).



BFF Banking Group

Independent auditors' report

31 December 2025

Key audit matter	Audit procedures addressing the key audit matter
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.	

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 - Information on 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 2025 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 di BFF Techlab S.r.l., respectively, the latter carried out in 2022. 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 €13.7 million in the consolidated financial statements at 31 December 2025. 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 an 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 an indefinite useful life are allocated to their recoverable amount.	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 adopted by the parent's directors; - 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' recoverable amount. Our assessment included checking the consistency of the method adopted to measure goodwill with that used in previous years and comparing the key assumptions used to the information acquired externally, where available, including by involving our specialists; - assessing the key assumptions used by the directors to apply the market multiples method, including by involving our specialists;



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31 December 2025

Key audit matter	Audit procedures addressing the key audit matter
They estimated the recoverable amount as the higher of value in use and fair value less costs to sell. 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. - the fair value, measured using the market multiples method. For the above reasons, we believe that the measurement of intangible assets with finite and indefinite useful lives is a key audit matter.	- 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.

Adjustment to prior-year balances in accordance with IAS 8

Notes to the consolidated financial statements "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)"

Key audit matter	Audit procedures addressing the key audit matter
In 2025, the directors identified an error in the recognition of cash inflows relating to the parent's Italian factoring business, principally affecting the period from 2019 to June 2023. Specifically, analysis carried out by the internal audit function, with assistance from external experts, found that amounts collected from debtors in respect of receivables' principal had been incorrectly recorded, via reversals and subsequent reclassifications, as additional interest income, resulting in an overstatement of revenue and the tax expense. The correction of this prior period error, accounted for in accordance with IAS 8, resulted in a cumulative decrease of €15.1 million in opening equity at 1 January 2025. The parent also carried out further accounting analyses, including statistical sampling using Monetary Unit Sampling (MUS), which identified additional errors, reducing opening equity at 1 January 2025 by €2.5 million. Therefore, in aggregate, the IAS 8 restatements decreased the parent's opening equity at 1 January 2025 by €17.6 million. The parent has restated the 2024 comparative information. Given the complexity of the matter and the associated accounting impact, we believe that the adjustment to prior-year balances in accordance with IAS 8 is a key audit matter.	Our audit procedures included: - assessing the directors' consideration of the potential implications of the adjustment to prior-year balances for the consolidated financial statements, including effects on accounting estimates and the related disclosures; - holding meetings with internal bodies and external experts engaged to conduct independent investigations to understand the progress and findings of their work, including by involving our specialists; - assessing the methods, assumptions and data underpinning the statistical sampling methodology to evaluate its appropriateness, having regard to the applicable financial reporting framework and, where relevant, to conditions and events existing at the date of assessment; - analysing the minutes of the board of directors', board of statutory auditors' and control and risks committee's meetings; - sending legal confirmation requests to the parent's external legal advisers; - analysing the events after the reporting date that could affect the measurement or quantification of the adjustment to prior-year balances;



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Key audit matter	Audit procedures addressing the key audit matter
	assessing the appropriateness of the disclosures about adjustment to prior-year balances in accordance with IAS 8.

Responsibilities of the parent's directors and the 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 as 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 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;
- 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;



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- 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.



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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 2025 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 2025 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 2025 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 compliance 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 2025.

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.



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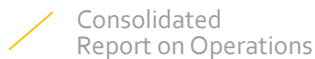
Our opinion on compliance with the applicable law does not extend to the report on operations' section which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 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, 15 May 2026

KPMG S.p.A.

(signed on the original)

Simone Archinti
Director of Audit



Independent Auditors's Limited Assurance Report on the Consolidated Sustainability Statement



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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 2025 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 report on operations (the "consolidated sustainability statement"). Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the group's 2025 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 from 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 that standard 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.

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e fa parte del network KPMG
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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.

Emphasis of matter

We draw attention to that disclosed by the directors in the "Material impacts, risks and opportunities resulting from the materiality assessment" paragraph of the "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" section about events and circumstances that indicate that there is a material uncertainty which would cast significant doubts about the group's ability to continue as a going concern.

Our conclusion set out herein is unqualified with respect to that matter.

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 "Management of impacts, risks and opportunities" 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 from 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.



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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 value chain Scope 3 emissions information.

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 address 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;



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- defined and assessed material IROs by analysing the qualitative and quantitative materiality thresholds it determined;
- 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 risks 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;
 - 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, 15 May 2026

KPMG S.p.A.

(signed on the original)

Simone Archinti
Director of Audit



2025

Draft Financial Statements and Report





Financial Statements
and Report

Report on Operations
of BFF Bank S.p.A.

Separate Financial
Statements and Notes

Annexes



Report on Operations of BFF Bank S.p.A.

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Operating performance

KEY HIGHLIGHTS

Operating performance

- ▶ Adjusted Profit for 2025 equal to €86.7m (-2% year-on-year). Adjusted ROE¹ of approximately 18%. Accounting Profit of €27.6 million.
- ▶ F&L Loan Portfolio amounted to €4.0 billion (decreasing slightly year-on-year) and F&L Volumes to €5.6 billion (+7% year-on-year).
- ▶ Solid level of liquidity with a 73% Credit/Deposit Ratio, with deposits from the Transaction Services department increasing by €0.8 billion, +15% year-on-year.
- ▶ Implementation of actions for de-risking the factoring portfolio, also aimed at a potential securitization transaction.

Past due

- ▶ Application of the reclassification for prudential purposes of the Loan Portfolio, with the consequent generation, as at December 31, 2025, of Incremental Past Dues for €528 million and additional RWA for €657 million. For more details, please refer to the "Focus on the main phenomena affecting the financial statements as at December 31, 2025", section 4 "Other Aspects" of Part A "Accounting Policies" of the Notes to the separate financial statements.

Other significant information

- ▶ CET1 ratio at 8.2% (8.9% at December 31, 2024), TIER 1 equal to 10.8% (11.5% in 2024), above the minimum requirements required by the Regulator, equal to 7.8% and 9.3% respectively. The Total Capital Ratio SREP (TCR) equal to 10.8% (compared to 11.5% in 2024) is, on the other hand, below the minimum requirement required by the Regulator of 11.3%. The reduction is mainly due to the increase in RWAs described above.
- ▶ Mark to market of the portfolio of floating-rate bonds amounting to €95 million.
- ▶ Presentation of the new strategic plan in the second half of 2026.

¹ Adjusted net profit/CET1.

MAIN ITEMS IN THE INCOME STATEMENT

Normalized Income Statement ²	2024	2025	%
Factoring & Lending Revenue	259,3 (*)	224,8	-13%
Payments Revenue	67,2	69,6	4%
Securities Services Revenue	24,7	27,4	11%
Other revenue	351,1	265,3	-24%
of which HTC Securities Portfolio	192,3	129,5	-33%
Total Revenue	702,2	587,1	-16%
Cost of money ³	(392,2)	(275,0)	-30%
Total Net Revenue	310,0(*)	312,0	1%
Operating costs incl. depreciation, amortization and net impairment losses on property, equipment and investment property and intangible assets	(172,5)	(175,3)	2%
Cost/income ratio (%)	56%	56%	0 bps
Net impairment losses/gains for credit risk	(6,0)	(18,2)	202%
Normalized pre-tax profit	131,5	118,5	-10%
of which F&L	80,6	68,7	-15%
of which Payments	41,4	39,2	-5%
of which Securities Services	5,6	10,6	90%
of which Corporate Center	3,9	0,1	-99%
Normalized profit for the year	88,8	86,7	-2%
UReported profit for the year⁴	163,9	27,6	-83%

(*) The revenues and the normalized profit of the F&L BU do not include the impact of the restatement amounting to €5.3 million and €3.7 million, respectively.

² 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.

³ Including the profit on trading in derivatives used to hedge exposures to interest rates and currencies.

⁴ The reported profit for the year includes some non-recurring items. In 2025, these items referred to provisions relating to adverse legal rulings on receivables due from the Italian public sector for €71.9 million, the extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days for €13.4 million, the cost of stock options and stock grants for €4.4 million, the amortization of customer contracts for €1.8 million, the penalty imposed by Bankit following the inspection concluded in 2024 for €1.5 million, the dividend received from the subsidiary BFF Iberia for €39.4 million and other non-recurring costs for €5.4 million. In 2024, these items referred to: the change in asset values, including the change relating to late payment interest and the flat-rate compensation for debt collection (so-called "40 euros") for (€92.3) million, the cost of stock options for €4.0 million, the amortization of customer contracts amounting to €1.9 million, and other non-recurring costs for €11.3 million.

During 2025, the Bank continued to focus on consolidating and developing its core businesses, offering new products and services and boosting its role as a "second-tier bank".

With regard to funding, the Bank's 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 - which has grown by 15% year-on-year - and by the online deposit account, collected since the end of June also in Greece.

In 2025, total net revenue increased by 1%, showing an improvement in margins despite a lower contribution from the corporate center.

The normalized profit before tax show a 10% decrease compared to the same period in 2024, due to the lower contribution from the Payments BU (-5%), F&L BU(-15%), and Corporate Center (-99%), partially offset by the performance of the Security Services BU (+90%).

The normalized profit decreased by 2% compared to 2024. The accounting profit of €27.6 million decreased by 83% year-on-year. This decrease is mainly attributable to the fact that in 2025 the extension of the expected times for collecting late payment interest from 2,100 to 2,400 days and the provisions relating to adverse legal rulings on receivables due from the Italian public sector led to the recognition of non-recurring costs for €85.4 million, whereas in 2024 the profit was affected by the non-recurring positive impact, equal to €92.3 million, relating to the change in value of assets, including those relative to late payment interest and the flat-rate compensation for debt collection (so-called "40 euros").

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.

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 €27.6 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 as at December 31, 2025, the Bank's normalized profit would stand at €86.7 million, down by 2% compared to the same period of the previous year.

The main elements affecting the normalized performance of the Bank can be summarized as follows:

- ▶ Net revenue of the F&L BU amounting to €119.4 million increased by 3% compared to the previous year (€115.8 million), mainly due to a smaller reduction in the average rate of return on loans, compared to the ECB/MRO benchmark rates (4.25% in 2024 and 2.15% in 2025), due to the improvement in the spread, which increased from 3.26% in 2024 to 4.38% in 2025. In addition, during 2025, rescheduling⁵ amounted to -€29.9 million (-€20.8 million in 2024), and capital gains, up compared to the same period of the previous year, amounted to €19.8 million (€17.2 million in 2024). As a result, the range of "rescheduling/gains" on late payment interest collected was -€10.1 million in 2025 compared to €-3.6 million in 2024;
- ▶ The pre-tax profit of the Payments BU is 5% lower than 2024 due to internal transfer pricing which, with constant volumes, was affected by the fall in rates on the bankers' drafts component. The pre-tax profit of the Securities Services BU increased by 90% compared to 2024 thanks to the increase in assets under deposit and a different allocation of assets by customers;
- ▶ The cost/income ratio stood at 56%, stable compared to 2024 (56%), despite the higher costs faced in order to support business growth and implement initiatives to improve the Bank's IT processes and architecture.

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

Adjustments - €m	2024(*)	2025	YoY %
BFF - Reported profit	163,9	27,6	-83%
Provisions relating to adverse legal rulings on receivables due from the Italian public sector		71,9	
Extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days		13,4	
Stock Options & Stock Grants	4,0	4,4	
Amortization of DEPObank's "customer contracts"	1,9	1,8	
Changes in asset values, including those relating to late payment interest and the flat-rate compensation for debt collection ("40 euros") ⁶	(92,3)		
Administrative fine received from the Bank of Italy		1,5	
Intercompany dividend		(39,4)	
Other non-recurring items ⁷	11,3	5,4	
BFF - Normalized profit	88,8	86,7	-2%

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 2025 and 2024.

⁵ Rescheduling will be recognized as revenue in subsequent quarters.

⁶ Includes the effect of tax credit rescheduling under Article 4-bis of Decree Law No. 39 of March 29, 2024.

⁷ The item other non-recurring items for 2024 includes an extraordinary provision (€11.7 million) for risks for legal actions against debtors with assignors in extraordinary proceedings.

STATEMENT OF FINANCIAL POSITION

Regarding the Statement of Financial Position, during 2025 BFF 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 remained mainly stable at €4.0 billion compared to 2024.

The HTC securities portfolio amounted to €4.5 billion (€4.6 billion as at 31 December 2024); the mark to market of the HTC variable rate portfolio amounted to €95 million.

Liquidity was in line with the size of the loan portfolio, with a Loan-to-Deposit ratio at 73%.

The Transaction Services department, with its Securities Services and Payments BUs, raised approximately €6.6 billion, an increase of 15% compared to €5.7 billion as at 31 December 2024. The increased funding of the Transaction Services department allowed a reduction in online deposits, -54%, compared to the same period of the previous year.

Statement of Financial Position	12.31.2024 ⁸	12.31.2025	% change
Assets			
Loan portfolio	5,766	5,698	-1%
Government securities (HTC)	4,595	4,547	-1%
Intangible assets	44	35	-20%
Other assets ⁹	1,512	1,740	15%
Total Assets	11,917	12,020	1%
Liabilities and equity			
Deposits Transaction Services	5,724	6,557	15%
Online deposits ¹⁰	2,763	1,258	-54%
Repos	1,564	2,350	50%
Bonds and other liabilities	1,141	1,112	-3%
Equity	726	744	2%
Total liabilities and equity	11,917	12,020	1%
Ratio			
Loan / deposit ratio (%)	68%	73%	
Leverage ratio (%)	5.3%	5.4%	
Off-statement of financial position Reserves			
	469	549	17%

8 The December 31, 2024 balances have been restated considering the changes made in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors). For details of the impacts on the various items of the statement of financial position, please refer to the section 'Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)' in the notes to the separate financial statements.

9 This item includes deposits with the European Central Bank, tax assets, repos (€595 million in 2025), equity investments and other assets.

10 Online deposits in equity amounted to €362 million.

11 Including "man" tax assets for €158.7 million according to the HTC Business Model (€251.6 million as at December 31, 2024) and €270.0 million according to the Trading Business Model (€212.0 million as at December 31, 2024), recognized under Other Assets in the Statement of Financial Position, and "on statement of financial position" provisions relating to late payment interest and the flat-rate compensation for debt collection (so-called "40 euros") for €716 million (€660 million as at December 31, 2024).

12 The December 31, 2024 balances have been restated considering the changes made in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors). In particular, Italy's loan portfolio decreased by approximately €19.7 million. For details of the impacts on the various items of the statement of financial position, please refer to the section "Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)" in the notes to the consolidated financial statements.

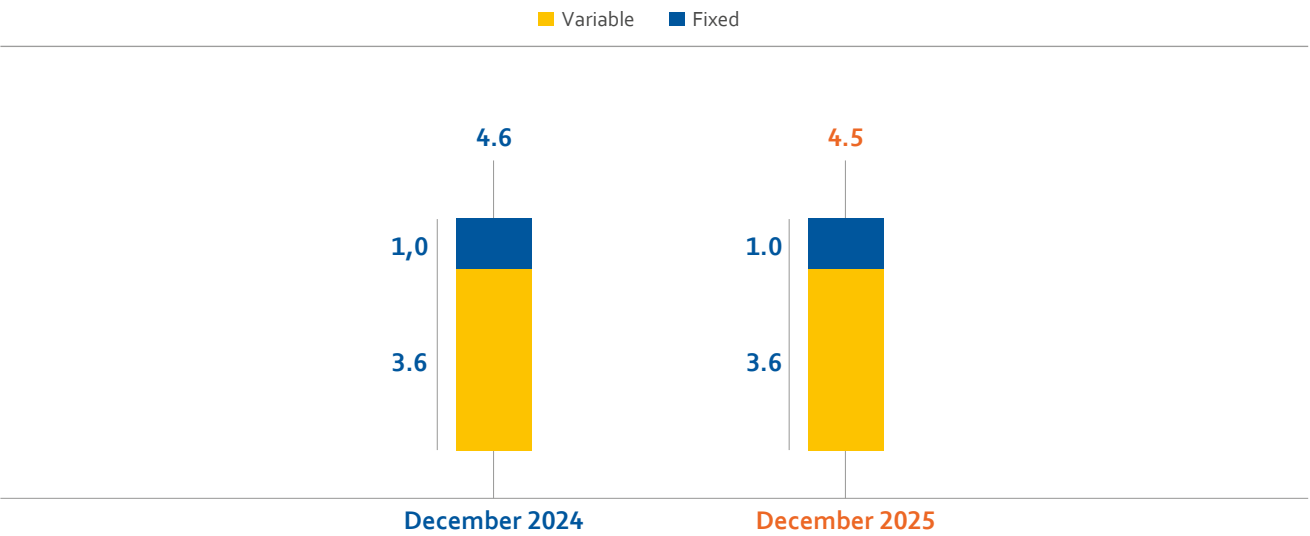
Lending

The Factoring & Lending Loan Portfolio was €4.1 billion, stable compared to December 2024. International markets now account for around 14% of total loans to customers.

Loan Portfolio (€ m) ¹¹	12.31.2024	12.131.2025
Italy ¹²	3,655	3,487
Portugal	229	208
Greece	217	205
France	58	135
Total	4,158	4,036

The Government bonds portfolio reached 4.5 billion (4.6 billion as at December 31, 2024). It should be noted that the mark-to-market of the variable bond portfolio is equal to €95 million, with the current yield on fixed-rate bonds equal to 0.59%. During 2025, BFF sold some securities in the HTC portfolio, realizing a capital gain of €10.4 million.

HTC securities portfolio (€ mld)



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 €2,028.1 million at December 31, 2025 compared to €1,628.1 million at December 31, 2024.

In line with the disclosure provided in the financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

Non-Performing exposures, whose overall gross amount was €2,131.0 million at December 31, 2025 with impairment losses totaling €102.9 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, 2025, the total non-performing loans of the Bank, net of impairment, amounted to €90.3 million. Among these non-performing exposures, €88.5 million (98.1% 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 €109.4 million (€95.8 million as at December 31, 2024) and related adjustments amounted to €19.1 million (€2.0 million as at December 31, 2024).

Please note that, as for the exposures to Local Authorities (Municipalities and Provincial Governments), 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 (ECHR) has issued multiple rulings over time, sanctioning the responsibility of the state for the failure of public bodies to fulfill their obligation to pay claims subject to final judicial orders and the related right of the creditor entity to obtain payment of the relevant sums, even pending financial distress proceedings. Specifically, as a result of 4 appeals filed by the Bank, two orders were issued in the year 2025 (dated January 21, 2025 and May 28, 2025, respectively) confirming the aforementioned principle of law, and the Italian state to ensure, within three months of the date of the ruling, the enforcement of the pending domestic judicial orders by appropriate means, and also awarding further amounts for moral damages and legal fees.

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 carried out 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, 2025, gross exposures classified as unlikely to pay amounted to €4.8 million (€4.3 million as at December 31, 2024) and related adjustments amounted to €1.9 million (€1.8 million as at December 31, 2024) for a net amount of €2.9 million (€2.5 million as at December 31, 2024).

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, 2025, net past due exposures amounted to a total of €1,934.9 million (€1,531.8 million as at December 31, 2024). Gross exposures amounted to €2,016.9 million and relevant adjustments amounted to around €81.9 million. 95.9% of these exposures relate to public counterparties.

Compared with December 31, 2024, the following trends were observed:

- ▶ a 44% reduction in past-due exposures;
- ▶ a decrease of €70 million in contaminating invoices (contagion-triggering invoices)
- ▶ new past-due exposures were almost entirely attributable to the contagion effect;
- ▶ the reduction in past-due exposures was supported by the cure period and does not take into account a potential securitisation transaction, which is not included in the 2026 financial targets.

(values in thousand euro)

Type	12.31.2024 (*)			12.31.2025		
	Gross amount	Impairment losses	Net value	Gross amount	Impairment losses	Net value
Impaired exposures purchased as performing (Stage 3)	1,630,810	(5,810)	1,625,000	2,127,884	(102,486)	2,025,397
Impaired exposures purchased as non-performing (Stage 3)	3,192	(197)	2,996	3,090	(415)	2,675
Performing exposures (Stage 1 and 2)	3,509,560	(1,447)	3,508,113	3,056,187	(7,487)	3,048,700
Total	5,143,562	(7,454)	5,136,109	5,187,161	(110,389)	5,076,773

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 two Social senior unsecured-preferred bond issues, each for the nominal amount of €300 million, both issued during 2024 and maturing on March 20, 2029 and March 30, 2028, respectively and 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 €6.6 billion compared to €5.7 billion as at December 31, 2024. The Securities Services BU increased its funding by approximately €0.7 billion (€3.9 billion as at December 31, 2025 and €3.1 billion as at December 31, 2024), thanks to a different allocation of customer assets and increase in AUD (Assets under Deposit). The Payments BU recorded an increase of approximately €0.1 billion (from €2.6 billion as at December 31, 2024 to €2.7 billion as at December 31, 2025).

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, in Poland with Lokata Facto and finally in Greece with Facto Prothesmiaki.

As at December 31, 2025, inflows from Facto platform activities in the geographic segments indicated above totaled a nominal €1.3 billion, a reduction compared to December 31, 2024 in light of the increase in other forms of financing.

The nominal value of outstanding bond issues as at December 31, 2025 was €750 million in total (related to the AT1 issue and the two Social Senior Preferred bond issues) unchanged compared to December 31, 2024.

Repos amounted to €2.4 billion as at December 31, 2025, an increase compared to the figure recorded as at December 31, 2024. Reverse repos as at December 31, 2025 amounted to €595 million (€460 million as at December 31, 2024).

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 Ratiosi

Equity as at December 31, 2025 amounted to €743.6 million, while BFF's own funds as at the same date amounted to €640.8 million, including 150 million of Additional Tier 1 unsecured and rated subordinated bonds placed on January 19, 2022. During 2025, the Bank paid accrued interest on the AT1 loan totaling €8.8 million.

The supervisory capital ratios CET1, Tier 1 Capital Ratio and Total Capital Ratio, which include the profit for 2025, equal to €27.6 million, come to 8.2% (8.9% in 2024), 10.8% (11.5% in 2024) and 10.8% (11.5% in 2024), respectively.

The CET1 and Tier1 capital ratios are higher than the minimum requirements required by the Regulator, equal to 7.8% for the CET1 SREP ratio and 9.3% for Tier1. On the other hand, the Total Capital Ratio is lower than the minimum required by the Regulator equal to 11.3%. The decrease in all capital ratios is due to the increase in past due exposures as a result of the new portfolio classification, as previously described, and despite the capitalization of profits for the year. However, the Bank believes its capital ratios will already return to above the regulatory limits in 2026, through the implementation of short and medium-term initiatives that are the basis for the assumptions of its assessments carried out on the business as a going concern (for details, please refer to the section "Disclosure regarding the going concern assumption"). The Leverage indicator is equal to 5.1%, down on the previous year.

Finally, it should be noted that on September 19, 2025, the Bank of Italy, as Resolution Authority, adopted the 2024 Resolution Plan for the BFF Banking Group, confirming resolution as the crisis management strategy for the BFF Bank Group and defining MREL requirements, which are found to be met.

	BFF BANK	
	12.31.2024	12.31.2025
Own Funds	658.9	640.8
CET1 Capital Ratio	8.9%	8.2%
Tier 1 Capital Ratio	11.5%	10.8%
Total Capital Ratio	11.5%	10.8%

Bonds and Rating

Please refer to the section "Bonds and Ratings" in the Group’s Report on Operations.

Share performance

Please refer to the section "Share performance" in the Group’s Report on Operations.

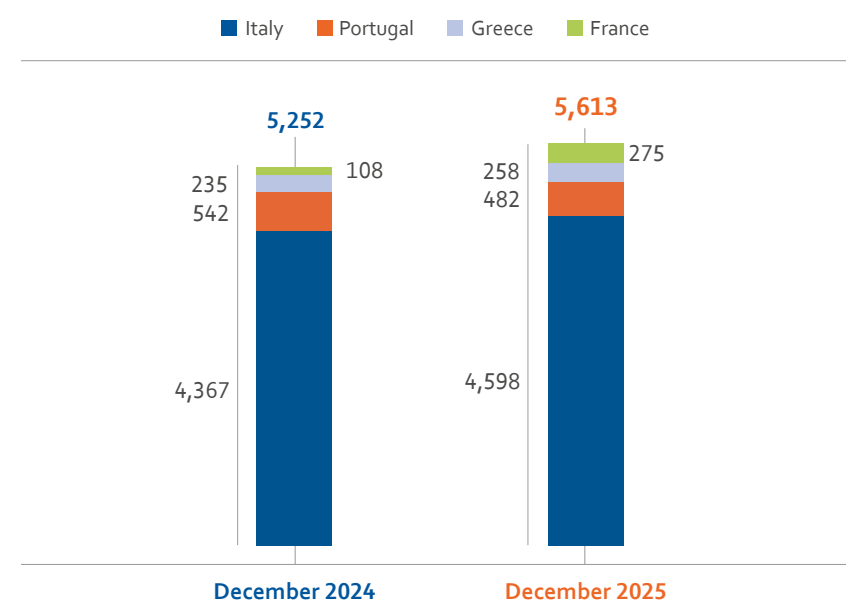
BU Factoring & Lending – Main KPIs and Economic Results

The Factoring & Lending BU carries out its lending activities 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 €4.0 billion as at December 31, 2025, down slightly compared to December 31, 2024 (€4.2 billion). The volumes of loans purchased and disbursed increased by 7% compared to the previous year (€5,613 million as at December 31, 2025 compared to €5,252 million as at December 31, 2024). In particular, the positive performance of Italy and Greece was confirmed, partially offset by the reduction in volumes in Portugal. Volumes in France, an important country with significant growth potential, increased by 155%.

VOLUMES



The DSOs recorded by BFF on third-party factoring and credit management activity, compared to December 31, 2024, remained stable except for Portugal and Greece, where they decreased due to liquidity injections by governments.

In France, the increase recorded can be attributed mainly to the increase in purchases made during the period (+346% compared to the same period of the previous year).

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

	12.31.2024	12.31.2025
Italy	183	177
Portugal	121	105
Greece	300	231
France	182	293

The provision for late payment interest and the provision for the flat-rate compensation for debt collection (so-called '40 euros') amounted to €1,043 million and €225 million, respectively, and in total were up 12% 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, 2025 and December 31, 2024.

	12.31.2024	12.31.2025
Provision for late payment interest	914	1,043
Lump-sum indemnity provision	215	225
Provision for late payment interest not transferred to the income statement	394	474
Lump-sum indemnity provision not transferred to the income statement	75	78

Net revenue of the F&L BU amounting to €119.4 million increased by 3% compared to the same period of the previous year (€115.8 million), due to a smaller reduction in the average rate of return on loans, compared to the ECB/MRO benchmark rates (4.25% in 2024 and 2.15% in 2025), due to the improvement in the spread, which increased from 3.26% in 2024 to 4.38% in 2025. In addition, during 2025, rescheduling amounted to -€29.9 million (-€20.8 million in 2024), and capital gains, up compared to the same period of the previous year, amounted to €19.8 million (€17.2 million in 2024). As a result, the range of "rescheduling/gains" on late payment interest collected was -€10.1 million in 2025 compared to -€3.6 million in 2024.

Normalized other operating expenses and income, included in Other Revenue, include the economic impacts deriving from the flat-rate compensation for debt collection ("40 euros") which in the course of 2025 led to an impact of €9.7 million, down from €11.4 million in 2024, essentially due to a different mix of volumes in Italy.

	12.31.2024	12.31.2025
Interest income	240.4	209.5
of which "rescheduling/gains" spread	(3.6)	(10.1)
Other Revenue (including other operating expenses and income)	18.9	15.3
Total revenue	259.3	224.8
Total net revenue	115.8	119.4

BU Securities Services - Main KPIs and Economic Results

The Securities Services BU is the business unit that handles custodian banking services for investment funds and Social Security Institutions and related activities such as global custody, fund accounting and transfer agents, addressing asset managers, pension funds, mutual funds, alternative funds, banks and other financial institutions (i.e. SIMs), with a focus on the domestic market.

In 2025, Fund Services recorded an increase in assets under management thanks to commercial actions within the area of Alternative Investment Funds (AIFs) and good market conditions, and the positive performance of net inflows of Mutual Funds and Pension Funds.

However, growth has been limited so far by the non-publication of the Investment Regulation of Pension Funds, which, among other things, would introduce the requirement for Privatized Social Security Institutions to have a custodian bank. A further area of development is Health Care Funds increasingly interested in custodian bank services, despite the absence of regulatory requirements, but inclined to favor a banking operator, such as BFF, focused on efficient cash remuneration and payment management. The Fund Services area was adversely affected by the bans imposed by the Regulator: several business initiatives, although already planned, have in fact been postponed or put on stand-by by customers.

In the supplementary pension sector, BFF holds first place by market share in terms of the number of pension fund customers served in custodian banking activities.

This leadership is consolidated through the provision of value-added services, including the portfolio reporting application, Look Through, ESG, and, most importantly, the NAV calculation service. BFF is the only operator to provide this service not only for open pension funds, but also for closed occupational pension funds and pre-existing pension funds, standing out in the national panorama for the completeness and innovation of its offering.

Regarding Global Custody, the good results recorded in 2025 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 Issuing and Paying Agent, Account and Custodian Bank services to Corporate customers, including foreign ones and iii) seizing opportunities also deriving from regulatory measures, such as SHID II, Emir Refit, ECMS, CSRD 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 revenue during the year.

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

The Custodian's Assets under Deposit (AuD) amounted to €83.5 billion, up 13% from December 31, 2024. Global Custody's Assets under Custody (AuC) amounted to €135.1 billion, an increase of 8% from December 31, 2024.

However, the balance of customer deposits shows an increase of +23% over the same period of the previous year, confirming the growth trend.

	12.31.2024	12.31.2025
Custodian Bank (AuD, €M)	73,963	83,539
Global Custody (AuC, €M)	125,641	135,113
Deposits - Final Balance (€M)	3,126	3,855

Normalized net fee and commission income increased by 10% due to higher volumes.

	€M (normalized values)	
	2024	2025
Net fee and commission income	24.5	26.9
Other Revenue (including other operating expenses and income)	0.2	0.5
Total revenue	24.7	27.4
Profit before tax	5.6	10.6

BU Payments - 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 banks, Payment Institutions, IMELs, medium-large corporates and institutional customers. The business is concentrated on mainly domestic customers. The Payments BU supports the management of the State SME Guarantee Fund, in cooperation with the principal MCC Banca del Mezzogiorno.

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 2025, the BU performed better than expected in the area of wire transfer and collection processing, card settlement and other settlement services. 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. Also noteworthy are the renewal of the ICT contract with Nexi until 2032 and the signing of an agreement with Nexi and EquensWorldline for domestic processing, which secures BFF's intellectual property of critical applications. Lastly, BFF will become EquensWorldline's exclusive provider of card settlement services.

The structural decline in traditional and domestic payment instruments (bank drafts, CIT, RIBA, MAV, etc.), activities for the disposal of BI-COMP by the Bank of Italy and the ongoing infrastructural change of Bancomat debit cards, could favor BFF in acquiring new customer banks, which reasonably will no longer find it convenient to handle this range of transactions by themselves.

At the same time, BFF is also focusing attention on finding innovative solutions aimed at increasing its customer base and expanding and optimizing its service portfolio.

The trend of the past few years is confirmed for the payments market, which continues to register the impact of system-wide evolution and digitization, of banking aggregation and of the greater competitiveness of new entrants to this segment as a result of the sector policies of the European Authorities.

The presence in the payments market of these new players (Payment Institutions, IMELs, TPPs, and Fintechs) represents a positive catalyst for growth in the sector, in which BFF has successfully positioned itself in an authoritative and robust manner, developing specific services to support the regulatory obligations imposed by regulations, allowing for continued growth in its chosen sector of brokerage and settlement services.

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, encouraging BFF to focus further on innovation, process efficiency and an optimized risk management.

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 1% to 915 million transactions thanks mainly to the SEPA and instant payments sectors.

The balance of deposits, amounting to €2,703 million, increased compared to the figure of €2,598 million as at December 31, 2024.

	12.31.2024	12.31.2025
Deposits - Final Balance (€M)	2,598	2,703

The level of Net Fee and Commission Income was higher than in 2024 and amounted to €57.8 million

	€M (normalized values)	
	2024	2025
Transactions (no. trans. € million)	908	915
Net fee and commission income	55.7	57.8
Other Revenue (including other operating expenses and income)	11.5	11.7
Total revenue	67.2	69.6
Profit before tax	41.4	39.2

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 2025 in line with 2024 (56%), despite the investments made and aimed at improving processes, improving the Group's technology infrastructure, and accompanying the Group's growth in its core businesses.

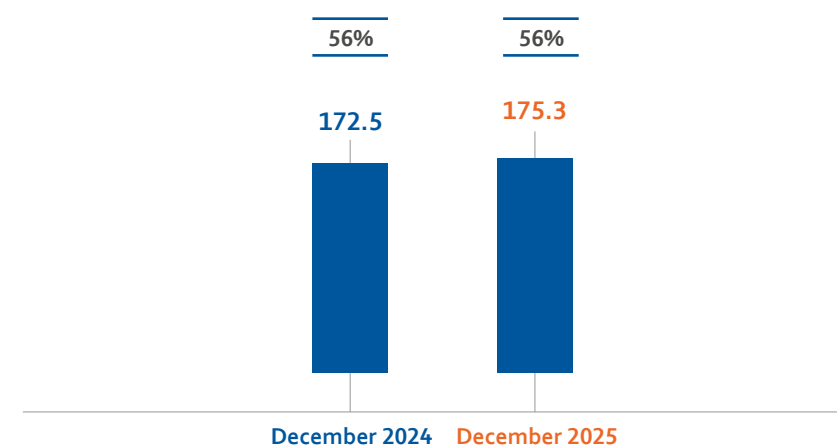
The costs of the Factoring & Lending BU increased by 9% compared to 2024, while the costs of the Payments and Securities Services BU increased by 3% compared to the same period in 2024.

Other Costs remained broadly stable at approximately €82 million.

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, 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)	(31.9)
Payments	(36.2)	(37.2)
Security Services	(24.4)	(23.6)
Other	(82.6)	(82.6)

Subsequent events

Please refer to the section “Subsequent events” in the Group’s report on operations.

Bank’s Objectives and Policies on the Assumption, Management and Hedging of Risks

Please refer to the following sections of the Group’s report on operations:

- ▶ Risk Management and Compliance with Prudential Supervision Regulations
- ▶ Monitoring and control of Liquidity

Disclosure regarding Calendar Provisioning and Past Due

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 as 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 provisions 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, 2025, the impact on CET1 deriving from the application of calendar provisioning, calculated on individual debtor exposures, was approximately €48.3 million, compared to December 31, 2024 when it amounted to approximately €15 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. In addition, on December 10, 2025, the European Central Bank published its guideline on the supervisory approach by national competent authorities to coverage of non-performing exposures held by less significant supervised entities. The Guideline aims to standardize the prudential treatment – between significant and less significant banks – of non-performing exposures originating before April 26, 2019, and excluded, to date, from calendar provisioning capital deduction requirements.

In line with the disclosure provided in the separate financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

Disclosure regarding the going concern assumption

As required by IAS 1 and by the indications in Document no. 2 of February 6, 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Board of Directors carried out a careful assessment of the going concern assumption.

On the basis of its own assessments, the separate financial statements as at December 31, 2025 were prepared considering the use of the going concern assumption to be appropriate.

The assessment of the Directors was carried out taking into account, among other things, the following circumstances:

- ▶ the Bank's context which, as from December 4, 2025, has been subject to audits, that are still ongoing, by the Supervisory Authority, also following critical issues identified in the factoring segment;
- ▶ the Bank previously received the Order as described in the section "Events after the reporting date";
- ▶ the events that affected the separate Financial Statements as at December 31, 2025, also relating to the Remedial Actions. For more details, please refer to the section "Focus on the main phenomena affecting the separate Financial Statements as at December 31, 2025".

In this context, the going concern assessment must take into account the breach - even if marginal - of the overall capital requirements as at December 31, 2025. At present, based on expected projections, even in the absence of external initiatives, no capital shortfalls have been estimated below the SREP requirements for 2026 and 2027. Instead, for 2028, in the absence of external initiatives, based on expected projections, capital shortfalls have been estimated, mainly due to the progressive application of so-called calendar provisioning to receivables classified as past due with an effective date of December 31, 2025. With reference to the liquidity indicators, compliance with the regulatory requirements is confirmed both as at December 31, 2025 and over the 2026-2028 time horizon.

Therefore, there are significant uncertainties regarding the Bank's ability to continue as an operating concern from 2028 onwards, in the absence of external initiatives as illustrated below.

The above made it necessary, in accordance with applicable legislation, to activate the so-called Recovery Plan and define a Capital Conservation Plan, approved by the Board of Directors at its meeting of April 30, 2026 and sent at the same time to the Bank of Italy. This Plan describes the Bank's current financial position and its implications on the regulatory ratios, as well as the approach to aligning with applicable regulatory requirements. The Plan illustrates the actions identified to restore capital adequacy, in accordance with the relevant regulatory framework, and constitutes a reporting tool for the Supervisory Authority, providing a comprehensive overview of the available evidence, the measures adopted and the initiatives envisaged, as well as the related governance and monitoring safeguards.

In application of the above, the Bank has arranged for a specific forward-looking analysis of the evolution of the Bank's financial position and performance for the years 2026-2028, which incorporates some initiatives considered mitigating applied over the plan time horizon (hereinafter, the "26-28 Projections").

In particular, also in order to limit capital absorption, a so-called "baseline" scenario has been identified with reference to the years 2026 and 2027. This scenario is based on the assumption of the continuity of the Bank's current business model, assuming a more moderate growth, compared to previous years, in the new business volumes of the Factoring & Lending segment (referred to below as the "Baseline Initiatives"). Considering this growth, the Bank expects to maintain profitability levels and capital requirements over the next 24 months.

To prevent the aforementioned risks for 2028, alternative scenarios have therefore been prepared – also with the support of leading advisors. In this context, the Bank is evaluating some external initiatives aimed at enhancing specific portfolios (e.g. securitizations) or assets, possibly accompanied by the use of new operating methods in the factoring sector (referred to below, together with the Baseline Initiatives, as the "Intervention Measures").

On April 24, 2026, on a preliminary basis, and on April 30, on a final basis, the Board of Directors analyzed the Intervention Measures, which were then included in the Capital Conservation Plan approved on April 30, 2026, considering them adequate to ensure compliance with the prudential requirements provided for by applicable legislation (CRR and CRD) and to resolve the shortfalls expected in 2028. These alternative scenarios will be further developed in the process for the preparation and approval of the future Strategic Plan. By adopting the Intervention Measures, the Bank expects compliance with the capital requirements even over a longer period than 24 months from the reporting date of the separate financial statements in question.

As for the feasibility and effectiveness of the Intervention Measures in response to events or conditions that pose uncertainties regarding the existence of the going concern assumption, the short-term initiative based on a more moderate growth than in previous years of the new business volumes of the Factoring & Lending segment (as factored in the Baseline scenario) is considered feasible, as it comes under the direct control of the Bank. On the contrary, the implementation of the Intervention Measures, separately or together, is affected by external factors and by complex execution times and profiles. Having said that, the Directors believe that the mix of initiatives available to the Board of Directors for strengthening capital can reduce the risk associated with the execution of these measures.

In addition, the Directors consider it reasonable to achieve the objectives set out in the 26-28 Projections, also considering the mitigating factors which highlight the quality and capacity of the Bank to cope with the current context. This is also in light of the economic data relating to 2025, which demonstrate, net of the related extraordinary items, the Bank's industrial capacity to generate income by performing its typical activity.

With the support of financial advisors, the Board of Directors has also started to seek out one or more financial and strategic partners.

Therefore, despite the significant uncertainty related to the risk of carrying out one or more of the Intervention Measures in the times and methods indicated in the 26-28 Projections, the Directors consider, in light of the above considerations and despite the Bank's context, that it will continue to operate as a functioning entity in the foreseeable future and has therefore prepared these separate financial statements under the going concern assumption.

Internal Controls System

Please refer to the section "Internal Controls" in the Group's Report on Operations.

Other information

Please refer to the "Other Information" section of the Group's Report on Operations.

Distribution of BFF Bank S.p.A.'s profit

The Bank's profit for the year ended December 31, 2025 amounted to €27,615 thousand. This result includes, as described above, some extraordinary items, which, net of the related tax impacts, amounted to €59.1 million and are mainly related to (i) provisions relating to adverse legal rulings on receivables due from the Italian public sector for €71.9 million, (ii) the extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days for €13.4 million, (iii) the provision for stock options and stock grants for €4.4 million, (iv) the amortization of customer contracts amounting to €1.8 million, (v) the administrative fine received from the Bank of Italy for €1.5 million, (vi) the intercompany dividend for €39.4 million and (vii) other non-recurring costs for €5.4 million.

With a view to strengthening the Bank's capital structure, it is intended to make the following allocations:

- ▶ €78.7 thousand to the legal reserve (to bring the reserve to 20% of the Share Capital);
- ▶ €27,536 thousand to retained earnings.

Proposal to the Shareholders' Meeting

Introduction

Shareholders,

the Board of Directors has called you to this ordinary meeting on Tuesday, June 16, 2026 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 2025. .

The Company's separate Financial Statements at December 31, 2025, to be approved by the Shareholders' Meeting, show a profit of €27,614,903, which it is proposed be allocated as follows: .

- ▶ €78,693 to the legal reserve (to bring the reserve to 20% of the Share Capital);
- ▶ €27,536,210 to the retained earnings.

* * *

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 €78,693 to the Legal Reserve;
- ▶ to allocate €27,536,210 to "Retained earnings".

* * *

For the Board of Directors
THE CHAIRPERSON

(Ranieri de Marchis)

Milan, April 30, 2026



Financial Statements
and Report

Report on Operations
of BFF Bank S.p.A.

Separate Financial
Statements and Notes

Annexes



Separate Financial Statements

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Statement of Financial Position

(Values in euro units)

Assets	12.31.2025	12.31.2024 ADJUSTED (*)	1.1.2024 ADJUSTED (*)
10. Cash and cash equivalents	101,313,805	137,363,828	239,129,961
20. Financial assets measured at fair value through profit or loss	181,242,752	180,397,656	167,013,056
a) financial assets held for trading	1,358,149	1,806,330	1,166,851
c) other financial assets subject to mandatory fair value measurement	179,884,603	178,591,327	165,846,205
30. Financial assets measured at fair value through other comprehensive income	151,717,961	141,441,909	137,519,601
40. Financial assets measured at amortized cost	10,478,804,167	10,333,603,456	10,574,953,127
a) loans and receivables with banks	854,821,389	602,651,024	593,560,790
b) loans and receivables with customers	9,623,982,778	9,730,952,432	9,981,392,337
70. Equity investments	232,498,063	229,882,153	154,875,553
80. Property, equipment and investment property	49,187,857	52,384,595	20,376,918
90. Intangible assets	35,330,619	44,102,820	40,734,472
of which			
- goodwill			
100. Tax assets	129,279,250	108,827,836	122,834,601
a) current	71,328,651	51,396,452	68,793,172
b) deferred	57,950,599	57,431,384	54,041,429
110. Non-current assets held for sale and discontinued operations			8,046,041
120. Other assets	660,940,145	689,455,742	644,465,938
TOTAL ASSETS	12,020,314,620	11,917,459,996	12,109,949,269

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(Values in euro units)

Liabilities and equity	12.31.2025	12.31.2024 ADJUSTED (*)	1.1.2024 ADJUSTED (*)
10. Financial liabilities measured at amortized cost	10,705,279,609	10,617,859,414	10,731,369,943
a) due to banks	1,300,189,315	1,342,118,860	2,268,022,447
b) due to customers	8,785,131,081	8,665,827,010	8,463,347,496
c) securities issued	619,959,212	609,913,545	-
20. Financial liabilities held for trading	964,085	138,658	1,214,962
60. Tax liabilities	153,525,079	167,902,262	128,420,550
a) current			
b) deferred	153,525,079	167,902,262	128,420,550
80. Other liabilities	340,692,548	345,441,769	536,141,741
90. Post-employment benefits	3,321,706	3,209,462	2,895,921
100. Provision for risks and charges	72,969,190	57,828,064	38,512,336
a) commitments and guarantees given	70,106	432,647	552,831
b) pensions and similar obligations	6,120,047	6,680,076	6,759,963
c) other provisions	66,779,037	50,715,341	31,199,542
110. Valuation reserves	15,338,037	7,530,438	6,468,520
130. Equity instruments	150,000,000	150,000,000	150,000,000
140. Reserves	338,932,812	195,973,689	234,699,814
145. Interim dividend			(54,451,025)
150. Share premium reserve	66,277,204	66,277,204	66,277,204
160. Share capital	145,399,448	145,005,983	143,946,902
170. Treasury shares		(3,569,925)	(4,377,295)
180. Profit for the year	27,614,903	163,862,978	128,829,694
TOTAL LIABILITIES AND EQUITY	12,020,314,620	11,917,459,996	12,109,949,269

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Income Statement

(Values in euro units)

Items	12.31.2025	12.31.2024 ADJUSTED (*)
10. Interest and similar income	407,149,900	662,966,315
of which: interest income calculated according to the effective interest method	387,321,526	645,749,393
20. Interest and similar expense	(264,331,994)	(382,182,450)
30. Net interest income	142,817,906	280,783,865
40. Fee and commission income	109,144,292	110,631,328
50. Fee and commission expense	(22,578,646)	(28,391,348)
60. Net fee and commission income	86,565,646	82,239,980
70. Dividends and similar income	58,511,453	21,267,414
80. Net profit/loss from trading activities	12,193,723	4,253,938
100. Profits (losses) on disposal or repurchase of:	10,455,427	3,331,040
a) financial assets measured at amortized cost	10,455,427	3,331,040
110. Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss	(7,228,208)	(7,230,431)
b) other financial assets subject to mandatory fair value measurement	(7,228,208)	(7,230,431)
120. Total income	303,315,947	384,645,807
130. Net impairment losses/gains for credit risk associated with:	(100,579,856)	(2,268,208)
a) financial assets measured at amortized cost	(100,579,856)	(2,268,208)
150. Net income from banking activities	202,736,091	382,377,599
160. Administrative expenses:	(170,837,466)	(171,910,892)
a) personnel expenses	(73,355,299)	(68,475,807)
b) other administrative expenses	(97,482,167)	(103,435,085)
170. Net accruals to provisions for risks and charges	(24,771,477)	(19,960,946)
a) commitments and guarantees given	362,541	120,184
b) other net provisions	(25,134,018)	(20,081,130)
180. Depreciation and impairment losses on property, equipment and investment property	(5,743,527)	(3,421,918)
190. Amortization and impairment losses on intangible assets	(11,004,094)	(8,994,028)
200. Other operating income, net	26,183,687	55,046,215
210. Operating costs	(186,172,877)	(149,241,569)
250. Gains (Losses) on disposal of investments		3,954,327
260. Profit before tax from continuing operations	16,563,214	237,090,357
270. Income taxes for the year on current operations	11,051,688	(73,227,379)
280. Profit after tax from continuing operations	27,614,903	163,862,978
300. Profit for the year	27,614,903	163,862,978
Basic earnings per share	0.15	0.88
Diluted earnings per share	0.15	0.86

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Statement of Comprehensive Income

(Values in euro units)

Items	12.31.2025	12.31.2024 ADJUSTED (*)
10. Profit for the year	27,614,903	163,862,977
Other components net of taxes that may not be reclassified to profit or loss	(168,106)	(2,190,725)
20. Equity securities 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 securities designated at fair value through other comprehensive income		
50. Property, equipment and investment property	(215,303)	(2,157,446)
60. Intangible assets		
70. Defined benefit plans	47,197	(33,280)
80. Non-current assets held for sale and discontinued operations		
90. Share of valuation reserves connected with equity-accounted investments		
Other income components, net of taxes, reclassified to profit or loss	7,975,706	3,252,644
100. Hedges of foreign investments		
110. Foreign exchange differences	126,676	87,542
120. Cash flow hedges		
130. Hedging instruments (undesignated elements)		
140. Financial assets (other than equity securities) measured at fair value through other comprehensive income	7,849,030	3,165,102
150. Non-current assets held for sale and discontinued operations		
160. Share of valuation reserves connected with equity-accounted investments		
170. Total other comprehensive income net of tax	7,807,599	1,061,919
180. Comprehensive income (Items 10+170)	35,422,502	164,924,896

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Statement of Changes in Equity

(Values in euro units)

As 12.31.2025	Balances as at 12.31.2024	Change to opening balances	Balances as at 01.01.2025	Allocation of result for the previous year		Changes in the financial year									Equity at 12.31.2025
						Reserves	Dividends and other allocations	Change in reserves	Equity transactions					Comprehensive income for the period ended 12.31.2025	
				Issue of new shares	Repurchase of treasury shares				Interim dividend	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options		
Share capital:															
a) ordinary shares	145,005,983		145,005,983				393,465								145,399,448
b) other shares															-
Share premium reserve	66,277,204		66,277,204												66,277,204
Reserves															-
a) retained earnings	187,192,884		187,192,884	163,862,978		(21,372,156)									329,683,706
b) other	8,780,805		8,780,805			(172,340)							640,642		9,249,106
Valuation reserves	7,530,438		7,530,438											7,807,599	15,338,037
Equity instruments	150,000,000		150,000,000												150,000,000
Interim dividend															-
Treasury shares	(3,569,925)		(3,569,925)			3,569,925									-
Profit for the year	163,862,978		163,862,978	(163,862,978)										27,614,903	27,614,903
Equity	725,080,367		725,080,367	-	-	(17,974,571)	393,465	-	-	-	-	-	640,642	35,422,502	743,562,404

(Values in euro units)

As 12.31.2024	Balances as at 12.31.2023	Change to opening balances	Balances as at 1.1.2024	Allocation of result for the previous year		Changes in the financial year									Equity at 12.31.2024 ADJUSTED (*)	
						Equity transactions										Comprehensive income for the period ended 12.31.2024
				Reserves	Dividends and other allocations	Change in reserves	Issue of new shares	Repurchase of treasury shares	Interim dividend	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options			
Share capital:																
a) ordinary shares	143,946,902		143,946,902				1,059,081									145,005,983
b) other shares	-		-													-
Share premium reserve	66,277,204		66,277,204													66,277,204
Reserves																-
a) retained earnings	243,717,965	(18,724,638)	224,993,328	(26,835,323)		(10,965,120)										187,192,884
b) other	9,706,486		9,706,486			(1,110,518)							184,836			8,780,805
Valuation reserves	6,468,520		6,468,520												1,061,919	7,530,438
Equity instruments	150,000,000		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)			807,370										(3,569,925)
Profit (Loss) for the period	131,360,488	(2,530,793)	128,829,695	(27,615,702)	(101,213,993)										163,862,978	163,862,978
Equity	692,649,246	(21,255,430)	671,393,816	-	(101,213,993)	(11,268,268)	1,059,081	-	-	-	-	-	-	184,836	164,924,897	725,080,367

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Statement of Cash Flows

Indirect method

(Values in euro units)

	12.31.2025	12.31.2024 ADJUSTED (*)
A. OPERATING ACTIVITIES		
1. Operations	171,180,319	276,537,090
- profit for the year (+/-)	27,614,903	163,862,978
- gains/losses on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)		(1,466,721)
- gains/losses on hedging operations (-/+)		
- net impairment losses/gains for credit risk (+/-)	100,579,856	2,268,208
- depreciation, amortization and net impairment losses on property, equipment and investment property and intangible assets (+/-)	16,747,621	12,415,946
- net allocations to provisions for risks and charges and other costs/income (+/-)	24,771,477	19,960,946
- taxes, duties and unpaid tax credits (+/-)	(11,051,688)	71,573,373
- net impairment losses/reversals of impairment losses on discontinued operations, net of the tax effect (+/-)		
- other adjustments (+/-)	12,518,151	7,922,360
2. Cash flow generated by financial assets	265,803,181	72,451,787
- financial assets held for trading		
- financial assets designated at fair value	(8,521,484)	(19,975,552)
- other financial assets subject to mandatory fair value measurement		
- financial assets measured at fair value through other comprehensive income	(1,467,999)	(104,793)
- financial assets measured at amortized cost	(253,149,575)	164,081,463
- other assets	(2,664,123)	(71,549,331)
3. Cash flow generated/absorbed by financial liabilities	69,802,577	(344,538,923)
- financial liabilities measured at amortized cost	85,331,092	(146,994,674)
- financial liabilities held for trading		
- financial liabilities designated at fair value		
- other liabilities	(15,528,515)	(197,544,249)
Net cash generated/absorbed by operating activities	(24,820,285)	4,449,954

(Values in euro units)

	12.31.2025	12.31.2024 ADJUSTED (*)
B. INVESTING ACTIVITIES		
1. Liquidity generated by		
- sales of equity investments		
- dividends collected on equity investments		
- sales of property, equipment and investment property		
- sales of intangible assets		
- disposals of business units		
2. Liquidity absorbed by	(11,229,737)	(5,002,092)
- purchases of equity investments		(6,600)
- purchases of property, equipment and investment property	(457,688)	7,366,884
- purchases of intangible assets	(10,772,049)	(12,362,377)
- purchases of business units		
Net cash absorbed by investing activities	(11,229,737)	(5,002,092)
C. FINANCING ACTIVITIES		
- issue / repurchase of treasury shares		
- issue/purchase of equity securities		
- distribution of dividends and other purposes		(101,213,994)
Net cash absorbed by financing activities	-	(101,213,994)
NET CASH ABSORBED DURING THE YEAR	(36,050,023)	(101,776,132)

Riconciliazione

(Values in euro units)

Financial statements items	Amount	
	12.31.2025	12.31.2024
Cash and cash equivalents at the beginning of the year	137,363,828	239,129,960
Total net cash absorbed during the year	(36,050,023)	(101,766,132)
Cash and cash equivalents: effect of changes in exchange rates		
Cash and cash equivalents at end of year	101,313,805	137,363,828

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Notes to the Separate Financial Statements

Shareholders,

The Notes are broken down into the following parts:

Adjustment of the previous year's balances in accordance with the provisions of IAS 8
(Accounting policies, changes in accounting estimates and errors)

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 – Share-Based Payments

Part M – Lease Reporting

Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)

During 2025, an incorrect registration of inflows was identified, relating mainly to the period between 2019 and June 2023, amounting to approximately €54 million, limited to the factoring business in Italy. In particular, from the analyses carried out by the Internal Audit Function, it emerged that these sums, collected from debtors in relation to the principal amount of the receivable, had been erroneously registered through reversals and subsequent reallocations, as additional loan interest, resulting in the recognition of higher revenues and higher taxes. The correction of this error, considered material under IAS 8, resulted in a negative cumulative effect on 2025 opening equity of €(15.1) million.

In addition, the accounts were specifically investigated also with reference to the methods of directly allocating inflows to debit notes and so-called "40 euros" invoices and ancillary charges, applying, in particular, structured statistical sampling based on the Monetary Unit Sampling (MUS) methodology, which allows for the overall error potentially present in the population to be estimated in a prudent manner, in line with a predetermined level of confidence and a tolerable error threshold. The results showed an error of approximately €3.4 million (€2.5 million euro after taxes).

In conclusion, therefore, the Bank restated in full the amount of the error, including the error determined with statistical criteria. This resulted in a restatement of the 2024 financial statements, in accordance with IAS 8, whose cumulative effect on the opening equity of 2025 is negative and equal to €(17.6) million.

As regards the period 2024-2025, all the analyses showed no allocation errors, confirming the substantial correctness of the operating practices adopted.

In particular, as shown in the following tables, some items of the statement of financial position as at January 1, 2024, of the 2024 income statement, of the statement of comprehensive income for 2024 and of the statement of financial position as at December 31, 2024 have been restated.

(Values in thousand euro)

STATEMENT OF FINANCIAL POSITION		01.01.2024	Adjustments IAS 8	01.01.2024 ADJUSTMENTS
40.	Financial assets measured at amortized cost	10,599,963	(25,010)	10,574,953
	<i>a) loans and receivables with banks</i>	593,561	-	593,561
	<i>b) loans and receivables with customers</i>	10,006,402	(25,010)	9,981,392
100.	Tax assets	108,569	14,265	122,835
	<i>a) current</i>	55,465	13,328	68,793
	<i>b) deferred</i>	53,104	937	54,041
110.	Other assets	1,412,162	-	1,412,162
TOTAL ASSETS		12,120,694	(10,744)	12,109,949
60.	Tax liabilities	121,318	7,103	128,421
	<i>a) Current</i>	-	-	-
	<i>b) deferred</i>	121,318	7,103	128,421
100.	Provisions for risks and charges	35,104	3,408	38,512
	<i>a) Commitments and guarantees given</i>	553		553
	<i>b) Pensions and similar obligations</i>	6,760		6,760
	<i>c) Other provisions</i>	27,791	3,408	31,200
80.	Other liabilities	11,271,623	-	11,271,623
TOTAL LIABILITIES		11,428,044	10,511	11,438,555
140.	Reserves	253,424	(18,725)	234,700
180.	Profit for the year	131,360	(2,531)	128,830
	Other equity items	307,864		307,864
TOTAL EQUITY		692,649	(21,255)	671,394
TOTAL LIABILITIES AND EQUITY		12,120,694	(10,744)	12,109,949

As a result of the different allocation of inflows, interest and similar income were restated (a decrease of €25 million, mainly due to the reduction of capital gains from ancillary items, reflected by the adjustment of the Statement of Financial Position item of Loans and receivables with customers), current tax assets (increase of €13.3 million), deferred tax assets (increase of €937 thousand), provisions for risks and charges (increase of €3.4 million) and deferred tax liabilities (increase of €7.1 million). The overall effect on equity as at January 1, 2024 therefore resulted in a decrease of €21.3 million.

The following table shows the effect on statement of financial position balances as at January 1, 2024, broken down by year of formation:

	2019	2020	2021	2022	2023	Cumulative impact as at 1.01.2024
Adjustment of loans and receivables with customers	(2,306)	(3,376)	(2,991)	(12,664)	(3,672)	(25,010)
Adjustment of current tax assets		2,547	1,395	8,158	1,228	13,328
Adjustment of deferred tax assets					937	937
Total Assets	(2,306)	(829)	(1,596)	(4,505)	(1,508)	(10,744)
Adjustment of deferred tax liabilities	832	1,497	466	4,222	86	7,103
Adjustment of provisions for risks and charges					3,408	3,408
Adjustment of equity	(3,139)	(2,326)	(2,061)	(8,727)	(5,002)	(21,255)
Total liabilities and Equity	(2,306)	(829)	(1,596)	(4,505)	(1,508)	(10,744)

With reference to 2024, the correction of the error resulted in a positive impact on profit for the year of €3.7 million deriving from the net effect of an increase in interest and similar income - not due to errors in the registration of inflows in the year - of €5.3 million and an increase in income taxes of €1.6 million. In particular, the increase in interest and similar income refers to the positive effect of the change in the estimate on the recognition of additional loan interest already described in the financial statements of the previous year, net of the reversal of additional loan interest accrued in 2024 on capital that had been erroneously considered as not collected.

(Values in thousand euro)

	INCOME STATEMENT	Financial Year 2024	Adjustments IAS 8	2024 ADJUSTED
10.	Interest and similar income	657,646	5,321	662,966
	Other income statement items	(425,876)	-	(425,876)
270.	Income taxes for the year of current operations	(71,573)	(1,654)	(73,227)
280.	Profit after tax from continuing operations	160,196	3,667	163,863
300.	Profit for the year	160,196	3,667	163,863
	Basic earnings per share	0,86	0,02	0,88
	Diluted earnings per share	0,84	0,02	0,86

(values in thousand euro)

	Statement of Comprehensive Income	Financial Year 2024	Adjustments IAS 8	2024 ADJUSTED
10.	Profit for the year	160,196	3,667	163,863
	Other income components, after taxes	1,062	-	1,062
180.	Comprehensive income (Items 10+170)	161,258	3,667	164,925

As at December 31, 2024, therefore, the cumulative effect of the correction of the error resulted in a reduction in loans and receivables with customers of €19.7 million, an increase in current tax assets of €13.1 million, an increase in deferred tax assets of €937 thousand, an increase in provisions for risks and charges of €3.4 million and an increase in deferred tax liabilities of €8.6 million. The overall effect on equity as at December 31, 2024 therefore resulted in a decrease of €17.6 million.

(Values in thousand euro)

	STATEMENT OF FINANCIAL POSITION	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
40.	Financial assets measured at amortized cost	10,353,293	(19,689)	10,333,603
	a) loans and receivables with banks	602,651	-	602,651
	b) loans and receivables with customers	9,750,642	19,689	973,095
100.	Tax assets	94,753	14,074	108,828
	a) current	38,259	13,137	51,396
	b) deferred	56,494	937	57,431
	Other assets	1,475,029		1,475,029
	TOTAL ASSETS	11,923,075	(5,615)	11,917,460
60.	Tax liabilities	159,337	8,566	167,902
	a) Current	-	-	-
	b) deferred	159,337	8,566	167,902
100.	Provisions for risks and charges	54,420	3,408	57,828
	a) Commitments and guarantees given	433		433
	b) Pensions and similar obligations	6,680		6,680
	c) Other provisions	47,307	3,408	50,715
	Other liabilities	10,966,649		10,966,649
	TOTAL LIABILITIES	11,180,405	11,974	11,192,380
140.	Reserves	160,196	(21,255)	138,941
180.	Profit for the year	217,229	3,667	220,896
	Other equity items	365,244		365,244
	TOTAL EQUITY	742,669	(17,589)	725,080
	TOTAL LIABILITIES AND EQUITY	11,923,075	(5,615)	11,917,460

The economic and financial impacts as at December 31, 2024 deriving from these incorrect entries relating to the item loans and receivables with customers were quantified as follows:

1. an increase in revenue relating to the Maturity Commission of approximately €3.0 million following the reduction in principal collected;
2. a reduction of revenue relating to additional loan interest of approximately €7.0 million recognized for the principal considered as not collected;
3. a reversal of capital gains of approximately €24.8 million relating to additional loan interest, having erroneously recognized inflows under this item and not under the principal;
4. an increase in additional loan interest deriving from the recognition of the impact of changes in estimates made in 2022 and 2024 amounting to approximately €9.1 million.

As regards the period 2024-2025, all the analyses showed no allocation errors, confirming the substantial correctness of the operating practices adopted.

In compliance with the provisions of IAS 1 and IAS 8, the statement of financial position as at January 1, 2024, and as at December 31, 2024, the income statement for 2024 and the statement of comprehensive income for 2024 are presented below. The "IAS 8 Adjustments" column shows the adjustments made to the 2024 financial statements.

Statement of Financial Position as at January 1, 2024

(Values in thousand euro)

Assets	1.01.2024	Adjustments IAS 8	1.01.2024 ADJUSTED
10. Cash and cash equivalents	239,130	-	239,130
20. Financial assets measured at fair value through profit or loss	167,013	-	167,013
<i>a) financial assets held for trading</i>	1,167	-	1,167
<i>c) other financial assets subject to mandatory fair value measurement</i>	165,846	-	165,846
30. Financial assets measured at fair value through other comprehensive income	137,520	-	137,520
40. Financial assets measured at amortized cost	10,599,963	(25,010)	10,574,953
<i>a) loans and receivables with banks</i>	593,561	-	593,561
<i>b) loans and receivables with customers</i>	10,006,402	(25,010)	9,981,392
50. Hedging derivatives	-	-	-
70. Equity investments	154,876	-	154,876
80. Property, equipment and investment property	20,377	-	20,377
90. Intangible assets	40,734	-	40,734
100. Tax assets	108,569	14,265	121,835
<i>a) current</i>	55,465	13,328	68,793
<i>b) deferred</i>	53,104	937	53,041
110. Non-current assets held for sale and discontinued operations	8,046	-	8,046
120. Other assets	644,466	-	644,466
TOTAL ASSETS	12,120,694	(10,744)	12,109,949

(Values in thousand euro)

Liabilities and equity	1.01.2024	Adjustments IAS 8	1.01.2024 ADJUSTED
10. Financial liabilities measured at amortized cost	10,731,370	-	10,731,370
<i>a) due to banks</i>	2,268,022	-	2,268,022
<i>b) due to customers</i>	8,463,347	-	8,463,347
<i>c) outstanding securities</i>	-	-	-
20. Financial liabilities held for trading	1,215	-	1,215
40. Hedging derivatives	-	-	-
60. Tax liabilities	121,318	7,103	128,421
<i>a) Current</i>	-	-	-
<i>b) deferred</i>	121,318	7,103	128,421
80. Other liabilities	536,142	-	536,142
90. Post-employment benefits	2,896	-	2,896
100. Provisions for risks and charges	35,104	3,408	38,512
<i>a) Commitments and guarantees given</i>	553	-	553
<i>b) Pensions and similar obligations</i>	6,760	-	6,760
<i>c) Other provisions</i>	27,791	3,408	31,200
110. Valuation reserve	6,469	-	6,469
130. Equity instruments	150,000	-	150,000
140. Reserves	253,424	(18,725)	234,700
145. Interim dividend	(54,451)	-	(54,451)
150. Share premium	66,277	-	66,277
160. Share capital	143,947	-	143,947
170. Treasury shares	(4,377)	-	(4,377)
180. Profit for the year	131,360	(2,531)	128,830
TOTAL LIABILITIES AND EQUITY	12,120,694	(10,744)	12,109,949

Statement of Financial Position as at December 31, 2024

(Values in thousand euro)

Assets	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Cash and cash equivalents	137,364	-	137,364
20. Financial assets measured at fair value through profit or loss	180,398	-	180,398
<i>a) financial assets held for trading</i>	1,806	-	1,806
<i>c) other financial assets subject to mandatory fair value measurement</i>	178,591	-	178,591
30. Financial assets measured at fair value through other comprehensive income	141,442	-	141,442
40. Financial assets measured at amortized cost	10,353,293	(19,689)	10,333,603
<i>a) loans and receivables with banks</i>	602,651	-	602,651
<i>b) loans and receivables with customers</i>	9,750,642	(19,689)	9,730,952
50. Hedging derivatives	-	-	-
70. Equity investments	229,882	-	229,882
80. Property, equipment and investment property	52,385	-	52,385
90. Intangible assets	44,103	-	44,103
100. Tax assets	94,753	14,074	108,827
<i>a) current</i>	38,259	13,137	51,396
<i>b) deferred</i>	56,494	937	57,431
120. Other assets	689,456	-	689,456
TOTAL ASSETS	11,923,075	(5,615)	11,917,460

(Values in thousand euro)

Liabilities and equity	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Financial liabilities measured at amortized cost	10,617,859	-	10,617,859
<i>a) due to banks</i>	1,342,119	-	1,342,119
<i>b) due to customers</i>	8,665,827	-	8,665,827
<i>c) securities issued</i>	609,914	-	609,914
20. Financial liabilities held for trading	139	-	139
40. Hedging derivatives	-	-	-
60. Tax liabilities	159,337	8,566	167,902
<i>a) Current</i>	-	-	-
<i>c) deferred</i>	159,337	8,566	167,902
80. Other liabilities	345,442	-	345,442
90. Post-employment benefits	3,209	-	3,209
100. Provisions for risks and charges	54,420	-	57,828
<i>a) Commitments and guarantees given</i>	433	-	433
<i>b) Pensions and similar obligations</i>	6,680	-	6,680
<i>c) Other provisions</i>	47,307	3,408	50,715
110. Valuation reserve	7,530	-	7,530
130. Equity instruments	150,000	-	150,000
140. Reserves	217,229	(21,255)	195,974
150. Share premium	66,277	-	66,277
160. Share capital	145,006	-	145,006
170. Treasury shares	(3,570)	-	(3,570)
180. Profit for the year	160,196	3,667	163,863
TOTAL LIABILITIES AND EQUITY	11,923,075	(5,615)	11,917,460

Income Statement for the year ended December 31, 2024

(Values in thousand euro)

	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Interest and similar income	657,646	5,321	662,966
of which: interest income calculated according to the effective interest method	640,428	-	645,749
20. Interest and similar expense	(382,182)	-	(382,182)
30. Net interest income	275,463	5,321	280,784
40. Fee and commission income	110,631	-	110,631
50. Fee and commission expense	(28,391)	-	(28,391)
60. Net fee and commission income	82,240	-	82,240
70. Dividends and similar income	21,267	-	21,267
80. Net profit/loss from trading activities	4,254	-	4,254
100. Gains/losses on disposal or repurchase of:	3,331	-	3,331
a) financial assets measured at amortized cost	3,331	-	3,331
b) financial assets measured at FV through other comprehensive income	-	-	-
c) financial liabilities	-	-	-
110. Profits (losses) on other financial assets at FV through profit or loss	(7,230)	-	(7,230)
a) financial assets and liabilities measured at FV	-	-	-
b) financial assets measured at FV through profit or loss	(7,230)	-	(7,230)
120. Total income	379,325	5,321	384,646
130. Net impairment losses/gains for credit risk associated with:	(2,268)	-	(2,268)
a) financial assets measured at amortized cost	(2,268)	-	(2,268)
150. Net income from banking activities	377,057	5,321	382,378
160. Administrative expenses:	(171,911)	-	(171,911)
a) personnel expenses	(68,476)	-	(68,476)
b) other administrative expenses	(103,435)	-	(103,435)
170. Net accruals to provisions for risks and charges	(19,961)	-	(19,961)
a) for credit risk relating to Commitments and financial guarantees given	120	-	120
b) other net provisions	(20,081)	-	(20,081)
180. Depreciation and impairment losses on property, equipment and investment property	(3,422)	-	(3,422)
190. Amortization and impairment losses on intangible assets	(8,994)	-	(8,994)
200. Other operating income, net	55,046	-	55,046
210. Operating costs	(149,242)	-	(149,242)
250. Gains (losses) on disposal of investments	3,954	-	3,954
260. Profit (loss) before tax from continuing operations	231,770	5,321	237,090
270. Income taxes for the year of current operations	(71,573)	(1,654)	(73,227)
280. Profit after tax from continuing operations	160,196	3,667	163,863
300. Profit for the year	160,196	3,667	163,863
Basic earnings per share	0.86	0.02	0.88
Diluted earnings per share	0.84	0.02	0.86

Statement of comprehensive income for the year ended December 31, 2024

(Values in thousand euro)

Items	12.31.2024	Adjustments IAS 8	12.31.2024 ADJUSTED
10. Profit for the year	160,196	3,667	163,863
Other components net of taxes that may not be reclassified to profit or loss	(2,191)		(2,191)
20. Equity securities 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 securities designated at fair value through other comprehensive income			
50. Property, equipment and investment property	(2,157)		(2,157)
60. Intangible assets			
70. Defined benefit plans	(33)		(33)
80. Non-current assets held for sale and discontinued operations			
90. Share of valuation reserves connected with equity-accounted investments			
Other income components, net of taxes, reclassified to profit or loss	3,253		3,253
100. Hedges of foreign investments			
110. Foreign exchange differences	88		88
120. Cash flow hedges			
130. Hedging instruments (undesignated elements)			
140. Financial assets (other than equity securities) measured at fair value through other comprehensive income	3,165		3,165
150. Non-current assets held for sale and discontinued operations			
160. Share of valuation reserves connected with equity-accounted investments			
170. Total other comprehensive income net of tax	1,062		1,062
180. Comprehensive income (Items 10+170)	161,258	3,667	164,925

Part A – Accounting policies

A.1 – GENERAL

Section 1 – Statement of compliance with International Financial Reporting Standards

The financial statements as at December 31, 2025 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 separate 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 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, as described below.

Disclosure regarding the going concern assumption

As required by IAS 1 and by the indications in Document no. 2 of February 6, 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Board of Directors carried out a careful assessment of the going concern assumption. On the basis of its own assessments, the separate financial statements as at December 31, 2025 were prepared considering the use of the going concern assumption to be appropriate.

The assessment of the Directors was carried out taking into account, among other things, the following circumstances:

- ▶ the Bank’s context which, as from December 4, 2025, has been subject to audits, that are still ongoing, by the Supervisory Authority, also following an internal analysis carried out on factoring business inflows;
- ▶ the Bank received the Order as described in the section “Events after the reporting date”;
- ▶ the events that affected the Separate Financial Statements as at December 31, 2025, also relating to the Remedial Actions. For more details, please refer to the section “Focus on the main phenomena affecting the Separate Financial Statements as at December 31, 2025”.

In this context, the going concern assessment must take into account the breach of the overall capital requirements as at December 31, 2025. At present, based on expected projections, even in the absence of external initiatives (e.g. securitizations), no capital shortfalls have been estimated below the SREP requirements for 2026 and 2027. Instead, for the 2028 financial year, in the absence of external initiatives, based on expected projections, capital shortfalls have been estimated, mainly due to the progressive application of so-called calendar provisioning to receivables classified as past due with an effective date of December 31, 2025. With reference to the liquidity indicators, compliance with the regulatory requirements is confirmed both as at December 31, 2025 and over the 2026-2028 time horizon.

These events and circumstances may raise significant doubts as to the appropriateness of the going concern assumption, starting from 2028, in the absence of external initiatives as illustrated below.

The above made it necessary, in accordance with applicable legislation, to activate the so-called Recovery Plan and define a Capital Conservation Plan, approved by the Board of Directors at its meeting of April 30, 2026 and sent at the same time to the Bank of Italy. This Plan describes the Bank’s current financial position and its implications on the regulatory ratios, as well as the approach to aligning with applicable regulatory requirements. The Plan illustrates the actions identified to restore capital adequacy, in accordance with the relevant regulatory framework, and constitutes a reporting tool for the Supervisory Authority, providing a comprehensive overview of the available evidence, the measures adopted and the initiatives envisaged, as well as the related governance and monitoring safeguards.

In application of the above, the Bank has arranged for a specific forward-looking analysis of the evolution of the Bank’s financial position and performance for the years 2026-2028, which incorporates some initiatives considered mitigating applied over the plan time horizon (hereinafter, the “26-28 Projections”).

In particular, also in order to limit capital absorption, a so-called “baseline” scenario has been identified with reference to the years 2026 and 2027. This scenario is based on the assumption of the continuity of the Bank’s current business model, assuming a more moderate growth, compared to previous years, in the new business volumes of the Factoring & Lending segment (referred to below as the “Baseline Initiatives”). Considering this growth, the Bank expects to maintain profitability levels and capital requirements over the next 24 months.

To prevent the aforementioned risks for 2028, alternative scenarios have therefore been prepared – also with the support of leading advisors. In this context, the Bank is evaluating certain external initiatives aimed at enhancing specific portfolios (e.g. securitizations) or assets, possibly accompanied by the use of new operating methods in the factoring sector (referred to below, together with the Baseline Initiatives, as the “Intervention Measures”).

On April 24, 2026, on a preliminary basis, and on April 30, on a final basis, the Board of Directors analyzed the Intervention Measures, which were then included in the Capital Conservation Plan approved on April 30, 2026, considering them adequate to ensure compliance with the prudential requirements provided for by applicable legislation (CRR and CRD) and to resolve the shortfalls expected in the 2028 financial year. These alternative scenarios will be further developed in the process for the preparation and approval of the future Strategic Plan. By adopting the Intervention Measures, the Bank expects compliance with the capital requirements even over a longer period than 24 months from the reporting date of the financial statements in question.

As for the feasibility and effectiveness of the Intervention Measures in response to events or conditions that pose uncertainties regarding the existence of the going concern assumption, the short-term initiative based on a more moderate growth than in previous years of the new business volumes of the Factoring & Lending segment (as factored in the Baseline scenario) is considered feasible, as it comes under the direct control of the Bank. On the contrary, the implementation of the Intervention Measures, separately or together, is affected by external factors and by complex execution times and profiles. Having said that, the Directors believe that the mix of initiatives available to the Board of Directors for strengthening capital can reduce the risk associated with the execution of these measures.

In addition, the Directors consider achievement of the objectives set out in the 26-28 Projections to be reasonable, also considering the mitigating factors which highlight the quality and capacity of the Bank to cope with the current context. This is also in light of the economic data relating to the 2025 financial year, which demonstrate, net of the related extraordinary items, the Bank's industrial capacity to generate income by performing its typical activity.

With the support of financial advisors, the Board of Directors has also started to seek out one or more financial and strategic partners.

In view of the above, the Directors note that the Intervention Measures, by their nature, are uncertain, as they refer to actions the implementation of which – although partly under the control of Management – depends on external factors; and these actions might not be carried out in the times and manner estimated by the Board of Directors. It follows that there is significant uncertainty, such as to raise considerable doubts over the appropriateness of the assumption of the Bank as a going concern, connected with the implementation of the Intervention Measures to the extent necessary to recover the shortfall expected in 2028. In addition, the Directors point out that the 26-28 Projections on which the so-called baseline scenario has been determined are based on market assumptions that may not materialize. They would therefore require the adoption of further corrective actions and measures, which cannot be hypothesized at present.

Thus, despite the significant uncertainty related to the risk of carrying out one or more of the Intervention Measures in the times and methods indicated in the 26-28 Projections, the Directors consider, in light of the above considerations and despite the Bank's context, that it will continue to operate as a functioning entity in the foreseeable future and has therefore prepared these separate financial statements under the going concern assumption.

Accounting standards, amendments and interpretations effective from 2025 or amended and not yet endorsed

IAS/IFRS and SIC/IFRIC interpretations approved, to be mandatorily adopted for the purposes of these Financial Statements

As at the date of these Separate Financial Statements, the amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" had been approved and are applicable as from January 1, 2025. The amendments clarify how an entity should assess whether a currency can be exchanged and how to estimate the spot exchange rate when a currency cannot be exchanged. The amendments have no impact on the Bank's Separate Financial Statements.

IAS/IFRS accounting standards and SIC/IFRIC interpretations approved, the application of which shall commence after December 31, 2025

Commission Regulation (EU) 2025/1047 of 27 May 2025 - Amendments to IFRS 9 and IFRS 7 "Amendments to the classification and measurement of financial instruments"

On May 30, 2024, the IASB published some amendments to IFRS 9 (and therefore IFRS 7), applicable from January 1, 2026, with the aim of addressing some critical aspects emerging from the Post Implementation Review of IFRS 9. In particular, the amendments mainly concern:

- ▶ the classification of financial instruments, whose contractual cash flows are dependent on ESG clauses. Since the presence of the aforementioned clauses could influence the valuation of loans at amortized cost or fair value, the changes under consideration provide indications and examples to assess whether or not the contractual cash flows of the financial asset are consistent with a basic financing agreement;
- ▶ the settlement of a liability through electronic payment systems. The amendment provides that a cash liability may be settled, using an electronic payment system, before the settlement date, notwithstanding current provisions, if specific criteria are met.

Specific disclosure requirements were also introduced for equity instruments for which the option was exercised for the recognition of fair value changes through other comprehensive income and for financial instruments with contingent

features, for example ESG-linked features. No significant impacts are expected for the Bank related to the introduction of the amendments to the standard.

Commission Regulation (EU) 2025/1331 of 9 July 2025 - Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 "Annual Cycle of Improvements to IFRS Accounting Standards — Volume 11"

On July 18, 2024, the IASB issued the customary annual amendments to IFRS "Annual Improvements to IFRS Accounting Standards - Volume 11". The document contains clarifications, simplifications, corrections and amendments aimed at improving the effectiveness of the standards in place. Specifically, these improvements concern IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The amendments will be in force for financial statements from January 1, 2026 onwards, with the possibility of early adoption. Given the smaller scope of these amendments, no significant impacts on the Bank's financial position and performance are expected.

No significant impacts are expected for the Bank related to the introduction of the amendments.

IAS/IFRS accounting standards and SIC/IFRIC interpretations issued by the IASB/IFRIC, pending approval

The following part summarizes the standards, interpretations or amendments that have been approved by the IASB, but are pending approval.

IFRS 18 "Presentation and Disclosure in Financial Statements"

On April 9, 2024, the IASB published the new accounting standard IFRS 18 "Presentation and disclosure in financial statements", replacing IAS 1 "Presentation of financial statements".

The new standard aims to optimize the way in which companies present financial statements information to the market, with particular regard to income statement items. In addition, it intends to provide financial statements users with a more solid basis for the analysis and comparison of business performance.

Similarly to the provisions of IAS 1 currently in force, IFRS 18 does not impose mandatory financial statements or a detailed structure for the information provided in the notes. However, the standard establishes the minimum disclosure requirements and gives the party preparing the financial statements the responsibility of identifying and presenting, at its discretion, the most suitable information to faithfully represent the financial position, performance and cash flows of the entity.

The new standard, which will come into force from January 1, 2027 and will require the presentation of comparative information relating to the previous year, is based on the following three guiding criteria:

- ▶ enhance the comparability of income statement information through the introduction of specific categories for the presentation of results;
- ▶ organize financial statements information in a more functional and meaningful way;
- ▶ promote greater transparency in the performance measurements adopted by company management.

The aforementioned amendments, affecting the presentation of the income statement and the disclosure of the financial statements, must be appropriately coordinated with the rules for compiling bank financial statements, governed by Circular no. 262 of the Bank of Italy, the 9th update of which will be subject to consultation in the first quarter of 2026.

The Bank has begun a qualitative assessment to evaluate the impacts arising from the adoption of IFRS 18, with particular reference to the presentation of the financial statements items, as well as the identification of the main business activities (hereinafter, also "MBAs") and Management Performance Measures (hereinafter also "MPM").

To date, no particular differences have emerged at the level of main business activities due to the entry into force of the standard. During 2026, the Bank will identify the detailed changes to make to the consolidation tool for accounting and supervisory reporting purposes, in order to comply in full with the new regulatory requirements.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

With the publication of IFRS 19 "Subsidiaries without Public Accountability: Disclosures", on May 9, 2024, the Disclosure Initiative was concluded. This project, initiated by the IASB in 2014, aimed at improving the quality of financial reporting, together with the Primary Financial Statements initiative. IFRS 19 aims to simplify the disclosure requirements in the explanatory notes for a large number of companies controlled by groups that apply international accounting standards, also facilitating the transition to IFRS for companies that adopt local accounting standards in the preparation of their financial statements.

The possibility is exclusively for subsidiaries without "public accountability", i.e. companies that do not own instruments traded on regulated markets and that do not hold assets as trustees for a wide range of subjects, such as banks, credit unions, insurance companies, financial intermediaries, mutual funds and investment banks. Entities that meet these requirements may elect, but are not required, to apply IFRS 19 in their consolidated, separate or individual financial statements.

In light of the activities carried out by the Bank and its composition, no significant impacts are expected related to the introduction of the new standard.

Section 3 – Events after the reporting date

On February 1, 2026, based on the results of the analysis conducted by the Bank with the support of an external advisor for the period 2015–2025, with reference to the process to recognize factoring inflows, the Board of Directors resolved to proceed with a restatement of the previously approved financial statements.

Although no anomalies were detected in the 2024 and 2025 financial years, and the errors detected are mainly attributable to the period 2019–June 2023, the Bank has implemented a number of actions, also in light of the aforementioned analysis, which are still in progress. These actions are aimed at strengthening i) the safeguards and process regulations relating to the management of inflows, ii) the Law 262/2005 controls model and iii) its own procedural and administrative-accounting regulatory system.

On February 2, 2026, Massimiliano Belingheri stepped down from his position as Chief Executive Officer, while remaining a non-executive Director of the Board of Directors. The Board of Directors of Bank appointed Giuseppe Sica as General Manager, giving him all powers previously exercised by Massimiliano Belingheri.

On February 13, 2026, the rating agency Moody's confirmed all BFF ratings, including the Baseline Credit Assessment (BCA) of "Ba2" and the investment grade ratings on long-term (LT) and short-term (ST) deposits, respectively equal to "Baa2"/"Prime-2". The Outlook on the ratings for Long-Term Deposits, Long-Term Issuer Ratings and Senior Unsecured Debt Ratings is Stable.

On February 16, 2026, following news reported in the press, the Bank communicated that it was aware of preliminary investigations by the Public Prosecutor's Office of Milan. The Bank is being investigated for an administrative offence pursuant to Italian Legislative Decree 231/01, in relation to the crimes referred to in Article 640, paragraph 2, of the Italian Criminal Code, Article 2622 of the Italian Civil Code and Article 185 of Italian Legislative Decree no. 58/1998, for acts committed from 2020 until December 2023. From the outset, BFF has been willing to cooperate with the Public Prosecutor's Office and to provide any useful information to the investigating bodies. At the date of preparation of this document, the Bank had not received any formal notice from the investigating bodies.

On February 20, 2026, the rating agency Morningstar DBRS ("DBRS") revised its credit ratings of BFF downwards, including the Long-Term Issuer Rating to "BB" from "BB (high)" and the Short-Term Issuer Rating to "R-4" from "R-3". In addition, DBRS downgraded the Bank's Long-Term Deposit rating to "BB (high)" from "BBB (low)". The rating agency finally changed the Outlook on BFF's long-term creditworthiness from Stable to Negative.

On February 28, 2026, the United States of America and Israel launched a joint attack against Iran. The outbreak of war in the Middle East will have impacts on the European macroeconomic scenario, the extent of which will depend on the duration of the conflict. The effects will be higher inflation, due to rising oil and gas prices, and lower growth, following a slowdown

in exports. The uncertainty also concerns the fiscal measures that governments will eventually adopt, to counteract the increase in prices rather than to increase defense spending. At present, it seems premature to assess the effects on BFF's business, although it is possible that there will be a need for more liquidity that would be positive for factoring.

On March 17, 2026, the Board of Directors resolved to co-opt Giuseppe Sica in his capacity as Director, appointing him as Chief Executive Officer. Giuseppe Sica will also continue to act as General Manager, appointed to this position in February 2026. Massimiliano Belingheri also stepped down from his position as non-executive Board Member.

On March 19, 2026, the Bank started disciplinary proceedings against some company officers involved in the operations that generated the errors in the registration of some factoring inflows, as previously described.

On March 28, 2026, the Bank received an Order pursuant to Articles 69 octiesdecies and following of the Consolidated Law on Banking from the Bank of Italy as part of its supervisory inspections. With this Provision, the Bank of Italy appointed Raffaele Lener and Francesco Fioretto as External Administrators temporarily alongside the Board of Directors, pursuant to Article 75-bis of the Consolidated Law on Banking, in order to assist it in the rapid process to re-organize its operational/accounting framework and in the management of remedial actions, also in the factoring sector and internal control system, already started by the Bank (below, the "Remedial actions"). These findings and Remedial Actions also refer to the internal control system and organizational safeguards, with particular reference to accounting and credit management systems.

On April 1, 2026, the rating agency Moody's revised all Ratings and evaluations of BFF downwards by one notch and placed them under review for a downgrade, including the Adjusted BCA. The latter was subject to a further negative adjustment of a notch relating to Strategy, Risk Appetite and Governance, changing to "ba3" from "ba2". The long-term (LT) and short-term (ST) deposit ratings of BFF equal to "Baa3"/"Prime-3" respectively have remained at Investment Grade.

On April 2, 2026, the rating agency Morningstar DBRS ("DBRS") downgraded its credit ratings of BFF, including the Long-Term Issuer Rating to "BB (low)" from "BB". In addition, DBRS lowered its credit rating to "BB" from "BB (high)" on the Bank's Long-Term Deposits. The rating agency also placed the long-term credit ratings of the Bank Under Review, including the Long-Term Issuer Rating of "BB (low)".

Pursuant to IAS 10, in the period between the end of the 2025 reporting period and the date of approval of these separate financial statements, subsequent events occurred that led to adjustments to the values shown in the separate financial statements.

Section 4 – Other issues

Shareholder Resolutions

On April 17, 2025, the Ordinary Shareholders' Meeting of the Bank resolved:

- ▶ to approve the separate financial statements for the year ended December 31, 2024, with the report on operations presented by the Board of Directors, which shows a profit for the year of €160,196,420.
- ▶ to allocate €211,816 to Legal Reserve and €159,984,604 to Retained earnings;
- ▶ to approve the new "2025 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 Report on Operations;
- ▶ 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 Section II of the Ex-post Report on (i) the items that make up the Remuneration (including the treatment provided for in the event of termination of office or termination of the employment relationship) of the aforementioned individuals, in accordance with the 2024 Policy; (ii) the general information on the implementation of the 2024 Policy in 2024 and the assessments provided by the Group's control functions, each for the aspects under their responsibility; (iii) the analytical illustration of the remuneration paid in the year under consideration, for any reason and in any form,

by the Bank and the Subsidiaries; (iv) the remuneration to be paid in one or more subsequent years, for the activity carried out in the year under consideration;

- ▶ to authorize the Stock Grant Plan (the "AUT Plan") and the Long-Term "2025 Incentive Plan" (the "LTIP Plan", together with the AUT Plan, are referred to as the "Plans"). The implementation of both Plans is subject to the revocation of the obligation imposed by the Bank of Italy on the Bank to temporarily refrain from resolving or making the payment of the variable part of remuneration;
- ▶ to revoke the previous authorization to repurchase and dispose of the Bank's treasury shares granted by the Shareholders' Meeting on April 18, 2024, which had not been executed. The Shareholders' Meeting also resolved to authorize the Board of Directors, pursuant to and for the purposes of Article 2357 of the Civil Code, to repurchase BFF ordinary shares, on one or more occasions, and for a period of 18 months from April 17, 2025, in pursuit of the purposes set out in the illustrative report on the authorization to repurchase and dispose of treasury shares. The maximum number of shares to be purchased is 9,025,553.90 representing 5% of the 188,339,598 shares without a nominal amount representing the entire subscribed and paid-up share capital of the Bank amounting to €145,021,490.38 (as at March 12, 2025).

Communication from the Bank of Italy received on October 30, 2025

On October 30, 2025, the Bank received from the Bank of Italy (the "Supervisory Authority" or the "Regulator") notice of the closure of the proceedings in respect of:

- ▶ the lifting of restrictive measures concerning (i) the distribution of profits or other assets; (ii) the payment of the variable part of remuneration to personnel; (iii) expansion into new foreign markets;
- ▶ the allocation of the new capital requirements as a result of the Supervisory Review Evaluation Process (SREP), which confirms the additional pillar II (Pillar II Requirement – P2R) currently in force.

In fact, the SREP communication requires BFF, as from the reporting of own funds as at December 31, 2025, to adopt the same capital ratios at consolidated level, already currently in force: a Common Equity Tier 1 ratio (CET 1 ratio) equal to 9.00%, a Tier 1 ratio equal to 10.50%, a Total Capital Ratio (TC ratio) equal to 12.50%, to which the requirements of the Countercyclical Capital Buffer ("CCyB") and the Systemic Risk Buffer ("SyRB"), equal overall to 0.70% as at June 30, 2025 are added.

With the aim of continuously consolidating its capital strength, on November 2, the Board of Directors approved an update to its dividend policy, increasing its capital target by 100 basis points. Consequently, the reference level of the CET 1 consolidated ratio above which the Bank expects to pay dividends stands at 13.0%, in compliance with all other current and forward-looking regulatory capital indicators.

On December 4, 2025, the Bank of Italy began a general inspection of the Bank; this inspection was still ongoing at the date of this report.

Focus on the main phenomena affecting the Separate Financial Statements as at December 31, 2025

The most important elements that affected the Separate Financial Statements as at December 31, 2025 concern:

- ▶ the reclassification of receivables from the factoring portfolio to default as a result of, i) the inclusion, among overdue exposures, of interest on arrears accrued and still to be collected on invoices for which the relative principal is collected after maturity and ii) the deactivation of certain mitigation instruments that can be used for the purpose of suspending the calculation of past due credit exposures (so-called "mitigants");
- ▶ the adoption of a new policy governing the management of the provisioning process in the light of negative rulings on legal actions initiated for the recovery of credit exposures carried out for the Italian factoring portfolio;
- ▶ the extension of the expected times for collecting late payment interest;
- ▶ the restatement of the separate financial statements following the identification of an incorrect recognition of inflows in the Factoring & Lending sector.

Classification of receivables as defaulting

Considering the content of the Order on the classification of receivables as defaulting, the Bank is carrying out a review of its procedures and application practices in order to better align with the regulatory provisions and their more restrictive, prudential interpretation. With particular reference to the new definition of default ("New DoD") referred to in the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013" (hereinafter, "EBA GL"), also to take into account the interpretative clarifications that have emerged and are emerging during the work to review the EBA GL, the Bank:

- ▶ included under past due exposures, for the purposes of determining the days of arrears, default interest accrued and not collected, regardless of the collection of the principal. This choice led to the classification of a total of €480 million as past due, and
- ▶ adopted more restrictive choices in the use of mitigation tools for the purpose of suspending the calculation of past due credit exposures (so-called "mitigants"). The consequent deactivation of some mitigants entailed the classification of €48 million as past due.

It should be noted that, with reference to the reclassification of past due exposures, the evaluations carried out mainly focused, on the one hand, on the definition of the perimeter of the positions concerned, considering it consistent with the Order and the assumptions underlying the exclusion of exposures to Italian Ministries and Government Bonds, and, on the other hand, on the identification of a reference date for the reclassification, identified as December 31, 2025, with the consequent first manifestation of the effects of calendar provisioning starting from the first quarter of 2028, in continuity with the methods already adopted in previous financial years in relation to reclassifications subject to requests by the Supervisory Authority.

The counterparties of receivables subject to reclassification refer to receivables from public bodies not subject to procedures that, in themselves, involve risks of loss. Therefore, there are no material impacts in terms of increased provisions pursuant to IFRS 9. On the other hand, the changes adopted in the classification of receivables resulted in:

- ▶ a significant impact as at December 31, 2025 in terms of capital absorption (RWA). For further details, please refer to the relevant section. Following the reclassification mentioned above, RWAs increased by €657 million;
- ▶ as previously stated, a greater capital absorption, starting from the first quarter of 2028, in line with the phasing-in mechanisms provided for by prudential calendar provisioning.

In line with the disclosure provided in the separate financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

New method of managing the provisioning process in view of the negative rulings (final and not final) regarding the Italian factoring portfolio

Based on the separate financial statements as at December 31, 2025, the Bank undertook a review of its Italian factoring portfolio, which involved the definition of a new method of managing the provisioning process in the face of negative (or partially negative) judgments on legal actions initiated for the recovery of non-recourse exposures to Italian debtors. This initiative, which took place in a context characterized by a progressive increase in unfavorable rulings regarding legal actions over a specific timeframe, led to the preparation of a procedural and IT configuration, suitable for carrying out a weighting of the underlying risks in a granular manner, invoice by invoice, and resulted in the approval, on February 1, 2026, of a specific internal policy (the "Policy"). This Policy governs the rules and the process to be followed to identify the probability of an adverse outcome, from which provisions will arise, to be applied to the entire perimeter of credit exposures subject to negative (or partially negative) rulings. The approach described in this Policy specifically contemplates, therefore, the analysis of these rulings, without taking into account, as a weighting effect, the possibility of reaching settlement agreements. In particular, since the outcome of the dispute may result in negative or partially

negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis of each ruling to estimate the so-called risk of an adverse outcome (high, medium or low), meaning the risk of the non-existence or the faulty existence/legitimacy of the receivable due from debtors, estimating a provision relating to the amounts not acknowledged in the ruling, estimated as non-recoverable from the debtors and/or customers. In such cases, in fact, BFF has the right to remit the receivable, for the part relating to the principal, to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the principal of the receivable and to pay the Bank generally only the retrocession interest. Certain items, for example late payment interest or additional loan interest, are difficult to remit to the assignors and, therefore, a provision has been allocated for a part of these.

The risk of an adverse outcome determined based on the Policy's guidelines has been treated as an element that directly affects the estimate of the cash flows recoverable from the financial asset, and therefore its measurement pursuant to IFRS 9. In this approach, the contractual guarantees of the transferor acquire importance as elements that contribute to setting the minimum level of recoverable flows, contributing to defining the variability of the expected economic outcomes and, consequently, the measure of the adjustment of the value of the receivable.

The Policy, in accordance with the provisions of paragraph 34 of IAS 8, introduces a change in the estimation process related to the recoverability of non-recourse factoring credit exposures to debtors sold in the Italian market:

- ▶ based on a change in the circumstances on which the previous estimate was made (following the systematic analysis carried out and the possibility of defining an assessment model applicable to the case);
- ▶ also as a result of new information, new developments and greater experience, such as the detailed analyses carried out from the second half of 2024 onwards, which have made it possible to fully understand the causes of the negative rulings, the materiality, and possible interrelationships with incorrect accounting practices (for more details, please refer to the section "Incorrect registration of Factoring & Lending inflows"), and moreover
- ▶ a more conservative estimation approach, which did not take into account, in the assessment of negative rulings, any possibility and/or probability of reaching settlement agreements with debtors.

As at December 31, 2025, the application of the aforementioned analysis resulted in the recognition of approximately €103.4 million¹⁴, of provisions pursuant to IFRS 9 for Italian factoring portfolio exposures affected by negative (and partially negative) rulings amounting to around €400 million.

Extension of the expected times for collecting late payment interest

The historical series that determine the recognition percentages and the expected collection times of ancillary items are updated at least annually; the evolution of inflows is analyzed quarterly, to confirm these percentages as part of the preparation of periodic disclosure. If the updates bring to light significant deviations, the Bank updates the estimates used for accounting purposes, in compliance with IAS 8. In 2025, the Bank, as part of the model for estimating the collection times of late payment interest, introduced a refinement to the methodology adopted in previous financial years for the valuation of uncollected items. This led to the extension of the average days estimated from 2,100 to 2,400, to be applied from the most recent between the date of purchase of the receivable and the due date.

As at December 31, 2025, the extension described above resulted in the recognition of a negative impact on the income statement amounting to approximately €22.4 million.

Incorrect recognition of Factoring & Lending inflows

During the 2025 financial year, an incorrect registration of inflows was identified, relating mainly to the period between 2019 and June 2023, amounting to approximately €54 million, limited to the factoring business in Italy. In particular, from the analyses carried out by the Internal Audit Function, it emerged that these sums, collected from debtors in relation to the principal amount of the receivable, had been erroneously registered through reversals and subsequent reallocations,

as additional loan interest, resulting in the recognition of higher revenue and higher taxes. The correction of this error, considered material under IAS 8, resulted in a negative cumulative effect on 2025 opening equity of €(15.1) million.

In addition, the accounts were specifically investigated also with reference to the methods of directly allocating inflows to debit notes and so-called "40 euros" active invoices and ancillary charges, applying, in particular, structured statistical sampling based on the Monetary Unit Sampling (MUS) methodology, which allows for the overall error potentially present in the population to be estimated in a prudent manner, in line with a predetermined level of confidence and a tolerable error threshold. The results showed an error of approximately €3.4 million (€2.5 million euro after taxes).

In conclusion, therefore, the Bank restated in full the amount of the error, including the error determined with statistical criteria. This resulted in a restatement of the 2024 financial statements, in accordance with IAS 8, whose cumulative effect on the opening equity of 2025 is negative and equal to €(17.6) million. For more details, please refer to the section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)" in the notes to the 2025 separate financial statements.

As regards the period 2024 – 2025, all the analyses showed no allocation errors, confirming the substantial correctness of the operating practices adopted.

The Bank carried out further investigations aimed at verifying, among other things, whether the increase in negative rulings was attributable to the erroneous registration of inflows and incorrect accounting practices underlying the errors subject to the restatement. The results of these analyses showed that the negative rulings were not attributable, predominantly or significantly, to the aforementioned errors.

Given that the errors in registering the inflows refer to a period prior to June 2023, the Bank, supported by an external advisor, is implementing a series of actions aimed at strengthening:

- ▶ control safeguards and process regulations relating to the management of inflows;
- ▶ the Law 262/2005 controls model; and
- ▶ its own procedural and administrative-accounting regulatory system.

Disclosure regarding Calendar Provisioning and Past Due

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 provisions 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, 2025, the impact on CET1 deriving from the application of calendar provisioning, calculated on individual debtor exposures, was approximately €48.3 million, compared to December 31, 2024 when it amounted to approximately €15 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

¹⁴ Amount including 100% late payment interest and flat-rate compensation for debt collection.

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. In addition, on December 10, 2025, the European Central Bank published its guideline on the supervisory approach by national competent authorities to coverage of non-performing exposures held by less significant supervised entities. The Guideline aims to standardize the prudential treatment – between significant and less significant banks – of non-performing exposures originating before April 26, 2019, and excluded, to date, from calendar provisioning capital deduction requirements.

In line with the disclosure provided in the financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

Risks, uncertainties and impacts related to the macroeconomic and geopolitical scenario

During 2025, 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, which is having repercussions on the European and global macroeconomic situation. In addition, the bank has also focused attention on the effects arising from the Israeli-Palestinian war; however, it should be noted that the Bank's exposure to entities located in Israel and countries potentially impacted by the recent tensions in the Middle East is non-existent.

Also looking ahead, the conflict represents 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 credit risk arising from impacts on financed companies that have significant business operations with Russia, Belarus, or Ukraine, or that are most exposed to changes in commodity prices, the Bank has conducted a specific assessment, identifying only certain counterparties that could potentially be impacted by rising commodity prices. As part of this, additional monitoring activities were put in place. Additionally, no customers with significant business operations with Russia, Belarus, or Ukraine were identified.

With regard to securities trading, the parent 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 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 - IFRS 9 model update resulting from forward-looking macroeconomic scenario").

Furthermore, the consequences of the Russian-Ukrainian conflict and 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 Separate Financial Statements, BFF considered the recommendations of ESMA, contained in the document "European common enforcement priorities for 2025 annual financial reports" published in October 2025. 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.

Among the general considerations made, ESMA has reiterated the need to ensure consistency and connectivity between the climate information reported in the financial statements and the information contained in the sustainability statement or report on operations, in order to facilitate investors in identifying material information. In addition, ESMA has stressed the importance of ensuring consistency between financial and non-financial reporting (prepared pursuant to Legislative Decree no. 125/24 and the ESRS standards) and, where appropriate, of including material financial information on climate aspects in the financial statements, illustrating how climate risks have been integrated into the accounting estimates.

Given the growing relevance of ESG risks, and in particular climate-related risks, BFF 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 separate 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 this regard, the Bank will carry out a dedicated project during 2026 in order to align its framework with these Guidelines.

Furthermore, BFF is among Entities that still have the obligation to carry out an annual materiality assessment. In addition, new risk drivers have been 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).

In this context, also in line with the Bankit plan¹⁵, the Risk Management Function continued, during 2025 as well, to integrate ESG risk factors into its risk management framework. To this end, it has carried out specific planning (for areas under its responsibility) for alignment with the reference legislation (e.g. Supervisory expectations on the integration of climate and environmental risks of the Bank of Italy, EBA Guidelines, the CRR, the CRD).

This approach reflects BFF'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.

Part E of the report examines in detail how the risk management framework includes a materiality assessment, as well as the implementation of specific controls in the Risk Appetite Framework (RAF), the performance of stress analyses, and oversight of ESG risks broken down into the various risk categories (e.g. credit, strategic, business and liquidity risk).

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.

¹⁵ Three-year action plan for the progressive alignment with the Bank of Italy's expectations in terms of climate and environmental risks" approved by the Board of Directors on March 29, 2023.

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 securities 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 securities and equity securities, 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 represented 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 securities that are included in a Hold to Collect and Sell Business Model and that pass the contractual characteristics test (SPPI test);
- ▶ equity investments, 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.

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 $((\text{opening stock} + \text{closing stock})/2)$.

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 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 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.

Recognition criteria

The initial recognition of financial assets takes place on the date of settlement for debt and equity securities.

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 fair value changes 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 recognized in Valuation reserves until the financial asset is disposed of, at which time the cumulative gains and 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 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 securities, 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 reversal, 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 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 statements 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 quarterly 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 face 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 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.

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 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 **performing** 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 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 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.

With regard to the expected times for collecting late payment interest, the estimated days for collection were extended, from 2,100 to 2,400 days. This extension was influenced, in credit recovery processes, partly, by resorting to mainly ordinary legal actions in the last few years, replaced from 2024 onwards by injunctive decrees: this change is expected to decrease collection times in the future.

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.

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 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 separate 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 date of preparation of the separate financial statements or interim financial reports, the Bank determines the possible specific impairment losses to be recognized on 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 separate financial statements or interim financial reports, a specific impairment loss is 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.

As specified in the section "Measurement of impairment losses on financial assets" regarding the financial statements as at December 31, 2025, a new method was used for the management of the provisioning process in the face of the risk of an adverse outcome in legal actions initiated for the recovery of non-recourse factoring credit exposures to debtors. Adjustments to receivables identified under the new method, which are in addition to the adjustments to receivables mentioned above, are recognized in the Income Statement under line item 130.

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 recognized. After the gain, the carrying amount cannot in any case exceed measurement at amortized cost had the impairment loss not been recognized. The impairment 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 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 separate 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:** 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 impairment loss.

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 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 right-of-use assets, 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) is 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, records at cost "the right-of-use asset (RoU)", which includes: a) the amount of the initial measurement of the lease liability; b) the payments due for the lease made on or before the commencement date net of the lease incentives received; c) the initial direct costs incurred by the lessee, consisting of the incremental costs of obtaining the lease that would not have been incurred if the lease had not been obtained, except for the costs incurred by a manufacturer or dealer lessor in relation to the lease; d) the estimate of the costs that it will have to bear for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset to the conditions provided for in the terms and conditions of the lease, unless these costs are incurred for the production of 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, 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.

Depreciation begins as at 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.

Property, equipment and investment property are systematically depreciated, adopting the straight-line method as the depreciation criterion, over their useful lives. The depreciable value is represented by the cost of assets or the net redetermined value if the fair value method is adopted for the measurement. 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 reported in the income statement, the reversal should be recognized as income;
- ▶ 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 their 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.

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 be exchanged 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.

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. During 2025, the real estate market did not undergo significant changes compared to 2024, therefore the sensitivity analysis carried out in 2024 is still considered valid. The sensitivity analysis, for the properties used for business purposes owned by BFF, 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 had been used. Specifically, a variation of +/- 25 basis points had been assumed for the net capitalization rate and of +/-15 basis points for the inflation rate. No significant fair value changes had been 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 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 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, or in the case of lease 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 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 multi-year 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 loss is reversed, 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 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 Bank'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 profit 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 given

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 Bank 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.

The provisions for risks and charges include also the allowances 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 Bank 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".

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 revised, 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.

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.

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 of 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 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 accruals basis.

The costs for servicing the plan are recorded under personnel expenses, item 160 "Administrative expense: a) personnel expenses" 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 revised, 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 separate 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 update of the time series determined an estimated recovery percentage exceeding 75.0%. Therefore, the percentage used for the preparation of the 2025 separate financial statements remained unchanged compared to 2024 and is equal to 65%.

With regard to the expected times for collecting late payment interest, the estimated days for collection were extended, from 2,100 to 2,400 days. This extension was influenced, in credit recovery processes, partly, by resorting to mainly ordinary legal actions in the last few years, replaced from 2024 onwards by injunctive decrees.

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 usually 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 and other revenues

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 recognized according to the provisions of IFRS 2.

The fair value of payments settled with the issue of shares for the provision of work or other services received is recognized as a cost in the income statement under item "190. Administrative expenses: a) personnel expenses" as a contra-entry to item "150. Reserves" of Equity on an accruals basis in proportion to the period in which the service is provided. Fair value is determined at the date of allocation of the benefits and is not subject to subsequent remeasurements.

With regard to share-based and cash-settled payments, the benefits obtained and the liabilities assumed are measured at the fair value of the latter, recognized under item "80. Other liabilities". Until the liability is settled, the fair value is recalculated at the end of each reporting period up to the settlement date, recognizing under item "190. Administrative expenses: a) personnel expenses" all fair value changes. The fair value is measured at the date of assignment of the benefits and is remeasured at the end of subsequent reporting period and up until the payment of the benefit to the employee.

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 separate 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, 2025. 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, the current values

recognized in the financial statements at as December 31, 2025 may differ – even significantly – owing to a change in the subjective assessments used.

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 at December 31, 2025, 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 at December 31, 2025.

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 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.

During 2025, the time series data for PD and LGD risk parameters were updated, extending them until December 31, 2024. In addition, the forward-looking macroeconomic scenarios were updated taking into account the latest updates provided by the EBA during the stress test (January 2025). The same PD and LGD risk parameters were applied at the reporting date of December 31, 2025.

Based on the separate financial statements as at December 31, 2025, the Bank undertook a review of its Italian factoring portfolio, which involved the definition of a new method of managing the provisioning process in the face of negative (or partially negative) judgments on legal actions initiated for the recovery of non-recourse exposures to Italian debtors. This initiative, which took place in a context characterized by a progressive increase in unfavorable rulings regarding legal actions over a specific timeframe, led to the preparation of a procedural and IT configuration, suitable for carrying out a weighting of the underlying risks in a granular manner, invoice by invoice, and resulted in the approval, on February 1, 2026, of a specific internal policy (the “Policy”). This Policy governs the rules and the process to be followed to identify the probability of an adverse outcome, from which provisions will arise, to be applied to the entire perimeter of credit exposures subject to negative (or partially negative) rulings. The approach described in this Policy specifically contemplates, therefore, the analysis of these rulings, without taking into account, as a weighting effect, the possibility of reaching settlement agreements. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis of each ruling to estimate the so-called risk of an adverse outcome (high, medium or low), meaning the risk of the non-existence or the faulty existence/legitimacy of the receivable due from debtors, estimating a provision relating to the amounts not acknowledged in the ruling, estimated as non-recoverable from the debtors and/or customers.

In such cases, in fact, BFF has the right to remit the receivable, for the part relating to the principal, to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the principal of the receivable and to pay the Bank generally only the retrocession interest. Certain items, for example late payment interest or additional loan interest, are difficult to remit to the assignors and, therefore, a provision has been allocated for a part of these.

The risk of an adverse outcome determined based on the Policy's guidelines has been treated as an element that directly affects the estimate of the cash flows recoverable from the financial asset, and therefore its measurement pursuant to IFRS 9. In this approach, the contractual guarantees of the transferor acquire importance as elements that contribute to setting the minimum level of recoverable flows, contributing to defining the variability of the expected economic outcomes and, consequently, measurement of the adjustment to the receivable.

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. Since the third quarter of 2025, the use of the Watchlist as an allocation criterion in stage 2, previously applied to the Transaction Services perimeter, has been extended to the entire Group.

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 Factoring exposures, the calculation of the 30 days past due is aligned with the regulatory definition of the calculation of days past due, the value of which is calculated at counterparty level, also taking into account any suspensive measures and exceeding materiality thresholds. For the other technical forms, the calculation of the 30 days past due is calculated at transaction level, comparing the reporting date with the maturity date;
- ▶ 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 BFF 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 at January 1, 2021. As at 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, BFF defines PD as the probability that a counterparty will be classified as defaulting, given a certain reference time horizon, and for the purposes of developing IFRS 9 PDs, BFF uses the rating agency matrices (ECAIs) relating to the Sovereign, Corporate and Financial Institutions segments. With reference to the 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.. 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, the ECAI external migration matrix is adopted as the best methodological approach, since, being Bond-like financial instruments, the use of ECAI matrices is already in itself representative of the relative level of risk. 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 BFF 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 and by counterparty segment;
- ▶ 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.

In order to estimate the LGD parameter, as no internal models are available, BFF has decided to use the LGD grids obtained from a specific calculation tool provided by the external infoprovder.

BFF 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). However, only for the non-recourse factoring portfolio of BFF Bank S.p.A., given the specific features of the portfolio recovery process for this technical form compared to those of other product types, BFF 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 BFF and (iii) by the Bank of Italy's request to have the calibration of the LGD also for BFF Polska and its subsidiaries. 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.

BFF 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 BFF 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 - model update resulting from the forward-looking macroeconomic scenario

As already mentioned, the Risk Management Function has updated the macroeconomic scenarios for the prospective conditioning of PDs considering the latest macroeconomic updates published by the EBA in January 2025 during the stress test. The baseline forecast scenario assumes moderate economic growth over the entire time horizon of the year, from 2025 to 2027: relative to GDP, moderate and sustained growth is expected, without sharp peaks or falls, reflecting a gradual economic recovery and a certain resilience of the European economic system. Inflation, after surpassing the short-term target, is expected to gradually converge toward the medium-term target set by central banks, without major fluctuations. Interest rates are expected to remain at moderate levels, reflecting the expansionary monetary policies in place and the expected gradual normalization; aggressive monetary tightening is not expected. The financial situation is expected to be relatively stable, with access to credit not expected to be subject to significant restrictions. Banks should maintain an adequate level of capital to support economic growth.

The adverse scenario refers to the possible reduction in international trade transactions due to (i) the imposition of tariffs and increasingly inward-oriented trade policies globally and (ii) escalation in the Russia-Ukraine conflict and the Middle East conflict. These factors cause rising energy and commodity prices and the subsequent inflationary pressures, disruptions in the supply chain, and negative effects on private consumption and investment, as well as a contraction of the world economy with a sustained decline in EU GDP over the 2025-2027 period.

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, 2025 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.

With regard to real estate assets, which as at December 31, 2025, 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, 2025 the Bank does not own financial instruments classified in fair value level 3.

A.4.3 Fair value hierarchy

At December 31, 2025, as in 2024, 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 euro)

Financial assets / liabilities measured at fair value	12.31.2025			12.31.2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	2	181,241		1	180,396	
a) financial assets held for trading	2	1,356		1	1,805	
b) financial assets designated at fair value				-	-	
c) other assets subject to mandatory fair-value measurement		179,885		-	178,591	
2. Financial assets measured at fair value through other comprehensive income	21,931	129,787		13,211	128,231	
3. Hedging derivatives						
4. Property, equipment and investment property			3,008			3,300
5. Intangible assets						
Total	21,933	311,028	3,008	13,213	308,627	3,300
1. Financial liabilities held for trading		964			139	
2. Financial liabilities measured at fair value						
3. Hedging derivatives						
Total	-	964		-	139	-

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 euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	12.31.2025				12.31.2024 ADJUSTED (*)			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets measured at amortized cost	10,478,804	4,618,101		5,931,594	10,333,603	4,585,397		5,738,760
2. Property, equipment and investment property								
3. Non-current assets held for sale and discontinued operations								
Total	10,478,804	4,618,101		5,931,594	10,333,603	4,585,397		5,738,760
1. Financial liabilities measured at amortized cost	10,705,280	637,474		10,085,320	10,617,859	613,716		10,007,946
2. Liabilities linked to assets held for sale								
Total	10,705,280	637,474		10,085,320	10,617,859	613,716		10,007,946

Key:

CA = Carrying Amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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

€101,314 thousand

1.1 Cash and cash equivalents: breakdown

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
a) Cash	174	183
b) Current accounts and sight deposits at Central Banks	36,000	10,486
c) Current accounts and sight deposits at banks	65,140	126,695
Total	101,314	137,364

As at December 31, 2025, this item mainly includes unrestricted deposits with the Bank of Italy, amounting to €36 million (compared to €10.5 million as at December 31, 2024), as well as current accounts held by the Bank at third-party banks as at December 31, 2025, amounting to €61.1 million.

Section 2 – Financial assets measured at fair value through profit or loss - Item 20

€181,243 thousand

This item is broken down as follows:

- ▶ Financial assets held for trading of €1.4 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 €179.9 million, which mainly include the "UCI units" managed in part by the "Italian SGR Investment Fund", to a lesser extent by the "Atlante Fund" and by the Ingenii Fund, with units subscribed by the Bank for a value of €144 million at December 31, 2025. 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 €5.1 million.

2.1 Financial assets held for trading: breakdown by type

(Values in thousand euro)

Items/values	Total 12.31.2025			Total 12.31.2024		
	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						
2. Equity securities	2			1		
3. UCI units						
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total (A)	2	-	-	1	-	-
B. Derivatives						
1. Financial derivatives		1,356			1,805	-
1.1 held for trading		1,356			1,805	
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)	-	1,356	-	-	1,805	-
Total (A+B)	2	1,356	-	1	1,805	-

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 euro)

Items/values	Total 12.31.2025	Total 12.31.2024
A. On-statement of financial position assets		
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	2	1
a) Banks		
b) Other financial companies:		
of which: insurance companies		
c) Non-financial companies	2	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	2	1
B. Derivatives	1,356	1,805
a) Central counterparties		
b) Others	1,356	1,805
Total B	1,356	1,805
Total (A+B)	1,358	1,806

2.5 Other financial assets subject to mandatory fair value measurement: breakdown by type

(Values in thousand euro)

Items/Values	Total 12.31.2025			Total 12.31.2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities		5,104			5,372	
2. Equity securities			-			
3. UCI units		174,780			173,219	
4. Loans						
4.1 Reverse repurchase agreements						
4.2 Others						
Total	-	179,885	-	-	178,591	-

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 euro)

	Total 12.31.2025	Total 12.31.2024
1. Equity securities		
of which: banks		
of which: other financial companies		
of which: other non-financial companies		
2. Debt securities	5,104	5,372
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies	5,104	5,372
of which: insurance companies		
e) Non-financial companies		
3. UCI units	174,780	173,219
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	179,885	178,591

Section 3 – Financial assets measured at fair value through other comprehensive income - Item 30

€151,718 thousand

At December 31, 2025 this item included:

- ▶ the stake in the Bank of Italy of €125 million;
- ▶ other minor investments worth approximately €26.7 million.

The change compared to December 31, 2024 is due to the fair value adjustment of equity investments of €8.8 million and to the increases for the year of €2.0 million, partially offset by sales for the period of €0.5 million.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

(Values in thousand euro)

Items/values	Total 12.31.2025			Total 12.31.2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities	21,931	129,787		13,211	128,231	
3. Loans						
Total	21,931	129,787	-	13,211	128,231	-

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtors/issuers

(Values in thousand euro)

Items/values	Total 12.31.2025	Total 12.31.2024
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	151,718	141,442
a) Banks	125,653	125,598
b) Other issuers:	26,065	15,844
- other financial companies	21,901	13,874
of which: insurance companies		
- non-financial companies	4,164	1,970
- 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	151,718	141,442

Section 4 – Financial assets measured at amortized cost - Item 40

€10,478,804 thousand

This item is broken down as follows:

- ▶ Loans and receivables with banks of €854,821 thousand;
- ▶ loans and receivables with customers amounting to €9,623,983 thousand. This balance which also includes the Held to Collect – HTC securities portfolio, also amounts to €4,547,210 thousand.

Loans and receivables with banks

€854,821 thousand

4.1. Financial assets measured at amortized cost: breakdown by type of loans and receivables with banks

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025						Total 12.31.2024					
	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	148,935					148,935	32,051					32,051
1. Time deposits	16,359			X	X	X	16,153			X	X	X
2. Mandatory reserve	132,576			X	X	X	15,898			X	X	X
3. Reverse repurchase agreements				X	X	X				X	X	X
4. Others				X	X	X				X	X	X
B. Loans and receivables with banks	705,886					705,886	570,600					570,600
1. Loans	705,886					705,886	570,600					570,600
1.1. Current accounts				X	X	X				X	X	X
1.2. Time deposits	9,802			X	X	X	22,500			X	X	X
1.3. Other loans:	696,084			X	X	X	548,100			X	X	X
- Reverse repurchase agreements	566,058			X	X	X	405,474			X	X	X
- Loans for leases	-			X	X	X				X	X	X
- Others	130,026			X	X	X	142,626			X	X	X
2. Debt securities												
2.1. Structured securities												
2.2. Other debt securities												
Total	854,821	-	-	-	-	854,821	602,651	-	-	-	-	602,651

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

As at December 31, 2025, the item "Loans and receivables with Central Banks - Mandatory Reserve," amounting to €132.6 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 €16.4 million.

"Loans and receivables with banks - time deposits" referred for €9.8 million 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 €566.1 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

€9,623,983 thousand, of which Held to Collect securities for €4,547,210 thousand

This item includes loans to customers of €5,076.8 million and €4,547.2 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 accruals 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 separate financial statements are prepared, and the evolution of collections is analyzed quarterly, to confirm the recognition percentages when periodic reporting is prepared. Please note that in 2024, BFF increased the percentage of recognition of late payment interest from 50% to 65%.

Moreover, in 2025, with regard to the expected times for collecting late payment interest, the estimated days for collection were extended, from 2,100 to 2,400 days. This extension was influenced, in credit recovery processes, partly, by resorting to mainly ordinary legal actions in the last few years, replaced from 2024 onwards by injunctive decrees. This change is expected to decrease collection times in the future.

In relation to non-performing loans, the total net amount is €2,028.1 million. Of this amount, €90.3 million relates to bad loans (including €88.5 million relating to municipalities and provincial governments in financial distress, of which €2.7 million was purchased already impaired) and €2.9 million to unlikely-to-pay exposures. Past due exposures amounted to €1,934.9 million, of which 95.9% relating to public counterparties.

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. On May 28, 2025, the European Court issued a further ruling ordering the Italian state to ensure, within three months of the date of the ruling, the enforcement of the pending domestic judicial orders by appropriate means, and also awarding further amounts for moral damages and legal fees.

The item also includes the flat-rate expenses for the recovery of receivables (so-called "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 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 7 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 regard to collection expenses, the 2024 time series update led to an increase in the percentage of recognition from 50% to 65%, while in 2025 the percentage of recognition was unchanged compared to 2024.

Finally, please note that in the period between 2015 and 2025, the average weighted overall percentage of recovery of late payment interest and the 40 euros receivable was higher than 75.0% - significantly above the 65% currently used. Therefore, for information purposes only, BFF 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 +/- €114 million.

Debt securities classified in the HTC portfolio, equal to €4,547.2 million, are measured at amortized cost. The relevant interest is therefore recognized in the income statement using the effective rate of return.

As at December 31, 2025, 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 €4,552.0 million and fair value of €4,618.1 million, with a positive difference (before taxes) of around €71.0 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

€9,623,983 thousand

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025						Total 12.31.2024 ADJUSTED (*)					
	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	3,048,700	2,025,397	2,675			5,076,773	3,508,113	1,625,000	2,996			5,136,109
1.1. Current accounts	1,094,028			X	X	X	503,933	460		X	X	X
1.2. Reverse Repurchase agreements	29,014			X	X	X	54,656			X	X	X
1.3. Mortgages	-			X	X	X	-			X	X	X
1.4. Credit cards and personal loans, including salary-backed loans	-			X	X	X	17			X	X	X
1.5. Loans for leases	-			X	X	X	-			X	X	X
1.6. Factoring	1,003,709	1,685,842	2,675	X	X	X	1,480,277	1,368,350	2,996	X	X	X
1.7. Other loans	921,949	339,555		X	X	X	1,469,230	256,190		X	X	X
2. Debt securities	4,547,210		4,618,101				4,594,843		4,585,397			
2.1. Structured securities												
2.2. Other debt securities	4,547,210		4,618,101				4,594,843		4,585,397			
Total	7,595,910	2,025,397	2,675	4,618,101	-	5,076,773	8,102,956	1,625,000	2,996	4,585,397	-	5,136,109

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

This item breaks down as follows:

- ▶ performing non-recourse factoring totaled €1,003,709 thousand and mainly 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", for €989,086 thousand;
- ▶ other performing loans due from customers amounted to €921,949 thousand. They mainly include:
 - i. net receivables for accrued late payment interest of approximately €85,546 thousand; the gross amount, of €89.1 million, already recognized in the income statement in the current and prior years, refers only to late payment interest accrued. Therefore, of the €569.6 million in late payment interest recognized in the income statement, and referring to the provision existing at December 31, 2025, €89.1 million refers to the item under review, while the remaining amount of €245.6 million was recognized under "factoring" and €234.9 million under receivables in other loans past due;
 - ii. net recovery expenses of €17,785 thousand; the gross amount of 18,830, together with €124,274 thousand classified as non-performing loans and approximately €3,782 thousand (€5 thousand performing, and 3,777 thousand non-performing) purchased below the nominal value is already transferred to the income statement, and refers to the recovery expenses already accrued on loans purchased outright;
 - iii. intercompany loans granted to the BFF Polska Group for a total of €356,505 thousand;
 - iv. security deposits of approximately €238,489 thousand for settlement activities related to the transactions typical of the Securities Services and Banking Payments business areas;

v. security deposits for transactions in place with Cassa Compensazione e Garanzia for €165,840 thousand.

- ▶ Reverse repurchase agreements amounting to €29,014 thousand. These are exposures arising from contracts with customers regulated by the Global Master Repurchase Agreement (GMRA).
- ▶ Current account credit facilities amounting to €1,094,028 thousand are mainly represented by intercompany current account overdrafts in favor of BFF Polska Group (€810,261 thousand), BFF Finance Iberia (€269,715 thousand) and BFF Immobiliare (€4,779 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 €2,028,072 thousand, compared to €1,628,088 thousand as at December 31, 2024. They include:
 - i. 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, 2025, the overall total of non-performing loans, net of impairment, amounted to €90,260 thousand, of which €2,675 thousand purchased already impaired. Net non-performing loans relating to Italian municipalities and provincial governments in financial distress amounted to €88,509 thousand and account for 98.1% 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.

- ii. 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 carried out independently of the existence of any past due and unpaid amounts (or installments). At December 31, 2025, gross exposures classified as unlikely to pay amounted to €4,760 thousand, written down by €1,893 thousand. The net exposure therefore amounts to €2,867 thousand.
- iii. The Bank's net past due exposures amounted to €1,934,946 thousand. 95.9% of these exposures relate to public counterparties.

Overall, factoring items and other performing and non-performing loans include (i) late payment interest calculated using the amortized cost method for a total of €616.8 million, and (ii) recovery expenses for a total of €146.9 million.

In line with the disclosure provided in the separate financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the presentation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting

due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

Fair value

The separate 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 and receivables with customers

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025			Total 12.31.2024 ADJUSTED (*)		
	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	4,547,210			4,594,843		
a) Public administrations	4,538,890			4,587,702		
b) Other financial companies	8,320			7,141		
of which: insurance companies						
c) Non-financial companies						
2. Loans to:	3,048,700	2,025,397	2,675	3,508,113	1,625,000	2,996
a) Public administrations	1,090,334	1,941,963	2,675	1,634,684	1,545,607	2,996
b) Other financial companies	1,869,384	1,012		1,751,239	1,243	
of which: insurance companies						
c) Non-financial companies	88,802	44,697		121,719	24,924	
d) Households	180	37,724		471	53,225	
Total	7,595,910	2,025,397	2,675	8,102,956	1,625,000	2,996

(*) Comparative information is restated to account for error corrections. See the specific section “Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)”.

The exposures to financial companies relate mainly to loans granted to the subsidiaries BFF Finance Iberia and BFF Polska Group (for a total of €1,436.5 million) and Cassa di Compensazione e Garanzia for €165.8 million.

4.4 Financial assets measured at amortized cost: gross amount and total adjustments

(Values in thousand euro)

	Gross amount				Total adjustments				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	
	of which: Instruments with low credit risk								
Debt securities	4,549,229				2,019				
Loans	3,899,271	11,742	2,127,884	3,090	7,233	259	102,486	415	
Total 12.31.2025	8,448,499	11,742	2,127,884	3,090	9,251	259	102,486	415	
Total 12.31.2024 ADJUSTED (*)	8,692,058	16,907	1,630,810	3,192	3,311	47	5,810	197	

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(**) Value presented for information purposes.

Section 7 – Equity investments - Item 70

€232,498 thousand

The item totaled €232.5 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 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 and PB & Partners società tra avvocati A.R.L. with an equity investment equal to 33% of shares issued, recognized in the separate financial statements for €7 thousand.

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.	Łódź (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%
2. PB & Partners	Milan (Italy)	Milan (Italy)	33%	33%

7.5 Equity investments: annual changes

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
A. Opening balance	229,882	154,876
B. Increases		
B.1 Purchases	-	7
B.2 Impairment gains		
B.3 Revaluations		
B.4 Other changes	2,616	75,000
C. Decreases		
C.1 Sales		
C.2 Impairment losses		
C.3 Impairment		
C.4 Other changes		
D. Closing balance	232,498	229,882
E. Total revaluations		
F. Total adjustments		

The increases refer to the fair value of the Bank's share options granted to employees of certain group companies which, in accordance with the provisions of IFRS 2 "Share-based payments", is reflected in the value of the investments in the companies where the recipients of the options work.

Section 8 – Property, equipment and investment property - Item 80

€49,188 thousand

8.1 Property and equipment with functional use: breakdown of assets measured at cost

(Values in thousand euro)

Assets/Values	Total 12.31.2025	Total 12.31.2024
1. Proprietary assets	3,355	3,788
a) land		
b) buildings		
c) furniture	2,016	2,049
d) electronic systems	715	1,161
e) others	615	579
2. Right-of-use assets	42,825	45,296
a) land		
b) buildings	41,867	44,877
c) furniture		
d) electronic systems	3	-
e) others	955	419
Total	46,180	49,085
of which: obtained by enforcement of guarantees received		

8.3 Property and equipment with functional use: breakdown of revalued assets

(Values in thousand euro)

Assets/Values	12.31.2025			12.31.2024		
	L1	L2	L3	L1	L2	L3
1. Proprietary assets						
a) land			660			660
b) buildings			2,348			2,640
c) furniture						
d) electrical systems						
e) others						
2. Right-of-use assets						
a) land						
b) buildings						
c) furniture						
d) electrical systems						
e) others						
Total			3,008			3,300
of which: obtained through the exclusion of guarantees received						

Key L1 = Level 1, L2 = Level 2, L3 = Level 3

8.6 Property and equipment with functional use: yearly changes

(Values in thousand euro)

	Land	Buildings	Furnishings	Electronic system	Others	Total
A. Gross opening balances	660	72,974	4,915	12,780	8,997	100,326
A.1 Total net impairment losses		(25,457)	(2,866)	(11,619)	(7,999)	(47,941)
A.2 Opening net balances	660	47,517	2,049	1,161	998	52,385
B. Increases:		1,300		160	1,191	2,651
B.1 Purchases				157	301	458
B.2 Capitalized leasehold improvements						
B.3 Reversals of impairment losses						
B.4 Increases in fair value						
through:						
a) equity						
b) profit or loss						
B.5 Exchange rate gains						
B.6 Transfers from investment property			X	X	X	
B.7 Other changes		1,300		3	891	2,193
C. Decreases:		(4,601)	(32)	(594)	(620)	(5,848)
C.1 Sales						
C.2 Depreciation		(4,497)	(32)	(594)	(620)	(5,744)
C.3 Impairment losses through:						
a) equity						
b) profit or loss						
C.4 Decreases in fair value						
through:						
a) equity						
b) profit or loss						
C.5 Exchange rate losses						
C.6 Transfers to:						
a) property, equipment and investment property investment property			X	X	X	
b) non-current assets held for sale and discontinued operations						
C.7 Other changes		(104)				(104)
D. Closing net balances	660	44,216	2,016	727	1,569	49,188
D.1 Total net impairment losses	-	(30,058)	(2,898)	(12,213)	(8,619)	(53,789)
D.2 Closing Gross Amount	660	72,974	4,915	12,780	8,997	100,325
E. Measurement at cost	660	72,974	4,915	12,780	8,997	100,325

As at December 31, 2025, the item "Property, equipment and investment property" amounted to a total of €49,188 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 €2,531 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 €42,825 thousand, of which €41,867 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 that occurred during the year on lease agreements (IFRS 16).

Section 9 – Intangible assets - Item 90

€35,331 thousand

9.1 Intangible assets: breakdown by type of asset

(Values in thousand euro)

Assets/Values	Total 12.31.2025		Total 12.31.204	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X		X	
A.2 Other intangible assets	35,331		44,103	
of which: software	17,786		17,560	
A.2.1 Assets measured at cost:				
a) intangible assets created internally				
b) other assets	35,331		44,103	
A.2.2 Assets measured at fair value:				
a) intangible assets created internally				
b) other assets				
Total	35,331		44,103	

9.2 Intangible assets: annual changes

(Values in thousand euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		FIN	INDEF	FIN	INDEF	
A. Opening balance	-			65,756		65,756
A.1 Total net impairment losses				(21,653)		(21,653)
A.2 Opening net balances	-			44,103		44,103
B. Increases	-			10,744		10,744
B.1 Purchases	-			10,744		10,744
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				3		3
B.6 Other changes				25		25
C. Decreases				(19,544)		(19,544)
C.1 Sales				-		-
C.2 Impairment losses				(11,044)		(11,044)
- Amortization	X			(11,004)		(11,004)
- 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	-	-	-	(8,540)	-	(8,540)
D. Closing net balances				35,331	-	35,331
D.1 Total net impairment losses		-	-	(32,657)		(32,657)
E. Closing gross balances				67,988	-	67,988
F. Measurement at cost				67,988	-	67,988

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 €13,730 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, 2025, tax assets and liabilities amounted to €129,279 thousand and €153,525 thousand, respectively. Current tax assets and liabilities amount to €71,329 thousand and €0 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

€57,951 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

€153,525 thousand

Deferred tax liabilities mainly refer to the taxes on BFF Bank's late payment interest, recognized in the separate financial statements on an accruals 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)

€57,951 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024 ADJUSTED
1. Initial amount	57,197	53,798
2. Increases	8,089	8,031
2.1 Deferred tax assets recognized during the year	7,445	8,031
a) relating to previous years		
b) due to changes in accounting criteria		
c) reversals of impairment losses		
d) others	7,445	8,031
2.2 New taxes or increases in tax rates	443	
2.3 Other increases	201	
3. Decreases	(7,335)	(4,633)
3.1 Deferred tax assets canceled during the year	(7,335)	(4,633)
a) reversals	(7,335)	(4,633)
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	-	-
4. Final amount	57,951	57,197

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

10.3 bis Changes in deferred tax assets pursuant to Law no. 214/2011

€9,337 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
1. Initial amount	10,616	12,897
2. Increases	350	-
3. Decreases	(1,629)	(2,282)
3.1 Reversals	(1,629)	(2,282)
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	9,337	10,616

10.4 Changes in deferred tax liabilities (through profit or loss)

€152,350 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024 ADJUSTED (*)
1. Initial amount	167,235	120,449
2. Increases	3,037	52,174
2.1 Deferred tax liabilities recognized during the year	2,004	52,174
a) relating to previous years		
b) due to changes in accounting criteria		
c) others	2,004	52,174
2.2 New taxes or increases in tax rates	146	
2.3 Other increases	887	
3. Decreases	(17,922)	(5,388)
3.1 Deferred tax liabilities canceled during the year	(17,922)	(5,388)
a) reversals	(17,922)	(5,388)
b) due to changes in accounting criteria		
c) others		
3.2 Reductions in tax rates		
3.3 Other reductions		
4. Final amount	152,350	167,235

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

10.5 Changes in deferred tax assets (recorded in equity)

€0 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
1. Initial amount	235	244
2. Increases		-
2.1 Deferred tax assets recognized during the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) others		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	(235)	(8)
3.1 Deferred tax assets canceled during the year	(34)	
a) reversals		
b) impairment of non-recoverable items		
c) due to changes in accounting criteria		
d) others	(34)	-
3.2 Reductions in tax rates		
3.3 Other reductions	(201)	(8)
4. Final amount	-	235

10.6 Changes in deferred tax liabilities (recorded in equity)

€1,175 thousand

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
1. Initial amount	667	869
2. Increases	585	178
2.1 Deferred tax liabilities recognized during the year	585	178
a) relating to previous years		
b) due to changes in accounting criteria		
c) others	585	178
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	(77)	(380)
3.1 Deferred tax liabilities canceled during the year	(77)	(380)
a) reversals		
b) due to changes in accounting criteria		
c) others	(77)	(380)
3.2 Reductions in tax rates		
3.3 Other reductions		
4. Final amount	1.175	667

Section 12 – Other assets - Item 120

12.1 Other assets: breakdown

€660,940 thousand

(Values in thousand euro)

Breakdown	12.31.2025	12.31.2024
Security Deposits	7,610	2,651
Invoices issued and to be issued	11,247	20,970
Payment flows to be credited	138,053	117,373
Other exposures	51,980	63,700
Accrued income and prepaid expenses	24,431	21,150
Ecobonus tax assets	427,620	463,612
Total	660,940	689,456

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 expenses 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, 2025, the item ecobonus tax assets, amounting to €427.6 million, included both receivables acquired through factoring transactions according to the HTC Business Model of €158.7 million, €251.6 million as at December 31, 2024, and purchased according to the Trading Business Model equal to €270.0 million, €212.0 million as at December 31, 2024, receivables recognized and measured according to the fair value method. 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

€10,705,280 thousand

This item is broken down as follows at December 31, 2025:

- ▶ due to banks of €1,300,189 thousand;
- ▶ due to customers of €8,785,131 thousand;
- ▶ debt securities issued of €619,959 thousand.

Due to banks

€1,300,189 thousand

1.1 Financial liabilities measured at amortized cost: breakdown by type of amounts due to banks

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025				Total 12.31.2024			
	VB	Fair Value			VB	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Amounts due to central banks	2,889	X	X	X	2,401	X	X	X
2. Due to banks	1,297,301	X	X	X	1,339,718	X	X	X
2.1 Current accounts and sight deposits	848,682	X	X	X	716,161	X	X	X
2.2 Time deposits	243,509	X	X	X	177,651	X	X	X
2.3 Loans	26,560	X	X	X	212,849	X	X	X
2.3.1 Repurchase agreements - payable	26,560	X	X	X	212,849	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	178,550	X	X	X	233,057	X	X	X
Total	1,300,189			1,300,189	1,342,119			1,342,119

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 €848.7 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 €26.6 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

€8,875,131 thousand

1.2 Financial liabilities measured at amortized cost: breakdown by type of amounts due to customers

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025				Total 12.31.2024			
	VB	Fair Value			VB	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and sight deposits	4,635,750	X	X	X	4,117,213	X	X	X
2. Time deposits	1,122,007	X	X	X	2,491,556	X	X	X
3. Loans	2,378,501	X	X	X	1,385,814	X	X	X
3.1 repurchase agreements	2,321,742	X	X	X	349,472	X	X	X
3.2 Others	56,759	X	X	X	36,342	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X		X	X	X
5. Lease liabilities	43,387	X	X	X	45,458	X	X	X
6. Sundry liabilities	605,486	X	X	X	625,785	X	X	X
Total	8,875,131				8,665,827			

Key
CA = Carrying Amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

As at December 31, 2025, the item mainly consisted of "current accounts and sight deposits" for an amount of €4,636 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 €2,379 million.

The item includes €1,258 million for online deposit accounts ("conto facto") offered in Italy, Spain, Germany, the Netherlands, Ireland, Poland and, starting from June 2025, Greece (restricted deposits and current accounts), compared to €2,763 million as at December 31, 2024.

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 €43.4 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 12 years. For more information see Part M - "Lease reporting" of the Notes to the consolidated financial statements.

Debt securities issued

€619,959 thousand

1.3 Financial liabilities at amortized cost: breakdown by type of securities issued

(Values in thousand euro)

Type of securities/Values	Total 12.31.2025			Total 12.31.2024			
	VB	Fair Value			VB	Fair Value	
		L1	L2	L3		L1	L2
A. Securities							
1. bonds	619,959	637,474			609,914	613,716	
1.1 structured	619,959	637,474			609,914	613,716	
1.2 others							
2. other securities							
2.1 structured							
2.2 others							
Total	619,959	637,474	-	-	609,914	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 at January 1, 2025.

Specifically, the balance as at December 31, 2025 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

€964 thousand

22.1 Financial liabilities held for trading: breakdown by type

(Values in thousand euro)

Type of transactions/Values	Total 12.31.2025				Total 12.31.2024			
	VN	Fair Value			VN	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								
3.1.2 Other bonds								
3.2 Other securities								
3.2.1 Structured								
3.2.2 Others								
Total (A)	-	-	-	-	-	-	-	-
B. Derivatives								
1. Financial derivatives			964				139	
1.1 Held for trading	X		964		X		139	X
1.2 Connected to the fair value option	X				X			X
1.3 Others	X				X			X
2. Credit derivatives								
2.1 Held for trading	X				X			X
2.2 Connected to the fair value option	X				X			X
2.3 Others	X				X			X
Total (B)	X	964	-	X	X	139	X	X
Total (A+B)	X	964	-	X	X	139	X	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, 2025 of derivative instruments classified as trading assets but used for the operational hedges of the currency and interest risk that the Bank is exposed to.

Section 6 – Tax liabilities - Item 60

€153,525 thousand

See "Section 10 - Tax assets and liabilities - Item 100" of the statement of financial position assets.

Section 8 – Other liabilities - Item 80

€340,693 thousand

8.1 Other liabilities: breakdown

(Values in thousand euro)

Breakdown	Total 12.31.2025	Total 12.31.2024
Trade payables	15,357	15,916
Invoices to be received	21,415	30,667
Liabilities to tax authorities	7,634	8,203
Liabilities to social security and welfare bodies	2,232	2,056
Liabilities to employees	21,689	19,577
Collections pending allocation	66,215	43,585
Payment flows received to be charged	162,931	191,862
Sundry liabilities	39,093	28,282
Accrued expense and deferred income	4,129	5,295
Total	340,693	345,443

"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, 2025 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 separate financial statements.

Section 9 – Post-employment benefits - Item 90

€3,322 thousand

9.1 Post-employment benefits: annual changes

(Values in thousand euro)

	Total 12.31.2025	Total 12.31.2024
A. Opening balance	3,209	2,896
B. Increases	2,686	2,529
B.1 Provision for the year	2,686	2,484
B.2 Other changes	-	45
C. Decreases	(2,573)	(2,216)
C.1 Payments made	(1)	(105)
C.2 Other changes	(2,572)	(2,111)
D. Closing balance	3,322	3,209
Total	3,322	3,209

The liability recorded in the separate financial statements at December 31, 2025 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, 2025 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 5-7 Index (in line with the duration of the items measured) and it was found to be 3.09%.

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

€72,969 thousand

10.1 Provisions for risks and charges: breakdown

(Values in thousand euro)

Items/Values	Total 12.31.2025	Total 12.31.2024 ADJUSTED (*)
1. Provisions for credit risk relating to Commitments and financial guarantees given	70	433
2. Provisions for other commitments and other guarantees provided		
3. Pension and similar obligations	6,120	6,680
4. Other provisions for risks and charges		
4.1 Legal and tax disputes		
4.2 Personnel costs		
4.3 Others	66,779	50,715
Total	72,969	57,828

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

The increase compared to December 31, 2024, attributable to the item "other provisions for risks and charges", mainly relates to higher provisions for some non-performing positions both for direct exposure and for legal actions against debtors with assignors mainly in insolvency proceedings.

The item "pension and similar obligations" decreased due to uses as a result of payments to certain categories of employees of deferred bonuses relating to the objectives achieved in previous years.

10.2 Provisions for risks and charges: annual changes

(Values in thousand euro)

	Provisions for other commitments and other guarantees provided	Pension and similar obligations	Other provisions for risks and charges	Total ADJUSTMENT (*)
A. Opening balance	433	6,680	50,715	57,828
B. Increases		363	25,134	25,497
B.1 Provision for the year		229	25,134	25,363
B.2 Changes due to the passage of time		134		134
B.3 Changes due to variations in the discount rate				
B.4 Other changes				
C. Decreases	(363)	(923)	(9,070)	(10,356)
C.1 Utilization for the year	(363)	(920)	(3,020)	(4,302)
C.2 Changes due to variations in the discount rate				
C.3 Other changes		(4)	(6,050)	(6,054)
D. Closing balance	70	6,120	66,779	72,969

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

10.3 Allowances for credit risk relating to commitments and financial guarantees given

(Values in thousand euro)

Allowances for credit risk relating to commitments and financial guarantees given				
	Stage one	Stage two	Stage Three	Purchased or originated credit impaired
Commitments to disburse funds	3		1	
Financial guarantees given	66			
Total	69	-	1	-

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 €3.7 million and the provisions relating to the incentive and retention scheme with deferred payment envisaged for specific BFF Bank employees, amounting to €2.1 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, 2025, the fund in question also included the provision for the commitment made by the former DEPO bank to some employees who left the Bank, amounting to €131 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 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 3-5, or 10+ for the CEO, recorded as at December 31, 2025 and equal to 2.79%, or 3.96% in the case of the CEO. 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	14.10%
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 2.52%.

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 12.8%.

10.6 Provisions for risks and charges - Other provisions

Other provisions of €41.3 million refer to:

- ▶ litigation liabilities for which the Bank has estimated a probable risk of loss for approximately €40.5 million;
- ▶ provisions related to possible damages for operational errors of approximately €807 thousand.

Section 12 – Equity - Items 110, 130, 140, 150, 160, 170 and 180

€743,562 thousand

12.1 "Share capital" and "Treasury shares": breakdown

(Values in thousand euro)		
Types	12.31.2025	12.31.2024
1. Share Capital	145,399	145,006
1.1 Ordinary shares	145,399	145,006
2. Treasury shares	-	(3,570)

12.2 Share capital - Number of shares: annual changes

(Values in units)		
Items/Types	Ordinary	Others
A. Shares as at the beginning of the year	188,319,458	
- fully paid-in	188,319,458	
- not fully paid-in		
A.1 Treasury shares (-)	(391,426)	
A.2 Shares outstanding: initial balance	187,928,032	
B. Increases	902,420	
B.1 New issues		
- for consideration:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- others		
- without consideration:		
- to employees	510,994	
- to directors		
- others		
B.2 Sales of treasury shares		
B.3 Other changes	391,426	
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	188,830,452	
D.1 Treasury shares (+)		
D.2 Shares existing at the end of the year	188,830,452	
- fully paid-in	188,830,452	
- 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 euro)

	12.31.2025	Possibility of use (a)	Portion available	Portion with tax suspension	Summary of use in the last three years (*)	
					To cover losses	For other reasons
Share capital	145,399					
Reserves	338,933					
- Legal reserve (**)	29,001	B		26,196		
- Extraordinary reserve	89	A,B,C	89			
- Retained earnings (***)	300,593	A,B,C	300,593	50,387		135,677
- Stock option and financial instrument reserves	8,359	A				
- Other reserves	890					
Valuation reserves	15,338					
- HTCS securities	13,548					
- Others	1,790					
Treasury share reserve	-					
Share premium reserve	66,277	A,B,C	66,277			
Total share capital and reserves	565,948		366,960	76,583		135,677

(a): Possible uses: A=for share capital increase B=to cover losses C=for distribution to shareholders.

(*) Uses in the last three years amounting to €135,677 thousand include primarily uses for a total of €26,123 thousand for the exercise of stock options by certain beneficiaries in the course of 2023, 2024 and 2025, the use of €26,446 thousand (net of the tax effect) for the payment of the interest coupon, structuring expenses relating to the Additional Tier 1 (AT1) financial instrument and the allocation of €6,710 thousand relating to the tax for the extraordinary contribution to release the extra-profit reserve required by Article 26 of Decree-Law of 10 August 2023, as well as uses in the last three years relating to the payment of dividends distributed as per shareholders' resolutions in the amount of €76,398 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 equity are shown below:

(Values in thousand euro)

	Legal	Retained earnings ADJUSTED (*)	Others	Total
A. Opening balance	28,789	158,404	8,781	195,974
B. Increases	212	166,033	2,713	168,957
B.1 Allocation of profits	212	163,651		163,863
B.2 Other changes		2,382	2,713	5,094
C. Decreases		(23,754)	(2,244)	(25,998)
C.1 Uses				
- coverage of losses				
- distribution				
- transfer to share capital				
C.2 Other changes		(23,754)	(2,244)	(25,998)
D. Closing balance	29,001	300,683	9,249	338,933

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the balances of the previous year in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Retained earnings

The retained earnings increased by €166.0 million due to (i) the allocation of a share of profits for 2024, in accordance with the Shareholders' Meeting resolution of April 17, 2025 for €163.6 million and (ii) the allocation of the general share-based plan for €1.6 million;

Decreases in the retained earnings of €23.8 million mainly relate to (i) the payment of interest coupons of the "Additional Tier 1" instrument, (ii) the payment of withholding taxes on the exercise of stock options by the beneficiaries, (iii) the exercise of the stock options and share allocations in relation to the incentive system for the deferred part and (iv) the allocation of tax relating to the extraordinary contribution for the release of the extra-profit reserve provided for in Article 26 of Decree-Law No. 104 of August 10, 2023, converted, with amendments, by Law No. 136 of 9 October 2023.

Other reserves

The other reserves mainly:

- ▶ increased by €2.7 million due to provisions related to the variable remuneration of the so-called "Key Personnel" (RiskTakers), 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 €2.2 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 parent took advantage of the facilitation provided under Art. 110 of Italian Decree-Law no. 104 of August 14, 2020 and proceeded with the alignment 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 ended 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 at December 31, 2025 there were no changes compared to December 31, 2024. 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 year, 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)

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.

(Values in thousand euro)

	Nominal amount on commitments and financial guarantees given			Total 12.31.2025	Total 12.31.2024
	Stage one	Stage two	Stage three		
1. Commitments to disburse funds	1,196,952		20,001	1,216,953	1,344,132
a) Central Banks					
b) Public administrations	24,000		20,000	44,000	
c) Banks					132
d) Other financial companies	1,151,229			1,151,229	1,247,073
e) Non-financial companies	21,723		1	21,724	96,927
f) Households					
2. Financial guarantees given	9,236		5,823	15,059	17,021
a) Central Banks					
b) Public administrations					
c) Banks					
d) Other financial companies	5,343			5,343	251
e) Non-financial companies	3,893		5,823	9,716	16,769
f) Households					

2. Other commitments and other guarantees provided

(Values in thousand euro)

	12.31.2025	12.31.2024
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 euro)

Portfolios	Amount 12.31.2025	Amount 12.31.2024
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	2,412,804	1,940,935
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 euro)

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	122,560,835
a) third-party securities deposited: relating to custodian bank activities (excluding portfolio management)	34,289,948
1. securities issued by consolidated companies	7,348
2. other securities	34,282,600
b) third-party securities deposited (excluding portfolio management): others	83,497,263
1. securities issued by consolidated companies	19,568
2. other securities	83,477,695
c) third party securities deposited with third parties	110,468,367
d) proprietary securities deposited with third parties	4,773,624
4. Other transactions	

Part C – Information on the Income Statement

All amounts in the tables are stated in thousand euro.

Section 1 – Interest - Items 10 and 20

1.1 Interest and similar income: breakdown

€407,150 thousand (of which €387,322 thousand relating to interest income calculated according to the effective interest method)

(Values in thousand euro)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 12.31.2025	Total 12.31.2024 ADJUSTED (*)
1. Financial assets measured at fair value through profit or loss:					
1.1. Financial assets held for trading					
1.2. Financial assets designated at fair value					
1.3. Other financial assets subject to mandatory fair value measurement	511			511	453
2. Financial assets measured at fair value through other comprehensive income			X		
3. Financial assets measured at amortized cost					
3.1 Loans and receivables with banks	18,450	10,332	X	28,782	32,304
3.2 Loans and receivables with customers	111,067	259,895	X	370,962	617,717
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	6,891	12,479	12,479
6. Financial liabilities	X	X	3	3	13
Total	130,028	270,227	6,894	407,150	662,966
of which: interest income on impaired assets					
of which: interest income on finance leasing	X		X		

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 €259.9 million (€436.3 million in 2024) 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.

The reduction in revenue is due to:

- ▶ non-recurring income of €107.3 million recognized in 2024 following the change in the percentage of recognition of late payment interest from 50% to 65%
- ▶ the reduction in the average rate of return on loans from 7.5% to 6.5%, also in light of the decrease in the ECB/MRO benchmark rates;
- ▶ the extension of the expected times for collecting late payment interest from 2,100 days to 2,400 days for €19.8 million.

Interest income on debt securities linked to loans and receivables with customers and totaling approximately €111.1 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 expense: breakdown

€264,332 thousand

(Values in thousand euro)

Items/Technical forms	Liabilities	Securities	Other transactions	Total 12.31.2025	Total 12.31.2024
1. Financial liabilities measured at amortized cost					
1.1 Amounts due to central banks		X	X		
1.2 Amounts due to banks	41,899	X	X	41,899	85,829
1.3 Amounts due to customers	189,244	X	X	182,244	276,963
1.4 Securities issued	X	29,486	X	29,486	12,777
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value		6		6	
4. Other liabilities and provisions	X	X	3,694	3,694	6,614
5. Hedging derivatives	X	X			
6. Financial assets	X	X	X		
Total	231,143	29,495	3,694	264,332	382,182
of which: interest expense relative to lease liabilities	900	X	X	900	163

Interest expense went from €382.2 million for the previous year to €264.3 million for 2025. The reduction is mainly attributable to the decrease in interest rates. In fact, the ECB/MRO benchmark rates went from 4.25% in 2024 to 2.15% in 2025.

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 and, as from July 2025, "Facto Prothesmiaki" offered by the branch in Greece), 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 €29,515 thousand (€12,777 thousand in 2024), 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

€109,144 thousand

(Values in thousand euro)

Type of services/Values	Total 12.31.2025	Total 12.31.2024
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. Other commissions connected to corporate finance services		
c) Consulting activities related to investments	37	58
d) Clearing and settlement		
e) Collective portfolio management		
f) Custody and administration	30,807	27,806
1. Custodian bank	20,776	18,331
2. Other commissions linked to custody and administration activities	10,031	9,475
g) Central administrative services for collective portfolio management		
h) Fiduciary activities		

(Values in thousand euro)

Type of services/Values	Total 12.31.2025	Total 12.31.2024
i) Payment services	70,104	72,524
1. Current accounts		
2. Credit cards	1,249	1,647
3. Debit cards and other payment cards	5,039	7,503
4. Bank transfers and other payment orders	20,887	20,236
5. Other commissions linked to payment services	42,929	43,139
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	17	20
m) Commitments to disburse funds		
n) Financial guarantees given	1,327	1,392
of which: credit derivatives		
o) Lending transactions		
of which: for factoring transactions		
p) Currency trading		
q) Commodities		
r) Other fee and commission income	6,853	8,831
of which: for management of multilateral trading systems		
of which: for management of organized trading systems		
Total	109,144	110,631

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 expense: breakdown

€22,579 thousand

(Values in thousand euro)

Services/Values	Total 12.31.2025	Total 12.31.2024
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	2,011	1,846
c) Collective portfolio management		
d) Custody and administration	4,072	4,248
e) Collection and payment services	13,637	16,559
of which: credit cards, debit cards and other payment cards	418	3,074
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
k) Other fee and commission expense	2,842	5,721
Total	22,579	28,391

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

€58,511 thousand

(Values in thousand euro)

Items/Income	Total 12.31.2025		Total 12.31.2024	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading			6	
B. Other financial assets subject to mandatory fair value measurement	10,553		13,547	
C. Financial assets measured at fair value through other comprehensive income	6,535		6,292	
D. Equity investments	41,423		1,423	
Total	58,511		21,267	

In 2025, the item mainly included dividends received from the Bank of Italy amounting to €5.7 million (€5.7 million in 2024), 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 2025 from Fondo Italiano di Investimento, amounting to around €1.4 million (€2.9 million in 2024) and from Fondo Ingenii, amounting to €9.2 million (€10.6 million in 2024), whose UCI units are classified under item 20 of the Assets "Financial assets measured at fair value through profit or loss", dividends received by Unione Fiduciaria, equal to €1.4 million (€1.4 million in 2024) and the subsidiary BFF Iberia, of €40.0 million (€0 million in 2024) 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

€12,194 thousand

(Values in thousand euro)

Transactions / 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	7	23,538	(6)	-	23,538
1.1 Debt securities	6	649	(6)		649
1.2 Equity securities	1				1
1.3 UCI units					
1.4 Loans		22,889			22,889
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	(11,345)
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					
f which: natural hedging related to the fair value option	X	X	X	X	
Total	7	23,538	(6)	-	12,194

In 2025, 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 €22.9 million.

The profits on trading mainly derive 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 – Gains (losses) on disposals/repurchases - Item 100

6.1 Gains (Losses) on disposals/repurchases: breakdown

€10,455 thousand

(Values in thousand euro)

Items/Income items	Total 12.31.2025			Total 12.31.2024		
	Profits	Loss	Net profit	Profits	Loss	Net profit
Financial assets						
1. Financial assets measured at amortized cost						
1.1 Loans and receivables with banks						
1.2 Loans and receivables with customers	10,455		10,455	3,552	(221)	3,331
2. Financial assets measured at fair value through other comprehensive income						
2.1 Debt securities						
2.2 Loans						
Total assets (A)	10,455		10,455	3,552	(221)	3,331
Financial liabilities measured at amortized cost						
1. Amounts due to banks						
2. Amounts due to customers						
3. Securities issued						
Total liabilities (B)	-	-	-	-	-	-

In 2025, the item in question amounted to €10,455 thousand, and represents the net balance of sales of debt securities for a nominal value of €460 million (€3,331 thousand in 2024 for a nominal value of €230 million) classified in asset item 40 b) "Financial assets measured at amortized cost – loans and receivables with customers".

Section 7 – Profits (losses) on other financial assets and liabilities at fair value through profit or loss - Item 110

(€7,228 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 euro)

Transactions/Income items	Capital gains (A)	Realized gains (B)	Capital losses (C)	Losses on disposal (D)	Net loss [(A+B)-(C+D)]
1. Financial assets			(6,239)	(989)	(7,228)
1.1 Debt securities					
1.2 Equity securities					
1.3 UCI units			(6,239)	(989)	(7,228)
1.4 Loans					
2. Financial assets in foreign currency: foreign exchange differences	X	X	X	X	
Total			(6,239)	(989)	(7,228)

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

(€100,580 thousand)

8.1 Net impairment losses/gains for credit risk associated with financial assets measured at amortized cost: breakdown

(Values in thousand euro)

Transaction/Income items	Impairment losses				Impairment gains				Total 12.31.2025	Total 12.31.2024
	Stage one	Stage two	Stage three		Purchased or originated credit impaired		Stage one	Stage two	Stage three	Purchased or originated credit impaired
			write-offs	Others	write-offs	Others				
A. Loans and receivables with banks										
- Loans							189			189
- Debt securities										-
B. Loans and receivables with customers	(6,108)	(211)	(3,476)	(92,870)		(218)	145		1,969	(100,769)
- Loans	(5,963)	(211)	(3,476)	(92,870)		(218)	145		1,969	(100,623)
- Debt securities	(145)									101
Total	(6,108)	(211)	(3,476)	(92,870)		(218)	334		1,969	(100,580)

The increase in the provision in 2025 compared to 2024 is mainly related to the provisions recognized by the Bank for the use of a new method of managing the provisioning process relating to rulings on legal actions initiated for the recovery of non-recourse factoring credit exposures with Italian debtors. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis – of each ruling - to estimate the so-called risk of an adverse outcome. For further details, please refer to the section "Focus on the main phenomena affecting the Separate Financial Statements as at December 31, 2025" in Section 5 "Other Aspects" of Part A "Accounting Policies".

Section 10 – Administrative expenses - Item 160

€170,837 thousand

10.1 Personnel expenses: breakdown

€73,555 thousand

(Values in thousand euro)

Type of expenditure/Values	Total 12.31.2025	Total 12.31.2024
1) Employees		
a) wages and salaries	43,282	42,298
b) social security contributions	12,555	11,541
c) post-employment benefits		
d) pension costs		
e) provision for post-employment benefits	2,512	2,112
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	449	472
h) costs related to share-based payments	6,425	5,816
i) other employee benefits	5,045	4,266
2) Other personnel in service	348	248
3) Directors and statutory auditors	2,739	1,723
4) Early retirement costs		
Total	73,355	68,476

The item "personnel expenses" includes, in addition to the amount of expense and contributions paid to employees, including for the Group incentive system, expense for stock options for certain employees of the Bank for 2025, equal to approximately €6,425 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.

The change compared to 2024 is mainly due to the increase in the workforce and some costs for other employee benefits such as insurance.

10.2 Average number of employees per category

(Values in work units)

Categories	Average number 12.31.2025	Average number 12.31.2024
Executives/Senior Executives	28	24
Managers/Coordinators/Professionals	308	292
Specialists	312	291
Total	648	607

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 €5,045 thousand (€4,266 thousand in 2024), these mainly refer to expenses incurred for training, meal tickets, donations and insurance for employees of the Bank. The increase compared to 2024 is mainly due to the increase in the cost of employee insurance.

10.5 Other administrative expense: breakdown

€97,482 thousand

(Values in thousand euro)

Breakdown	Total 12.31.2025	Total 12.31.2024
Legal fees	5,982	4,849
Data processing services	16,075	15,486
External credit management services	541	685
Supervisory Body fees	44	27
Legal fees for loans and receivables under management	101	207
Notary fees	250	281
Notary fees to be recovered	861	896
Entertainment expense and donations	1,651	1,744
Maintenance expense	11,884	8,540
Non-deductible VAT	11,719	11,451
Other taxes	5,065	5,021
Consulting services	20,271	22,958
Head office operating expenses	3,481	4,996
Resolution Fund and FITD	311	5,450
Other expenses	19,246	20,842
Total	97,482	103,435

Other administrative expenses for 2025 amounted to €97.5 million, a slight decrease compared to the previous year.

The change is mainly due to the contribution to the Interbank Deposit Protection Fund (FITD) of 0.3 million in 2025 and 5.5 million in 2024. Also in 2025, no contribution was made to the Resolution fund. 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.

“Other administrative expenses” mainly include services outsourced in 2025, which are listed below:

(Values in thousand euro)

Breakdown	Total 2025
Fees paid to external company for support to Internal Audit	335
Fees paid to external companies for Data Processing	6,102
Fees paid to external companies for Credit Checks	541

Section 11 – Net accruals to provisions for risks and charges - Item 170

€24,771 thousand

11.1 Net accruals to provisions for credit risk relating to commitments to disburse funds and financial guarantees given: breakdown

(€363 thousand)

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Provision for risk on commitments and guarantees	(363)	(120)
Total	(363)	(120)

11.3 Net accruals to provisions for risks and charges: breakdown

€25,134 thousand

The accruals to the provisions, compared to the prior year, shows the following breakdown:

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Other provisions	25,134	20,081
Total	25,134	20,081

The change compared to 2024 is due to greater provisions on some non-performing positions both for direct exposure and for legal actions against debtors with assignors mainly in insolvency proceedings.

Section 12 – Depreciation and net impairment losses on property, equipment and investment property - Item 180

€5,744 thousand

12.1 Depreciation and net impairment losses on property, equipment and investment property: composition

(Value in thousand euro)

Asset/Income item	Depreciation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Net profit (a + b - c)
A. Property, equipment and investment property				
1. Used in the business	5,744			5,744
- Owned	1,186			1,186
- Right-of-use assets	4,558			4,558
2. Investment property	X			
- Owned				
- Right-of-use assets				
3. Inventories				
Total	5,744	-	-	5,744

Section 13 – Amortization and net impairment losses on intangible assets - Item 190

€11,004 thousand

13.1 Amortization and net impairment losses on intangible assets: breakdown

(Value in thousand euro)

Asset/Income item	Depreciation (a)	Impairment losses (b)	Reversals of impairment losses(c)	Net profit (a + b - c)
A. Intangible assets				
of which: software				
A.1 Owned	11,004			11,004
- Generated internally by the company	-			-
- Others	11,004			11,004
A.2 Right-of-use assets				
Total	11,004	-	-	11,004

The item refers to amortization for the year relating to intangible assets with finite useful lives, which also includes “Customer Contracts”.

Section 14 – Other operating income, net - Item 200

€26,184 thousand

14.1 Other operating expenses: breakdown

(€1,449 thousand)

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Prior year expense	(604)	(3,255)
Rounding and allowances	(3)	(24)
Other charges	(207)	(361)
Deposit guarantee scheme expense		
Registry tax expense	(634)	(695)
Impairment of assets	-	(2,996)
Total	(1,449)	(7,332)

The change in the item is due to the impairment of the assets in 2024, relating to the loss recognized on the property located in via Chianesi in Rome to adjust the carrying amount to the market value.

14.2 Other operating income: breakdown

€27,632 thousand

(Values in thousand euro)

Breakdown	Total 2025	Total 2024
Recovery of legal fees for purchases of non-recourse trade receivables	1,629	1,942
Recovery of legal fees	516	569
Other recoveries	450	527
Prior year income	345	4,142
Recovery of assignor notary expenses	1,263	1,598
BFF Finance Iberia royalties	587	561
Other income	22,843	53,039
Total	27,632	62,378

It should be noted that during 2024, BFF updated the percentage recognition of late payment interest and the flat-rate compensation for debt collection (so-called "40 euros"), increasing it 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.

In 2025, the item included the amount pertaining to the year of the flat-rate compensation for debt collection (so-called "40 euros") equal to €9.0 million (€11.4 million as at December 31, 2024). The reduction is mainly due to the lower volumes produced in 2025.

Section 18 – Gains (losses) on disposal of investments - Item 250

€0 thousand

(Values in thousand euro)

Income item/Values	Total 2025	Total 2024
A. Properties		3,954
- Gains on disposal		3,954
- Losses on disposal		
B. Other assets		
- Gains on disposal		
- Losses on disposal		
Total	-	3,954

Gains on disposal of investments realized in 2024 relate to the gains realized from the sale in December 2024 of the property located in Milan, Via Domenichino.

Section 19 – Income taxes for the year on continuing operations - Item 270

(€11,051 thousand)

19.1 Income taxes on continuing operations: breakdown

(Values in thousand euro)

Income items/Sectors	Total 2025	Total 2024 ADJUSTED (*)
1. Current taxes (-)	9,210	35,273
2. Adjustment to current tax of prior years (+/-)	(4,824)	1,479
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 (+/-)	552	(3,398)
5. Change in deferred tax liabilities (+/-)	(14,885)	39,973
6. Taxes for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	(11,051)	73,277

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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.

	Proportion % of theoretical taxable profit
Income tax - theoretical tax charge	33.07
Increases in taxes	13.22
Permanent differences	13.22
Decreases in taxes	113.01
Permanent differences	(14.63)
Dividends	(80.82)
Others	(17.56)
Actual tax charge	(66.72)

Section 22 – Earnings per share

22.1 Average number of ordinary shares with diluted capital

(Values in units)

Breakdown	Total 2025	Total 2024
Average number of shares outstanding	188,352,501	187,148,157
Average number of potentially dilutive shares	1,903,205	3,041,857
Average number of diluted shares	190,255,705	190,190,015

22.2 Other information

(Values in units, unless otherwise stated)

Breakdown	Total 2025	Total 2024 ADJUSTED (*)
Profit for the year (in thousand euro)	27,615	163,863
Average number of shares outstanding	188,352,501	187,148,157
Average number of potentially dilutive shares	1,903,205	3,041,857
Average number of diluted shares	190,255,705	190,190,015
Basic earnings per share (in euro units)	0.15	0.88
Diluted earnings per share (in euro units)	0.15	0.86

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

Part D – Comprehensive income

Comprehensive Income

(Values in thousand euro)

Items	Total 2025	Total 2024 ADJUSTED (*)
10. Profit for the year	27,615	163,863
Other income components not reclassified to profit or loss	(168)	(2,191)
20. Equity securities designated at fair value through other comprehensive income:		
<i>a) fair value changes</i>		
<i>b) transfers to other equity items</i>		
30. Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness):		
<i>a) fair value changes</i>		
<i>b) transfers to other equity items</i>		
40. Hedges of equity securities designated at fair value through other comprehensive income:		
<i>a) fair value changes (hedged instrument)</i>		
<i>b) fair value changes (hedging instrument)</i>		
50. Property, equipment and investment property	(215)	(2,157)
60. Intangible assets		
70. Defined benefit plans	61	(46)
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)	13
Other income components reclassified to profit or loss	7,976	3,253
110. Hedges of foreign investments:		
<i>a) fair value changes</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
120. Foreign exchange differences:		
<i>a) changes in value</i>	127	88
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		

(Values in thousand euro)

Items	Total 2025	Total 2024 ADJUSTED (*)
130. Cash flow hedges:		
<i>a) fair value changes</i>	-	-
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
of which: result of net positions		
140. Hedging instruments (undesignated elements):		
<i>a) changes in value</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
150. Financial assets (other than equity instruments) measured at fair value through other comprehensive income		
<i>a) fair value changes</i>	8,377	2,984
<i>b) reclassification through profit or loss</i>		
- adjustments for credit risk		
- gains/losses on disposal		
<i>c) other changes</i>		
160. Non-current assets held for sale and discontinued operations:		
<i>a) fair value changes</i>		
<i>b) reclassification through profit or loss</i>		
<i>c) other changes</i>		
170. Share of valuation reserves connected with equity-accounted investments:		
<i>a) fair value changes</i>		
<i>b) reclassification through profit or loss</i>		
- adjustments for credit risk		
- profits/losses on disposal		
<i>c) other changes</i>		
180. Taxes on other components reclassified to profit or loss	(528)	181
190. Total other comprehensive income	7,808	1,062
200. Comprehensive income (Items 10+190)	35,423	164,925

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 overtime. 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 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 suitable 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;
- ▶ supervising the functioning of the risk management process and monitoring compliance with it;
- ▶ monitoring the adequacy and effectiveness of measures taken to remedy any deficiencies found in the risk management system;
- ▶ submitting periodic reports to the corporate bodies on the activities carried out and providing them with advice 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 52.7% 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 Organizational 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: "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 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.

As a general rule, the Bank'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 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;
- ▶ 50% for exposures to the public administration agencies of countries with Credit Quality Step 2, which include the exposures to entities of the Italian and Portuguese public sector;
- ▶ 100% to (i) exposures to public sector bodies for countries with merit classes 3, 4 and 5 (Greece); and (ii) exposures to public sector bodies for countries where the central government is unrated;
- ▶ from 20% to 150% for loans with supervised intermediaries, depending on the original duration and the intermediary's credit quality as determined by an ECAI or determined under Article 121 of the CRR for unrated intermediaries;
- ▶ 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 assets;
- ▶ 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, 2025 is €373.9 million for the Bank.

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.

Specifically:

- ▶ “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 collective impairment losses (“collective impairment”);
- ▶ Exposures subject to specific impairment losses.

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

Based on the separate financial statements as at December 31, 2025, the Bank undertook a review of its Italian factoring portfolio, which involved the definition of a new method of managing the provisioning process in the face of negative (or partially negative) judgments on legal actions initiated for the recovery of non-recourse exposures to Italian debtors. This initiative, which took place in a context characterized by a progressive increase in unfavorable rulings regarding legal actions over a specific timeframe, led to the preparation of a procedural and IT configuration, suitable for carrying out a weighting of the underlying risks in a granular manner, invoice by invoice, and resulted in the approval, on February 1, 2026, of a specific internal policy (the “Policy”). This Policy governs the rules and the process to be followed to identify the probability of an adverse outcome, from which provisions will arise, to be applied to the entire perimeter of credit exposures subject to negative (or partially negative) rulings. The approach described in this Policy specifically contemplates, therefore, the analysis of these rulings, without taking into account, as a weighting effect, the possibility of reaching settlement agreements. In particular, since the outcome of the dispute may result in negative or partially negative rulings, each of which has different implications in terms of risk and therefore different economic and accounting effects, the Bank has carried out a timely analysis of each ruling to estimate the so-called risk of an adverse outcome (high, medium or low), meaning the risk of the non-existence or the faulty existence/legitimacy of the receivable due from debtors, estimating a provision relating to the amounts not acknowledged in the ruling, estimated as non-recoverable from the debtors and/or customers.

In such cases, in fact, BFF has the right to remit the receivable, for the part relating to the principal, to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the principal of the receivable and to pay the Bank generally only the retrocession interest. Certain items, for example late payment interest or additional loan interest, are difficult to remit to the assignors and, therefore, a provision has been allocated for a part of these.

The risk of an adverse outcome determined based on the Policy’s guidelines has been treated as an element that directly affects the estimate of the cash flows recoverable from the financial asset, and therefore its measurement pursuant to IFRS 9. In this approach, the contractual guarantees of the transferor acquire importance as elements that contribute to setting the minimum level of recoverable flows, contributing to defining the variability of the expected economic outcomes and, consequently, the measure of the adjustment of the value of the receivable.

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 enabled development of 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 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 definition of 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 lifetime 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 date of preparation of the separate financial statements or interim financial situations, a specific impairment loss is 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 impairment obtained with the collective calculation model.

BFF's impaired exposures consist of bad exposures, unlikely to pay and past due exposures, for a total of €2,028,072 thousand – net of individual impairment – and are broken down as follows:

- ▶ bad loans of €90,260 thousand (gross exposure in the separate financial statements of €109,362 thousand with an adjustment of €19,103 thousand);
- ▶ unlikely-to-pay exposures amounting to €2,867 thousand (gross exposure in the separate financial statements equal to €4,760 thousand with adjustments equal to €1,893 thousand);
- ▶ impaired past due exposures of €1,934,946 thousand (gross exposure in the separate financial statements of €2,016,852 thousand with an adjustment of €81,906 thousand).

Measuring expected credit losses

During 2025, the IFRS9 framework was the subject of an update and evolutionary activity in relation to: i) the updating of the historical series of PD and LGD risk parameters as at 31 December 2024; ii) updating of the forward-looking macroeconomic scenarios taking into account the latest updates provided by the EBA during the stress test (January 2025).

The macroeconomic scenario, albeit in a context of high uncertainty, in particular on the trade policies of the new US administration and the geopolitical tensions in place in Europe (Russia-Ukraine war), reflects the prospects for growth in euro area external demand compared to previous projections. Based on futures contracts, oil prices would decline over the three-year period as would natural gas prices. 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 reference to exposures to counterparties to which treasury and securities services are offered, risk mitigation techniques also include clearing agreements (ISDA) and collateral management agreements (CSA) in line with EMIR. 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 €2,028,072 thousand. They include:

- i. 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, 2025, the overall total of non-performing loans, net of impairment, amounted to €90,260 thousand, of which €2,675 thousand purchased already impaired. Net non-performing loans relating to Italian municipalities and provincial governments in financial distress amounted to €88,509 thousand and account for 98.1% 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.
- ii. 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 carried out independently of the existence of any past due and unpaid amounts (or installments). At December 31, 2025, gross exposures classified as unlikely to pay amounted to €4,760 thousand, written down by €1,893 thousand. The net exposure therefore amounts to €2,867 thousand.
- iii. The Bank's net past due exposures amounted to €1,934,946 thousand. 95.9% of these exposures relate to public counterparties.

It should be noted that, overall, factoring and other performing and non-performing loans include additional loan costs, i.e. late payment interest and recovery costs, amounting to €616.8 million and €146.9 million, for a total of €763.7 million.

In line with the disclosure provided in the separate financial statements for previous years, the classification of impaired assets is based on the prudential definition of default (i.e. past due, unlikely to perform and non-performing), regardless of the representation of a related credit risk. Therefore, with reference to exposures to public bodies classified as defaulting due to late payments, there may be significant mismatches between accounting and prudential data and actual prospects for collection by the Bank.

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 euro)

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	90,260	2,867	1,934,946	424,616	8,026,115	10,478,804
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					5,104	5,104
5. Financial assets held for sale						
Total 12.31.2025	90,260	2,867	1,934,946	424,616	8,031,220	10,483,908
Total 12.31.2024 (*)	93,741	2,537	1,531,718	812,128	7,898,851	10,338,976

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

(Values in thousand euro)

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	2,130,974	102,902	2,028,072		8,460,242	9,510	8,450,732	10,478,804
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	5,104	5,104
5. Financial assets held for sale								
Total 12.31.2025	2,130,974	102,902	2,028,072		8,460,242	9,510	8,455,836	10,483,908
Total 12.31.2024 (*)	1,634,003	6,007	1,627,996		8,708,965	3,358	8,705,607	10,333,603

(Values in thousand euro)

Portfolios/quality	Assets of evident poor credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading			1,356
2. Hedging derivatives			
Total 12.31.2025	-	-	1,356
Total 12.31.2024	-	-	1,805

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(**) Value presented for information purposes.

A.1.3 Breakdown of financial assets by category of impairment (carrying amounts)

(Values in thousand euro)

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	10,763	48,720	353,655	544	667	10,268	145,149	133,623	1,131,717			2,675
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
Total 12.31.2025	10,763	48,720	353,655	544	667	10,268	145,149	133,623	1,131,717			2,675
Total 12.31.2024 (*)	52,473	64,923	677,836		393	16,504	87,032	87,696	1,015,534			2,996

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: trend of the total adjustments and total provisions

(Values in thousand euro)

Causes/stages of risk	Total adjustments																				Total provisions on commitments to disburse funds and financial guarantees given				Total			
	Assets in stage one						Assets in stage two						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 write-downs	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 write-downs	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 write-downs	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 write-downs	Stage one	Stage two	Third Stage	Commitments to disburse funds and financial guarantees given purchased or originated impaired	
Initial overall adjustments (*)	158	3,311	-	-	-	3,469	1	47	-	-	-	48	-	5,810	-	-	5,810	-	197	-	-	197	-	433	-	-	-	9,957
Increases in purchased or originated financial assets														-					X	X	X	X	X				5	
Derecognitions other than write-offs														-													9,957	
Net impairment losses/gains for credit risk (+/-)	(156)	5,941	-	-	-	5,785	1	211				210		96,676			96,676		218			218		363		1	-	
Contractual modifications without derecognitions																											-	
Changes in estimate methodology																											102,527	
Write-offs not recognized directly in profit or loss																											-	
Other changes																											-	
Total closing balances	2	9,251	-	-	-	9,253	-	259	-	-	-	259	-	102,486	-	-	102,486	-	415	-	-	415	-	69	-	1	-	112,484
Recoveries from receipts on written-off financial assets																											-	
Write-offs recognized directly in profit or loss														3,476			3,476										3,476	

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 euro)

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	4,793	44	11,199	874	231,514	4,631
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 12.31.2025	4,793	44	11,199	874	231,514	4,631
Total 12.31.2024	1,367	48,123	182,140	525	670,027	7,373

A.1.6 On- and off-statement of financial position credit exposures to banks: gross and net values

(Values in thousand euro)

Types 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	101,142	97,578	3,563	-	-	2	2	-	-	101,140
a) Impaired		X					X			
b) Performing	101,142	97,578	3,563	X	2	2		X	101,140	
A.2 Others	854,826	854,826	-	-	-	4	4	-	-	854,821
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	854,825	854,825		X	4	4		X	854,821	
- of which: forborne exposures				X				X		
Total (A)	955,967	952,404	3,563	-	-	6	6	0	-	955,961
B. Off-statement of financial position exposures	1,356									-
a) Impaired		X					X			
b) Performing	1,356			X				X	1,356	
Total (B)	1,356	-	-	-	-	-	-	-	-	1,356
Total (A+B)	957,323	952,404	3,563	-	-	6	6	0	-	957,317

(*) 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 euro)

Types 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	109,362	X		106,272	3,090	19,103	X		18,688	415	90,260	
- of which: forborne exposures		X					X					
b) Unlikely-to-pay positions	4,760	X		4,760		1,893	X		1,893		2,867	
- of which: forborne exposures	136	X		136		136	X		136			
c) Impaired past due exposures	2,016,852	X		2,016,852		81,906	X		81,906		1,934,946	
- of which: forborne exposures		X					X					
d) Past due performing exposures	426,833	415,094	11,738	X		2,217	1,958	259	X		424,616	
- of which: forborne exposures				X					X		-	
e) Other performing exposures	7,183,688	7,178,579	4	X		7,289	7,289		X		7,176,399	
- of which: forborne exposures				X					X			
Total (A)	9,741,631	7,593,674	11,742	2,128,020	3,090	112,543	9,247	259	102,623	415	9,629,087	-
B. Off-statement of financial position exposures												
a) Impaired	28,524	X		25,824		1	X				28,523	
b) Performing 1	1,239,499	1,206,188		X		69	69		X		1,239,429	
Total (B)	1,268,023	1,206,188		25,824		70	69				1,267,952	-
Total (A+B)	11,009,653	8,799,862	11,742	2,153,844	3,090	112,614	9,316	259	102,623	415	10,897,040	

(*) 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 euro)

Descriptions/Categories	Non-performing loans	Unlikely to pay positions	Impaired past due exposures
A. Starting gross exposure (*)	95,766	4,310	1,534,018
- of which: assets sold but not derecognized			
B. Increases	34,118	4,550	1,411,874
B.1 inflows from performing exposures	9,678	70	268,211
B.2 transfers from purchased or originated credit impaired financial assets			
B.3 transfers from other impaired exposures	7,653	207	8,353
B.4 contractual modifications without derecognition			
B.5 other increases	16,787	4,273	1,135,310
C. Decreases	20,522	4,100	929,040
C.1 outflows to performing exposures	474	1,488	43,496
C.2 write-offs			3,476
C.3 collections	2,233	14	562,252
C.4 collections from disposals			
C.5 losses from disposal			
C.6 transfers to other impaired exposures	6,951	1,575	7,688
C.7 contractual modifications without derecognition			
C.8 other decreases	10,864	1,023	312,128
D. Final gross exposure	109,362	4,760	2,016,852
- of which: assets sold but not derecognized			

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 euro)

Descriptions/Categories	Forborne exposures: non-performing	Forborne exposures: performing
A. Starting gross exposure	1,078	-
- 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 income from non-performing forborne exposures	X	
B.4 inflows from impaired, non-forborne exposures		
B.5 other increases		
C. Decreases	942	
C.1 transfers to performing non-forborne exposures	X	
C.2 outflows towards performing forborne exposures		X
C.3 outflows towards non-performing forborne exposures	X	
C.4 write-offs		
C.5 collections	712	
C.6 collections from disposals		
C.7 losses on disposal		
C.8 other decreases	229	
D. Final gross exposure	136	-
- of which: assets sold but not derecognized		

A.1.11 On-statement of financial position impaired credit exposure to customers: trend in total adjustments

(Values in thousand euro)

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 (*)	1,979		1,773	618	2,254	
- of which: assets sold but not derecognized						
B. Increases	17,985		2,193		84,991	
B.1 adjustments to purchased or originated credit impaired assets						X
B.2 other adjustments	17,829		2,065		84,289	
B.3 losses on disposal						
B.4 transfers from other categories of impaired exposures	157		128		702	
B.5 contractual modifications without derecognition						
B.6 other increases						
C. Decreases	862		2,074	482	5,340	
C.1 fair value gains	87		495	482	932	
C.2 impairment gains from collection						
C.3 gains on disposal					3,476	
C.4 write-offs	127		701		159	
C.5 transfers to other categories of impaired exposures						
C.6 contractual modifications without derecognition	648		877		772	
C.7 other decreases						
D. Total final adjustments	19,103		1,893	136	81,906	
- of which: assets sold but not derecognized						

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

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 euro)

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	57,515	6,752,210	266,285	19,476	2,897	-	3,492,832	10,591,216
- Stage one	44,166	5,848,551	158,412	19,476	2,897		2,833,530	8,907,032
- Stage two							89,911	89,911
- Stage three	13,349	903,660	107,873				566,301	1,591,183
- Purchased or originated credit impaired							3,090	3,090
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)	57,515	6,752,210	266,285	19,476	2,897	-	3,492,832	10,591,216
D. Commitments to disburse funds and financial guarantees given			24,000				1,208,012	1,232,012
- Stage one			4,000				1,202,188	1,206,188
- Stage two							-	-
- Stage three			20,000				5,824	25,824
- Purchased or originated credit impaired							-	-
Total D	-	-	24,000	-	-	-	1,208,012	1,232,012
Total (A+B+C+D)	57,515	6,752,210	290,285	19,476	2,897	-	4,700,844	11,823,227

For the purposes of assigning creditworthiness, the ratings provided by the following rating agencies were used, depending on the portfolios:

- ▶ DBRS Ratings Limited for public counterparties;
- ▶ S&P Global Ratings for private counterparties;
- ▶ S&P Global Ratings, Moody's Investors service and Fitch Ratings' for the public bodies portfolio.

Below is the link between the risk classes and the ratings as at December 31, 2025, provided by the aforementioned agencies.

Creditworthiness class	ECAI			
	DBRS Ratings Limited	S&P Global Ratings	Moody's Investors Service	Fitch Ratings'
1	from AAA to AAL	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	from AH to AL	from A1 to A3	from A+ to A-	from A+ to A-
3	from BBBH to BBBL	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	from BBH to BBL	from BB+ to BB-	from Baa1 to Ba3	from BB+ to BB-
5	from BH to BL	from B+ to B-	from B1 to B3	from B+ to B-
6	<= CCCH	≤ CCC+	≤ Caa1	≤ 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

(Values in thousand euro)

	Gross exposure	Net exposure	Collateral (1)					Personal guarantees (2)							Total (1)+(2)
								Credit derivatives				Endorsement credits			
			Real estate - mortgages	Properties - loans for leases	Securities	Other collateral	CREDIT LINKED NOTES	Other derivatives			Public administrations	Banks	Other financial companies	Other entities	
								Central counterparties	Banks	Other financial companies					
1. Guaranteed on-statement of financial position credit exposures:	566,059	566,058			562,289										562,289
1.1 totally secured	566,059	566,058			562,289										562,289
- of which impaired															
1.2 partially secured															
- of which impaired															
2. Guaranteed off-statement of financial position credit exposures:															
2.1 totally secured															
- of which impaired															
2.2 partially secured															
- of which impaired															

A.3.2 Guaranteed on- and off-statement of financial position credit exposures to customers

(Values in thousand euro)

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)								Total (1)+(2)	
			Real estate - mortgages	Properties - loans for leases	Securities	Other collateral	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. Guaranteed on-statement of financial position exposures:	30,379	30,373	-	-	28,723	-	-	-	-	-	-	-	-	1,358	30,081	
1.1 totally secured	30,379	30,373	-	-	28,723	-	-	-	-	-	-	-	-	1,358	30,081	
- of which impaired																
1.2 partially secured																
- of which impaired																
2. Guaranteed off-statement of financial position credit exposures:																
2.1 totally secured																
- of which impaired																
2.2 partially secured																
- of which impaired																

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 euro)

Exposures/Vs. 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	88,512	6,150					1,521	12,592	227	360
- of which: forborne exposures										
A.2 Unlikely to pay				136			2,867	1,757		
- of which: forborne exposures				136						
A.3 Impaired past due exposures	1,856,126	79,509	1,012	17			40,310	2,222	37,498	158
- of which: forborne exposures										
A.4 Performing exposures	5,629,224	8,694	1,882,808	135			88,802	677	180	
- of which: forborne exposures										
Total (A)	7,573,863	94,353	1,883,820	288	-	-	133,500	17,248	37,905	518
B. Off-statement of financial position exposures										
B.1 Impaired exposures	19,999	1					8,524			
B.2 Performing exposures	24,000		1,156,566	6			58,863	63		
Total (B)	43,999	1	1,156,566	6	-	-	67,387	63		
Total (A+B) 12.31.2025	7,617,862	94,354	3,040,386	294	-	-	200,887	17,311	37,905	518
Total (A+B) 12.31.2024 (*)	7,770,990	2,892	3,012,024	1,538	-	-	296,214	4,790	53,696	539

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

B.2 Territorial distribution of on- and off-statement of financial position credit exposures to customers

(Values in thousand euro)

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	90,260	19,103								
A.2 Unlikely to pay	2,598	1,787	269	106						
A.3 Impaired past due exposures	1,428,328	81,495	506,617	411						
A.4 Performing exposures	6,117,601	9,373	1,483,414	133						
Total (A)	7,638,786	111,757	1,990,301	650	-	-	-	-	-	-
B. Off-statement of financial position credit exposures										
B.1 Impaired exposures	8,524		19,999	1						
B.2 Performing exposures	470,316	66	769,113	3						
Total (B)	478,840	66	789,113	4	-	-	-	-	-	-
Total (A+B) 12.31.2025	8,117,626	111,823	2,779,414	652	-	-	-	-	-	-
Total (A+B) 12.31.2024 (*)	8,409,630	9,084	2,678,294	671	-	-	-	-	45,001	4

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

(Values in thousand euro)

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	322	3,352	1,388	8,721	2,043	1,389	86,506	5,640
A.2 Unlikely to pay	745	498	1,806	673		502	48	115
A.3 Impaired past due exposures	167,907	10,915	105,237	7,934	290,043	15,226	865,142	47,419
A.4 Performing exposures	76,460	400	22,217	36	5,887,775	4,949	131,149	3,987
Total (A)	245,434	15,166	130,647	17,364	6,179,861	22,066	1,082,844	57,161
B. Off-statement of financial position credit exposures								
B.1 Impaired exposures			5,824		2,700			
B.2 Performing exposures	310,307	65	35,725	1	124,283			
Total (B)	310,307	65	41,549	1	126,983	-	-	-
Total (A+B) 12.31.2025	555,742	15,231	172,197	17,365	6,306,844	22,066	1,082,844	57,161
Total (A+B) 12.31.2024 (*)	664,275	3,390	192,828	909	6,412,651	4,033	1,139,875	752

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

B.3 Territorial distribution of on- and off-statement of financial position credit exposures to banks

(Values in thousand euro)

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	881,186	2	70,961	4	2,654		1,159			
Total A	881,186	2	70,961	4	2,654	-	1,159	-		
B. Off-statement of financial position credit exposures										
B.1 Impaired exposures										
B.2 Performing exposures	43		1,313							
Total B	43	-	1,313	-	-	-	-	-		
Total (A+B) 12.31.2025	881,230	2	72,274	4	2,654	-	1,159	-	-	-
Total (A+B) 12.31.2024	629,416	39	100,720	28	1,657	-	9,976	128		

(Values in thousand euro)

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			409,671	2	101,243		314,412	1
Total A			409,671	2	101,243	-	314,412	1
B. Off-statement of financial position credit exposures								
B.1 Impaired exposures								
B.2 Performing exposures			43					
Total B			43	-	-	-	-	-
Total (A+B) 12.31.2025			409,714	2	101,243	-	314,412	1
Total (A+B) 12.31.2024			269,468	8	89,021	11	227,088	9

B.4 Large exposures

At December 31, 2025 there were 11 “large exposures”, i.e. exposures equal to or higher than 10% of eligible capital. The nominal (unweighted) nominal amount of these positions was €12,121,368 thousand, while the weighted amount was €158,027 thousand.

C. Securitization transactions

C.2 Exposures from main “third-party” securitization transactions broken down by type of assets securitized and by exposure type

(Values in thousand euro)

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.	5,019				85													
- mortgage loans on residential and commercial properties																		

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 euro)

	Financial assets sold and fully recognized				Associated financial liabilities				
	Carrying Amount	of which: subject to securitization transactions	subject of sales contracts	of which: with repurchase agreement	of which impaired	Carrying Amount	of which: subject to securitization transactions	subject of sales contracts	of which: with repurchase agreement
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	1,998,361			1,998,361		1,989,053			1,989,053
1. Debt securities	1,998,361			1,998,361		1,989,053			1,989,053
2. Loans									
Total 12.31.2025	1,998,361			1,998,361		1,989,053			1,989,053
Total 12.31.2024	1,262,634			1,262,634		1,161,524			1,161,524

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 euro)

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				149,380	119,580			
1.1 Debt securities								
- with early repayment option								
- others								
1.2 Other assets				149,380	119,580			
2. On-statement of financial position liabilities								
2.1 Repurchase agreements - payable								
2.2 Other liabilities								
3. Financial derivatives				132,759	119,580			
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security				132,759	119,580			
- Options								
+ long positions								
+ short positions								
- Other derivatives				132,759	119,580			
+ long positions								
+ short positions				132,759	119,580			

4. Regulatory trading portfolio: distribution of exposures to equity securities and stock indices by the main listing market countries

(Values in thousand euro)

Transaction type/Index	Listed		Unlisted
	Italy	Others	
A. Equity securities	2	-	-
- long positions	2		
- short positions			
B. Sales not yet settled on equity securities			
- long positions			
- short positions			
C. Other equity derivatives			
- 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 consists of several components, the most relevant of which are:

- ▶ 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.

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 Bank's net interest income 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 Bank but managed exclusively at 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 book assets and liabilities (this therefore excludes positions in the trading book - Other).

Following the regulatory changes introduced as at 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.

In line with the provisions of the 48th update of Circular 285, the Bank relies on the EBA interest rate shock scenarios prescribed by EU Regulation 856/2023 for the determination of internal capital, taking into account the worst-case scenario, considering both the impact in terms of economic value and that on the interest margin. 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 euro)

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	3,208,011	1,322,652	3,898,066	315,123	735,590	97,549		
1.1 Debt securities		1,030	3,595,528	217,168	731,299	7,290		
- with early repayment option								
- others		1,030	3,595,528	217,168	731,299	7,290		
1.2 Loans and receivables with banks	74,046	828,209						
1.3 Loans and receivables with customers	3,133,966	493,413	302,538	97,955	4,291	90,260		
- current account	496,183							
- other loans	2,637,783	493,413	302,538	97,955	4,291	90,260		
- with early repayment option								
- others	2,637,783	493,413	302,538	97,955	4,291	90,260		
2. On-statement of financial position liabilities	5,315,767	3,416,315	184,452	51,116	353,917	17,210	3,219	
2.1 Amounts due to customers	4,420,996	2,850,865	184,452	51,116	43,786	17,210	3,219	
- current account	4,226,062	526,924	183,287	49,823	26,990			
- other payables	194,935	2,323,941	1,166	1,294	16,795	17,210	3,219	
- with early repayment option								
- others	194,935	2,323,941	1,166	1,294	16,795	17,210	3,219	
2.2 Amounts due to banks	894,771	255,622					0	
- current account	701,774							
- other payables	192,997	255,622					0	
2.3 Debt securities		309,828			310,131			
- with early repayment option								
- others		309,828			310,131			
2.4 Other liabilities								
- with early repayment option								
- others								
3. Financial derivatives		1,199,684						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		1,199,684						
- Options								
+ long positions								
+ short positions								
- Other derivatives		1,199,684						
+ long positions		702,527						
+ short positions		497,157						
4. Other off-statement of financial position transactions	4,345,823	4,345,823						
+ long positions	4,345,823							
+ short positions		4,345,823						

Currency: OTHER

(Values in thousand euro)

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	1,008,057							
1.1 Debt securities								
- with early repayment option								
- others								
1.2 Loans and receivables with banks	53,706							
1.3 Loans and receivables with customers	954,350							
- current account	597,845							
- other loans	356,505							
- with early repayment option								
- others	356,505							
2. On-statement of financial position liabilities	564,042	274,574	39,372	15,332	1,148			
2.1 Amounts due to customers	414,246	274,574	39,372	15,332	1,148			
- current account	414,246	274,574	39,372	15,332	1,148			
- other payables								
- with early repayment option								
- others								
2.2 Amounts due to banks	149,796							
- current account	149,796							
- other payables								
2.3 Debt securities								
- with early repayment option								
- others								
2.4 Other liabilities								
- with early repayment option								
- others								
3. Financial derivatives		1,202,173						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		1,202,173						
- Options								
+ long positions								
+ short positions								
- Other derivatives		1,202,173						
+ long positions		498,508						
+ short positions		703,666						
4. Other off-statement of financial position transactions								
+ long positions								
+ short positions								

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 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. Currency risk is monitored by the Risk Management Function, in line with the requirements of European regulations (Regulation (EU) No 575/2013 - CRR).

1. Breakdown by currency of assets, liabilities and derivatives

(Values in thousand euro)

Items	Currencies					
	US Dollar	Pounds	Yen	Canadian Dollar	Swiss Francs	Other currencies
A. Financial assets	17,533	2,689	2,701	1,095	1,719	1,071,553
A.1 Debt securities						
A.2 Equity securities	416					88,817
A.3 Loans and receivables with banks	16,913	2,663	2,700	1,095	1,719	28,616
A.4 Loans and receivables with customers	204	26				954,120
A.5 Other financial assets						0
B. Other assets	-	-	-	-	2	1
C. Financial liabilities	329,303	50,599	69,695	13,318	23,189	408,366
C.1 Amounts due to banks	126,409	5,826	958	5,354	6,053	5,196
C.2 Amounts due to customers	202,893	44,772	68,737	7,964	17,135	403,170
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities	38	8	-	-	-	1,064
E. Financial derivatives	313,973	47,934	66,995	12,231	21,500	739,541
- Options						
+ Long positions						
+ Short positions						
- Other derivatives	313,973	47,934	66,995	12,231	21,500	739,541
+ Long positions	312,417	47,922	66,995	12,228	21,484	37,461
+ Short positions	1,555	12		2	16	702,080
Total assets	329,950	50,611	69,695	13,323	23,205	1,109,015
Total liabilities	330,896	50,619	69,695	13,320	23,205	1,111,509
Difference (+/-)	(946)	(8)		3		(2,494)

Section 3 – Derivative instruments and hedging policies

Trading derivatives

A. Financial derivatives

A.1 Trading financial derivatives: notional end-of-period amounts

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 and cross currency swaps.

(Values in thousand euro)

Underlying assets/Derivative types	12.31.2025			12.31.2024		
	Over the counter		Organized markets	Over the counter		Organized markets
	Central counterparties	Without central counterparties		Central counterparties	Without central counterparties	
		With netting arrangements			With netting arrangements	
1. Debt securities and interest rates						
a) Options						
b) Swaps						
c) Forwards		252,338				178,606
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		992,477				753,651
a) Options						
b) Swaps						
c) Forwards		992,477				753,651
d) Futures						
e) Others						
4. Commodities						
5. Others						
Total		1,244,815	12			932,270

A.2 Trading financial derivatives: positive and negative gross fair value – breakdown by products

(Values in thousand euro)

Types of derivatives	Total 12.31.2025			Total 12.31.2024		
	Over the counter		Organized markets	Over the counter		Organized markets
	Central counterparties	Without central counterparties		Central counterparties	Without central counterparties	
		With netting arrangements	Without netting arrangements		With netting arrangements	Without netting arrangements
1. Positive fair value						
a) Options						
b) Interest rate swaps						
c) Cross currency swaps						
d) Equity swaps						
e) Forwards			1,356			1,805
f) Futures						
g) Others						
Total			1,356			1,805
2. Negative fair value						
a) Options						
b) Interest rate swaps						
c) Cross currency swaps						
d) Equity swaps						
e) Forwards			964			139
f) Futures						
g) Others						
Total			964			139

A.3 OTC trading financial derivatives - notional amounts, positive and negative gross fair value by counterparties

(Values in thousand euro)

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			252,338
- 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	992,477		
- Positive fair value	X	1,356		
- Negative fair value	X	964		
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 euro)

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	132,759	119,580	-	252,338
A.2 Financial derivatives on equity securities and stock indices				
A.3 Financial derivatives on currency and gold	992,477			992,477
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
Total 12.31.2025	1,125,235	119,580	-	1,244,815
Total 12.31.2024	823,677	108,593	-	932,270

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 "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 "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 management-related, "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. For the management of intraday liquidity risk, the Bank may possibly use the pool account held with the Bank of Italy, determining the share of eligible securities deemed adequate to guarantee an intraday advance by the Central Bank in order to meet the 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 Bank'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 Bank's liquidity position is subject to constant first and second level enhanced control and monitoring. This monitoring confirmed the substantial solidity of the Bank's liquidity thanks to the maintenance of adequate liquid reserves deriving from the collection.

During 2021, the Bank of Italy 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 at December 31, 2025, the NSFR indicator stood at 113.62%, while the LCR indicator was 177.77%. Both indicators were above the regulatory limit of 100%.

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

Currency: EURO

(Values in thousand euro)

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	3,151,244	134,951	236,745	429,325	418,622	377,237	383,865	3,726,579	756,305	132,576
A.1 Government Securities		-	350	-	1,667	54,257	270,275	3,678,500	645,000	-
A.2 Other debt securities	4,500	-	-	144	-	104	913	40,900	7,000	-
A.3 UCI Units	174,780	-	-	-	-	-	-	-	-	-
A.4 Loans	2,971,964	134,951	236,394	429,181	416,954	322,876	112,677	7,179	104,305	132,576
- Banks	74,048	114,648	169,691	252,522	158,780	-	-	-	-	132,576
- Customers	2,897,916	20,303	66,703	176,658	258,175	322,876	112,677	7,179	104,305	-
B. On-statement of financial position liabilities	5,768,402	2,607,556	61,944	99,290	382,418	185,819	51,821	643,786	20,429	-
B.1 Deposits and current accounts	4,926,101	284,790	47,635	87,015	352,389	184,641	50,505	26,990	-	-
- Banks	701,774	243,509	-	-	-	-	-	-	-	-
- Customers	4,224,326	41,281	47,635	87,015	352,389	184,641	50,505	26,990	-	-
B.2 Debt securities	-	-	-	-	28,875	-	-	600,000	-	-
B.3 Other liabilities	842,301	2,322,766	14,309	12,275	1,154	1,177	1,315	16,795	20,429	-
C. Off-statement of financial position transactions	4,345,823	4,687,873	352,121	505,512	-	-	45	9,760	5,018	-
C.1 Financial derivatives with exchange of capital	-	342,051	352,121	505,512	-	-	-	-	-	-
- Long positions	-	140,886	241,576	320,065	-	-	-	-	-	-
- Short positions	-	201,165	110,545	185,447	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	4,345,823	4,345,823	-	-	-	-	-	-	-	-
- Long positions	4,345,823	-	-	-	-	-	-	-	-	-
- Short positions	-	4,345,823	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	45	9,760	5,018	-
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 euro)

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	1,008,094									
A.1 Government Securities										
A.2 Other debt securities										
A.3 UCI Units										
A.4 Loans	1,008,094									
- Banks	53,708									
- Customers	954,387									
B. On-statement of financial position liabilities	561,289	27,252	30,100	47,093	173,235	40,391	15,814	1,148		
B.1 Deposits and current accounts	561,289	27,252	30,100	47,093	173,235	40,391	15,814	1,148		
- Banks	149,796									
- Customers	411,493	27,252	30,100	47,093	173,235	40,391	15,814	1,148		
B.2 Debt securities										
B.3 Other liabilities										
C. Off-statement of financial position transactions		342,556	353,023	506,594						
C.1 Financial derivatives with exchange of capital		342,556	353,023	506,594						
- Long positions		201,522	110,947	186,038						
- Short positions		141,034	242,077	320,556						
C.2 Financial derivatives without exchange of capital										
- Long positions										
- Short positions										
C.3 Deposits and loans to be received										
- Long positions										
- Short positions										
C.4 Commitments to disburse funds										
- Long positions										
- Short positions										
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 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.

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 Parent 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) in accordance with Article 313 of Regulation (EU) No 575/2013 (CRR).

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.

It should be noted that the main areas of risk in this area are related to (i) credit recovery processes through legal actions, for which a high number of negative rulings regarding legal actions initiated for the recovery of credit exposures of non-recourse factoring towards debtors was observed, as well as (ii) an incorrect registration of inflows relating to the period from 2019 to June 2023.

Finally, as regards the strategic and financial forecasts and underlying managerial actions aimed at achieving the objectives that have been set, it should be noted that the success of the aforementioned actions is subject to uncertainties, also linked to the unstable macroeconomic context, the regulatory environment, the evolving scenario of interest rates and the Group's liquidity position, also in light of ongoing international conflicts, as well as the effectiveness of the mitigation actions aimed at curbing the effects of Calendar Provisioning on the Group's own funds.

In this regard, it should be noted that the Group has some levers for intervention, not included in the 2026 Budget forecasts, that can potentially be activated to deal with any negative developments in the aforementioned areas (e.g. derisking actions of the past due portfolio, the use of interest rate risk hedging instruments).[LH36.1]

At the reporting date of these separate financial statements, there were no elements requiring adjustments to the forecasts and assumptions underlying the preparation of the 2026 Budget.

Climate-related risk management

In line with the increasing importance assumed by ESG risk factors both for the Supervisory Authority and in terms of its effects and impact on other types of traditional risk, the Bank has started to¹⁶ strengthen the processes of identification, measurement, management and monitoring of these risk factors, with particular reference to climate and environmental factors, through the integration of the same into governance, strategic and risk management mechanisms (e.g. Risk Appetite Framework, ICAAP/ ILAAP).

The Risk Management Department has embarked on a path of integrating ESG risk factors into its strategic, operational and risk management framework model. To this end, the Bank has conducted a thorough analysis of climate-related and environmental risks, recognizing that these risks

The ESG risk management framework is developed based on the following principles:

ID	Assets	Description
1	Risk identification	– Identification of climate and environmental risk factors (physical and transitional risk), consistent with the business model and characteristics of the Group; – identification of the main transmission channels through which climate and environmental risk factors impact traditional risks.
2	Measurement and assessment	– Measurement and assessment of climate and environmental risks, based on both quantitative data and qualitative assessments, including through stress analysis.
3	Management and mitigation	– Integration of climate and environmental risks into the risk management process; – definition of policies and guidelines aimed at managing these risks; – identification of specific mitigation actions based on the evidence emerging from the quantification and stress test analyses.
4	Monitoring and reporting	– Periodic reviews of risk factors related to the environment and climate and monitoring also through reporting to company bodies (e.g. Dashboard); – periodic reporting on environmental and climate risks in accordance with regulations and supervisory expectations (e.g. ICAAP, Pillar 3, Sustainability reporting).

In line with the expectations of the Supervisory Authority, the Bank has developed a qualitative-quantitative analysis process aimed at assessing the relevance of climate and environmental risk factors, in order to identify the potential impact of these factors on its business model and risk profile. In line with the EBA Guidelines¹⁷, this exercise is conducted annually and integrated into the ICAAP/ ILAAP Report, and is aligned with the other relevant assessments carried out by BFF (e.g. those carried out for the purposes of sustainability reporting).

The materiality assessment aims to identify the sectors of economic activity, geographic areas and portfolios (e.g. Public and Non-Public F&L, Securities, Transaction Services, Deposit Account, Assignors) that have a greater potential vulnerability to climate and environmental risk factors, and therefore support the correct prioritization in the implementation of risk measures. In particular, the results are used to:

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.

- ▶ update the considerations relating to the impacts of climate and environmental risk factors and the related transmission channels on traditional risks;
- ▶ evaluate the integration or modification of the indicators/ metrics entered in the RAF and Dashboard;
- ▶ define the types of stress tests consistent with the main vulnerabilities;
- ▶ support company strategies and, if necessary, the identification of mitigation actions aimed at containing these risks.

The assessment is carried out taking into account the Group's business model, operational, dimensional and organizational complexity, in order to identify the areas (in terms of business lines and traditional risk category impacted) potentially most exposed to climate and environmental risk factors.

In general, the Bank has identified two main types of climate and environmental risk factors with potential impact on its business, in line with legislation and market practices:

- ▶ 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.

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 loans and receivable portfolio based on the results of the analysis of the 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.

With reference to the first phase, the Bank has identified the following main transmission channels:

- ▶ Credit risk: the effects of physical and transition risk on counterparties could lead to a reduction in their ability to honor debts, with a consequent downward revision of creditworthiness and an increase in the probability of default, negatively impacting the calculation of impairment and expected losses (i.e., ECL, according to the requirements of IFRS 9)¹⁸ with reference to Public Administration exposures; on the contrary, extreme weather events could lead to faster payment times and greater financial capacity, in consideration of possible greater financing 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;

¹⁶ The activities began in line with the three-year Action Plan for the progressive alignment with the Bank of Italy's expectations in terms of climate and environmental risks, transmitted to the Authority during the first half of 2023, in order to meet the Authority's expectations, made as part of the publication of the results of the thematic survey conducted on a sample of less significant banks.

¹⁷ See EBA, Guidelines on the Management of Environmental, Social and Governance (ESG Risks), January 2025.

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.

- 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.

The following table summarizes the above:

Risk	Risk factors	Impact 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 climatic events resulting in changes in outstanding and positions classified as default; effects on RWA and capital (e.g. for Calendar Provisioning) as well as on value adjustments	► 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 impact of physical risk (bank run assumption)	► N/A
Operational risk (including ICT and legal)	► Physical risk ► Transition risk	Group	Increased operating losses/increased costs and expenses due to 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, Supervisory Authorities)	Loss of customers and investors/ lenders, hence decrease in volumes/funding, resulting in decrease in profits caused by greenwashing or inadequate ESG rating Possible sanctions from the SA for non-compliance	► Strategic risk ► Operational risk ► Liquidity risk

In relation to the second stage, depending on whether the risk considered is quantifiable or not, the Bank has adopted two strategies for the purpose of assessing exposure to ESG risk factors. Specifically:

- for non-measurable risks, activities have been initiated to integrate the self-assessment questionnaires produced by the Corporate Structures in order to identify both current and future key vulnerabilities. At the end of 2024, the methodologies related to Strategic Risk and Reputational Risk were updated, and approved by the BoD. Regarding the integration of the Risk Self-Assessment (RSA) questionnaire for Operational Risk, activities were completed during 2025 for integration into the ICAAP report;
- for quantifiable risks, the Bank has carried out quantitative estimation and classification of the Group's portfolio.

In relation to the latter, the 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 joint matrix calculates an overall expert-based risk score by combining the risk levels for individual physical factors (in the rows) and transitional factors (in the columns), reducing the scale from four categories to a three-level breakdown ("High", "Medium", "Low").

Below is a graphical representation, by way of example, of the methodology used to assess risky counterparties (debtors, assignors and depositors).

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

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

This matrix was developed in accordance with each stress exercise (phase three) and considering, depending on the potential risk assessed, a different view. Consistent with the transmission channels deemed most plausible and impactful for the Group, the following stress tests were developed as part of the ICAAP/ILAAP Report 2024:

- Credit risk: conducting a stress test consisting of applying an expert-based mechanism of downgrading the rating class of debtors considered most exposed to physical risk and transitional risk factors;
- Strategic risk: conducting a stress test applied to the value of invoices purchased from assignors, assuming a decrease in the relative outstanding due to a decline in counterparty turnover as a result of the occurrence of negative effects related to transition risk;
- Liquidity risk: conducting a stress test on liquidity collected through deposit accounts, for which a run-off scenario caused by the occurrence of events related to physical risk is assumed.

In addition, consistent with the Action Plan developed by the Bank for the purpose of alignment with Bank of Italy Expectations described above, an initial set of monitoring metrics designed to capture the Group's exposure to ESG risk factors has been identified.

Indicators were selected based on the Group's business model and the outcomes of analyses conducted in relation to both transmission channels and quantification and stress analyses. These metrics are monitored as part of the Tableau de Bord [dashboard] reporting, prepared quarterly and approved by the Board of Directors.

Finally, it should be noted that, considering the changing regulatory framework, the Bank is evaluating the necessary additions to its framework in order to align with the new regulatory expectations of the Supervisory Authorities, including the Guidelines on ESG risk management (EBA/GL/2025/01) and on ESG Scenario Analyses (EBA/GL/2025/02).

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 euro)

Items/Values	Amount 12.31.2025	Amount 12.31.2024 ADJUSTED (*)
1. Share capital	145,399	145,006
2. Share premium reserve	66,277	66,277
3. Reserves	338,933	195,974
- earnings-related	329,684	187,193
a) legal	29,001	28,789
b) statutory		
c) treasury shares		
d) others	300,683	158,404
- others	9,249	8,781
3.5 Interim dividends (-)	-	-
4. Equity instruments	150,000	150,000
5. (Treasury shares)	-	(3,570)

(Values in thousand euro)

Items/Values	Amount 12.31.2025	Amount 12.31.2024 ADJUSTED (*)
Valuation reserves:	15,338	7,530
- Equity instruments designated at fair value through other comprehensive income		
- Hedging of equity securities designated at fair value through other comprehensive income		
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	13,548	5,699
- Property, equipment and investment property		
- Intangible assets		
- Hedges of foreign investments		
- Cash flow hedges		-
- Hedging instruments (undesignated elements)		
- Foreign exchange differences	304	178
- 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	322	275
- Share of valuation reserves for equity investments measured at equity		
- Special revaluation laws	1,164	1,379
7. Profit for the year	27,615	163,863
Total	743,562	725,080

(*) Comparative information is restated to account for error corrections. See the specific section "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)".

B.2 Valuation reserves of the financial assets measured at fair value through other comprehensive income: breakdown

(Values in thousand euro)

Assets/Values	Total 12.31.2025		Total 12.31.2024	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities				-
2. Equity securities	13,548		5,699	
3. Loans				
Total	13,548	-	5,699	-

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 €21.5 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 euro)

	Debt securities	Equity securities	Loans
1. Opening balances	-	5,699	-
2. Positive changes			
2.1 Increases in fair value		8,398	
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		132	
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		417	
4. Closing balances	-	13,548	-

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, 2025, this actuarial reserve amounts to €322 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-in share capital;
- ▶ Reserves (legal reserve, extraordinary reserve, retained earnings, stock option reserve, and financial instruments reserve);
- ▶ any undistributed portion of profit for the year;
- ▶ 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 2025 Own funds were influenced primarily by:

- ▶ the capitalization of the profit of €27.6 million;
- ▶ additional deductions due to calendar provisioning of €33.7 million;
- ▶ the payment of coupons relating to the Additional Tier 1 issue for €8.8 million.

Quantitative information

(Values in thousand euro)		
ITEMS/VALUES	Total 12.31.2025	Total 12.31.2024
A. Common Equity Tier 1 (CET1) pre-application of prudential filters	589,156	588,263
of which CET1 instruments subject to transitional provisions		
B. Prudential CET1 filters (+/-)	(566)	(552)
C. CET1 gross of elements to be deducted and effects of transitional rules (A +/- B)	588,590	587,711
D. Elements to be deducted from CET1	(97,832)	(78,828)
E. Transitional period - Impact on CET1 (+/-), including non-controlling interests subject to transitional provisions		
F. Total Common Equity Tier 1 (CET1) (C - D +/- E)	490,758	508,883
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 rules		
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 capital (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)	640,758	658,883

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, 2025, 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 8.2% and the Tier 1 Capital Ratio and Total Capital Ratio are 10.8%.

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;
- ▶ operational risk, through the calculation of the "Component of the calculated activity indicator (BIC)";
- ▶ "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.

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.

In line with 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. Non-credit boundary operating losses referring to 2025 were significantly lower than the capital requirement for operational risk and the requirement calculated at operational level in the 2024 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.

In particular, this methodology includes the tax receivables of the trading portfolio for which the generic risk is calculated. The maturity-based and de *minimis* method for currency risk is used.

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.

The 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 17, 2025. 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 euro)

Categories/Values	Non-weighted amounts		Weighted amounts/ requirements	
	12.31.2025	12.31.2024	12.31.2025	12.31.2024
A. RISK ASSETS				
A.1 Credit and counterparty risk	11,099,219	11,238,663	5,300,752	4,914,930
1. Standardized methodology	11,094,115	11,233,290	5,294,666	4,908,699
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitizations	5,104	5,372	6,086	6,231
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			424,060	393,194
B.2 Credit valuation adjustment risk			879	35
B.3 Settlement risks			-	-
B.4 Market risks			-	-
1. Standard methodology			117	409
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			51,498	65,374
B.6 Other calculation factors				
B.7 Total prudential requirements			476,554	459,012
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			5,956,927	5,737,652
C.2 CET 1/Risk-weighted assets (CET1 capital ratio) (%)	-	-	8.24%	8.87%
C.3 Tier 1 Capital/Risk-weighted assets (Tier 1 capital ratio) (%)	-	-	10.76%	11.48%
C.4 Total Own Funds/Risk-weighted assets (Total capital ratio) (%)	-	-	10.76%	11.48%

Part G – Business combinations of companies or business units

Section 1 – Transactions completed during the year

As at December 31, 2025 there are no extraordinary business combinations falling within the definition provided by IFRS 3 (revised).

Section 2 – Transactions after the reporting date

After the end of 2025, 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 in 2025, broken down by type of related party pursuant to IAS 24, and as a percentage of their respective financial statements item.

(Values in thousand euro)

	Directors and Key management personnel (*)	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, 2025		1,460,341	1,460,341	9,623,983	15.2%	(253,150)	n.d.
Equity investments							
At December 31, 2025		8,571	8,571	232,498	3.7%		n.d.
Other assets							
At December 31, 2025		2,446	2,446	660,940	0.4%	(2,664)	-91.8%
Amounts due to customers							
At December 31, 2025		(3,634)	(3,634)	(8,785,131)	0.0%	85,331	-4.3%
Provision for risks and charges: a) pensions and similar obligations							
At December 31, 2025	(1,908)		(1,908)	(6,120)	31.2%	(15,529)	12.3%
Other liabilities							
At December 31, 2025	(7,665)	(1,314)	(8,979)	(340,693)	2.6%	(15,529)	57.8%
Reserves							
At December 31, 2025	(1,171)		(1,171)	(338,933)	0.3%		
Impact of transactions on the income statement							
Interest and similar income							
2025		74,888	74,888	407,150	18.4%		
Interest and similar expense							
2025		(183)	(183)	(264,332)	-0.1%		
Fee and commission income							
2025		296	296	109,144	0.3%		
Dividends							
2025		41,423	41,423	58,511	70.8%		
Profits (losses) from trading activities							
2025		272	272	12,194	2.2%		
Administrative expenses: a) personnel expenses							
At December 31, 2025	(6,412)		(6,412)	(73,355)	8.7%		
Administrative expenses: b) other administrative expenses							
At December 31, 2025		(4,313)	(4,313)	(97,482)	4.4%		
Other operating income, net							
At December 31, 2025		2,042	2,042	26,184	7.8%		

Notes: (*) Including members of the Board of Directors.

More specifically, the balances of the intragroup positions at December 31, 2025 are as follows:

- ▶ BFF Finance Iberia, for an amount of €269.7 million;
- ▶ BFF Finance Iberia, for an amount of €694.5 thousand, relating to a current account relationship;
- ▶ BFF Polska, for an amount of €883.3 million (PLN 3,728 million), of which €287.7 million (PLN 1,215 million) through the Polish branch of BFF Bank;
- ▶ BFF Polska, for an amount of €41 thousand, relating to a current account relationship;
- ▶ FIZ Medico, for an amount of €2 thousand, relating to an account opened with the Polish branch of BFF Bank;
- ▶ Debt-RNT, in the amount of €63 thousand, related to an account opened at the Polish branch of BFF Bank;
- ▶ Kancelaria Karnowski, in the amount of €358 thousand, related to an account opened at the Polish branch of BFF Bank;
- ▶ BFF Central Europe: €212.9 million;
- ▶ BFF MedFinance: PLN 62.5 million through the Polish branch of BFF Bank;
- ▶ BFF MedFinance, for an amount of €7 thousand, relating to a current account relationship;
- ▶ BFF Ceska Republika, for an amount of €1.7 million (equal to €42.2 million CZK);
- ▶ BFF Immobiliare: €4.4 million.
- ▶ BFF Techlab, for an amount of €509 thousand, relating to a current account relationship.

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, 2025 amounted to about €587 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, 2025 amounted to about €83.8 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, 2025 amounted to approximately €507.

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 €2,040 thousand as at December 31, 2025;
- ▶ BFF Polska S.A. for about €737 thousand as at December 31, 2025;
- ▶ BFF Finance Iberia S.A.U. for about €234 thousand as at December 31, 2025;
- ▶ BFF Medfinance S.A. for an amount of about €66 thousand as at December 31, 2025;
- ▶ Kancelaria Karnowski for an amount of about €102 thousand as at December 31, 2025;
- ▶ BFF Central Europe s.r.o. for an amount as at December 31, 2025 equal to €92 thousand;
- ▶ BFF Ceska Republika s.r.o. for an amount as at December 31, 2025 equal to €10 thousand.

During 2016, BFF Finance Iberia purchased Italian healthcare exposures from the Parent 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 Bank also carries out:

- ▶ 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;
- ▶ compliance activities for the subsidiary BFF Finance Iberia, for an amount of €18,240 per year, through the Spanish branch of BFF Bank;
- ▶ 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.

Finally, it should be noted that the subsidiary BFFTechlab provides software development services, support for Information Technology projects and in-kind digital marketing consultancy for the Bank, some of its branches and subsidiaries.

In particular, in 2025 BFF Techlab recorded revenue from:

- ▶ BFF Bank S.p.A. and its Branches in Spain, Poland and Greece for a total amount of €1,365 thousand;
- ▶ BFF Finance Iberia for an amount of €32.5 thousand.

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 newly issued ordinary shares of the parent or shares that have already been issued and are included in the parent'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 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:
 - i. Continuation of employment relationship with the Bank 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.

As at December 31, 2025, all options granted under the plan had been exercised. As at December 31, 2025, therefore, there were no allocated, exercisable options. As at December 31, 2024, 2,000 options had been allocated and were still exercisable, as they had matured during the vesting period, representing all the options of the plan still in existence.

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 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.

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.

As at December 31, 2025, the number of stock options allocated and not exercised was 1,260,000, of which 1,000,000 vested and exercisable. As at December 31, 2024, the number of stock options allocated and not exercised was 2,763,450, of which 2,485,450 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 Bank 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 Bank and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

As reported in the note as at December 31, 2024, only two of the three tranches had been allocated. As at December 31, 2025, the number of options allocated and not yet exercised amounted to 6,659,000 (of which 2,968,500 planned as equity-settled and cash-less and 3,690,500 cash-settled/phantom shares). As at December 31, 2024, 7,404,400 options had been allocated (of which 3,246,500 equity-settled and cash-less and 4,175,500 cash-settled/phantom shares), none of which yet exercisable.

BFF Banking Group 2025 Long-Term Incentive Plan

On April 17, 2025, the Ordinary Shareholders' Meeting approved a new "2025 Long-Term Incentive Plan" for employees and directors holding executive positions in the Bank and/or its subsidiaries, having the following characteristics.

- ▶ Subject: the plan provides for the allocation of a maximum of 12,000,000 options divided into three tranches assignable by December 31, 2027. 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 Bank and the other detailed forecasts of the plan, already disclosed to the market in accordance with applicable regulations.

As at December 31, 2025, one of the three planned tranches for a total of 7,664,000 options had been allocated (of which 2,445,500 planned as equity-settled and cash-less and 5,218,500 cash-settled/phantom shares), none of which yet exercisable.

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 are 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 statement of financial position 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 asset 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, 2025 are shown below.

(Values in thousand euro)

	Right-of-use assets 12.31.2025	Right-of-use assets 12.31.2024
BFF Bank	42,825	45,297
Total	42,825	45,297

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 2025 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 separate financial statements, net of the reimbursement of expense and non-deductible VAT and the CONSOB contribution:

(Values in thousand euro)

Type of services	BFF Bank S.p.A.			
	KPMG S.p.A.		Rete KPMG S.p.A.	
	Italy	Outside Italy	Italy	Outside Italy
Statutory audit	196	16		132
Attestation services (*)	79			19
Other services (**)	213		70	
Total	488	16	70	151

(*) Amounts refer to comfort letters issued for the purposes of bond issues and to the attestations regarding the Consolidated Sustainability Statement.

(**) The amounts refer to agreed audit procedures.



Annexes

Certification by the Financial Reporting Officer

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

- Giuseppe Sica, 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 2025 financial statements.

2) The suitability and effective application of the administrative and accounting process employed to draw up the 2025 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 Treadway Commission (COSO)* of the reference standards for the internal audit system generally accepted on an international level.

In this regard, the following key points have emerged

- In view of the events affecting BFF Bank in the fourth quarter of 2025, relating to the effects attributable to the incorrect recording of certain collections for the period 2019–June 2023, which resulted in the necessity to perform a restatement of the previously approved financial statements in accordance with IAS 8, it should be noted, however, that the Bank took prompt action to initiate a review of the existing regulatory and procedural framework and of the organisational, administrative and accounting structure, as well as the related control activities, with a view to further strengthening the Internal Control System. In particular, with regard to the collections received in 2025 financial year, the Financial Reporting Officer carried out specific checks with a targeted focus on ancillary items.

3) Moreover, the undersigned hereby certify that:

3.1 the financial statements at 31 December 2025:

- 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;
- correspond to the results of the accounting books and records;
- 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 the Bank is exposed. The Report on Operations includes, moreover, a reliable analysis of the information concerning major transactions with related parties.

Milan, 30 April 2026

Giuseppe Sica

Chief Executive Officer

Giuseppe Manno

Financial Reporting Officer

giuseppe manno

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors to the Shareholders' Meeting of BFF Bank S.p.A., convened for the approval of the Financial Statements for the year ended December 31, 2025, pursuant to Article 153 of Italian Legislative Decree 58/1998

Shareholders,

in compliance with the provisions of Article 153 of Italian Legislative Decree no. 58 of February 24, 1998 (the "**TUF**"), Article 2429, paragraph 2 of the Italian Civil Code, the indications contained in Consob communication no. 1025564 of April 6, 2001 as amended ("**Consob Communication**"), and also taking into account the rules of conduct for boards of statutory auditors of listed companies recommended by the National Council of Chartered Accountants and Accounting Experts, last 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 on its supervisory activity carried out during the 2025 financial year and up to the date of this Report. This Board of Statutory Auditors took office on April 18, 2024 when the Shareholders' Meeting appointed the Company's supervisory body for the three-year period 2024-2026, fully renewing its composition.

During the 2025 financial year, the Board of Statutory Auditors carried out its duties in compliance with the Italian Civil Code, the TUF, Italian Legislative Decree no. 385 of September 1, 1993 (the "**TUB**"), Circular no. 285 of December 17, 2013 of the Bank of Italy ("**Circular 285**"), the indications in the Consob Communication, Italian Legislative Decree no. 39 of January 27, 2010 as amended ("**Legislative Decree 39/2010**"), statutory regulations, and regulations issued by the Authorities exercising supervision and control, also taking into account the Corporate Governance Code of 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.

The Board of Statutory Auditors hereby reports on the supervisory activities carried out during the 2025 financial year and in the first few months of 2026, providing appropriate information, in line with relevant provisions, including the omissions and irregularities it has identified.

1. Activities of the Board of Statutory Auditors during the year ended December 31, 2025

During 2025, the Board of Statutory Auditors carried out its activities, holding 29 meetings lasting on average approximately 2 hours and 30 minutes.

In addition, during the 2025 financial year, the Board participated in 23 meetings of the Board of Directors (the "**BoD**"). The Board of Statutory Auditors also attended, with the absence excused of some of its members, the 19 meetings of the Control and Risks Committee, the 5 meetings of the Related Party Transactions Committee, the 12 meetings of the Remuneration Committee and the 13 meetings of the Appointments Committee, as well as the Shareholders' Meeting held on April 17, 2025. In addition to the above, as part of its activities, the Board of Statutory Auditors, among other things:

- ┐ held meetings with, and obtained information from, the Chair of the Board of Directors, the Chief Executive Officer as well as the Heads of the second-level control Functions and the Head of the Internal Audit Function;
- ┐ met with the heads of the other corporate Functions in charge of first line controls, affected from time to time by the supervisory activity of the Board;
- ┐ continued to monitor the implementation of the corrective actions adopted for audit findings, discussing the quarterly dashboard and the monthly reports on the implementation status of the actions;
- ┐ met with the Anti-Money Laundering Officer and the Data Protection Officer;
- ┐ met with the members of the Supervisory Body ("**SB**"), established pursuant to Italian Legislative Decree no. 231 of June 8, 2001 ("**Legislative Decree 231/2001**"), for an appropriate exchange of information;
- ┐ held meetings and/or exchanged information, pursuant to Article 151, paragraphs 1 and 2, TUF, with the administrative and/or control bodies of the main foreign subsidiaries or branches;
- ┐ held specific meetings at regular intervals with the auditors appointed to carry out the statutory audit, KPMG S.p.A. ("**KPMG**"), within the framework of relations between the supervisory body and the independent auditor, as provided for pursuant to Article 150, paragraph 3, of the TUF, and in light of the powers of the Board of Statutory Auditors as Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree 39/2010;

during these meetings, data and information were exchanged regarding the planning of activities and performance of respective tasks;

I took part in specific induction sessions, based on active learning and comparison and discussion, in order to constantly update its knowledge and expertise.

In particular, 7 induction sessions were held in 2025. These provided an overview of the Bank and Group, as well as the main sectors in which the latter operates, with a focus on: (i) the Bank's Iberian business; (ii) the operation of the "Dilitrust" platform; (iii) the Fast Forward Foundation; (iv) the fairness criterion pursuant to Italian Ministerial Decree 169/2020; (v) the operation of the corporate bodies; (vi) the claw-back mechanism; and (vii) the insurance business. As part of the activities carried out by the Board of Statutory Auditors during the 2025 financial year, as also illustrated in paragraph 2.1. below, we note that:

- on September 30, 2025, the Statutory Auditor Professor Dell'Acti sent the Chair of the Board of Directors a letter (the "Letter") in which he requested, among other things, the Board of Directors to be convened to evaluate a considerable number of corporate events, reported in the letter, which, in the opinion of the Professor would generate management irregularities, or, in any case, critical aspects, attributable to the Board's work. Specifically, in the opinion of Professor Dell'Acti, the conduct of the Board of Directors in relation to such events was likely to cause financial harm to and damage the image not only of the Bank, but also that of shareholders, and, more generally, the market, as the events represented violations of the duties of proper administration and diligence.
- Following an in-depth analysis, the Board of Directors, supported by the opinion of an external professional, considered that there were no elements for taking liability action against the persons responsible for the alleged management irregularities;
- in any case, the Board of Statutory Auditors continued to carry out its analyses, also acquiring a further *pro veritate* opinion on the matter from its own external consultant, who also ruled out the existence of sufficient and necessary conditions to take liability actions, without prejudice to any different possible assessment in relation to new and different facts coming to light during further ongoing controls.

The Board of Statutory Auditors therefore decided by a majority to subsequently evaluate the possible existence of necessary conditions for liability actions to be taken. In this regard, following the evidence that emerged during the Special Investigation (as defined herein), the Board of Statutory Auditors requested the Board of Directors to carry out evaluations. Consequently, the Bank appointed its own legal advisor to carry out the necessary further investigations.

2. Material economic, financial and capital transactions. Other noteworthy events

2.1 Activity of the Board of Statutory Auditors

The Board of Statutory Auditors supervised the Company's compliance with the law and the Articles of Association and with principles of proper administration, with particular reference to material economic, financial and capital transactions, by constantly participating in the meetings of the Board of Directors, the Board Committees and examining the documentation provided. In this regard, the Board of Statutory Auditors received information from the Chief Executive Officer – and also, as of February 1, 2026, from the General Manager – and the Board of Directors on the activities carried out and on the material economic, financial and capital transactions approved and carried out by the Bank, also through directly or indirectly controlled companies. These transactions and activities are described in the Report on Operations, to which reference is made.

Without prejudice to the foregoing, the Board of Statutory Auditors notes that during 2025 and in the first few months of 2026, it identified some irregularities and deficiencies (described in full below), for which controls are still underway, including by the Supervisory Authority.

2.2 Key events

The key events concerning the Company and the Group during 2025 and in the first few months of 2026 are disclosed in the Annual Report on the Consolidated Financial Statements 2025. These include, in particular, the following:

- (i) 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.

- (ii) On May 28, 2025, the European Court issued a further ruling ordering the Italian state to ensure, within three months of the date of the ruling, the enforcement of the pending domestic judicial orders by appropriate means, and also awarding further amounts for moral damages and legal fees.
- (iii) On February 10, 2025, the Company announced a review of its organization. The changes affected in particular the first line of reporting to the Chief Executive Officer. As a result of the organizational review, the Group saw the addition of Daniele Di Febo as Group Compliance & AML Director, a role previously held by Michela Della Penna, who was assigned the position of Corporate Affairs Secretary Director. Piergiorgio Bicci, formerly Chief Financial Officer, was given the new role of Vice Deputy Chairman, Head of Countries, tasked with overseeing the implementation of the strategic plan.
- (iv) On February 17, 2025, upon completion of the managerial structure review, BFF announced that Giuseppe Sica would join the Group, effective February 25, with the role of Vice President, Finance & Administration (i.e. Chief Financial Officer).
The Board of Statutory Auditors monitored, within the scope of its responsibilities, the processes followed to implement the reorganization, verifying the procedures adopted and the consistency of the changes made with the corporate objectives. In particular, the Board of Statutory Auditors followed the process relating to changes in the first line of reporting to the Chief Executive Officer, and considered the processes for appointment and for redefining responsibilities to have been carried out in compliance with the provisions of the Articles of Association.
- (v) On April 17, 2025, the Shareholders' Meeting approved the 2024 annual financial statements, and the proposed allocation of the result for the year ended December 31, 2024 to the legal reserve in the amount of €211,816 and retained earnings in the amount of €159,984,604. The Shareholders' Meeting also approved the 2025 Remuneration Policy, the Severance, the Long-Term Incentive Plan ("2025 Incentive Plan"), the Stock Grant Plan, and the Board of Directors' proposal to authorize the purchase and disposal of treasury shares.
- (vi) On May 8, 2025, the Bank of Italy notified BFF and the Chief Executive Officer in charge *pro-tempore* of the application of administrative sanctions amounting to €1,450,000.00 and €110,000 upon conclusion of the sanctioning proceedings initiated as a result of the inspection conducted by the Supervisory Authority between September 11, 2023 and January 12, 2024.

- (vii) On September 19, 2025, the Bank of Italy, at the end of the process for determining the minimum consolidated requirements for own funds and eligible liabilities ("MREL"), notified BFF of the following consolidated capital requirements, unchanged from those previously in force:
 - (a) the MREL in terms of TREA (Total Risk Exposure Amount) equal to 20.00% to which the Combined Buffer Requirement (CBR) is added;
 - (b) the MREL in terms of LRE (Leverage Ratio Exposure) equal to 5.40%. No subordination requirement was assigned to meet the requirements and the calculation of other eligible liabilities.
- (viii) On October 30, 2025, the Bank received from the Bank of Italy notice of the closure of the proceedings in relation to:
 - (a) the lifting of restrictive measures concerning the distribution of profits or other assets; the payment of the variable part of remuneration to personnel; expansion into new foreign markets;
 - (b) the allocation of the new capital requirements as a result of the Supervisory Review Evaluation Process (SREP), confirming the additional pillar II (Pillar II Requirement – P2R) currently in force.

In fact, the SREP communication requires BFF, as from the reporting of own funds as at December 31, 2025, to adopt the same capital ratios at consolidated level, already currently in force: a Common Equity Tier 1 ratio (CET 1 ratio) equal to 9.00%, a Tier 1 ratio equal to 10.50%, a Total Capital Ratio (TC ratio) equal to 12.50%, to which the requirements of the Countercyclical Capital Buffer ("CCyB") and the Systemic Risk Buffer ("SyRB"), equal overall to 0.80% as at December 31, 2025 are added.
- (ix) On November 2, 2025, the Board of Directors approved an update to its dividend policy, increasing its capital target by 100 basis points, from 12% to 13%, in line with the new thresholds defined by the supervisory authority.

- (x) On November 27, 2025, the Internal Audit Manager notified the Board of Directors that on October 23, 2025, after being informed of the past use of dubious practices for recognizing inflows in the accounts, that had emerged from the difficulty of concluding transactions with some borrowers due to credit reconciliation issues, he had started "*Special Investigation # 1-2025 Recognition of inflows*" ("**Special Investigation**"). In this regard, reference is made in particular to the allocation of inflows for additional loan interest, late payment interest (so-called IdM) and "40 euros", against payments (received from borrowers) or reimbursements (made by the assignors) of the principal. The results of the preliminary checks were brought to the attention of the Board of Directors during the aforementioned meeting, highlighting a particularly complex and significantly critical framework, with multiple risk profiles. In fact, from the outset, the checks had identified practices where inflows were re-allocated (in the period from 2019 to 2023) with the aim of anticipating the positive accounting effect and creating capital gains on late payment interest. Taking into account the first circumstances that emerged at the end of 2025, in the context of the Special Investigation and in support of the Internal Audit Manager, the Board of Statutory Auditors requested the Board of Directors to appoint the company EY S.p.A., as an external and independent consultant, to investigate - even with an ad hoc forensic approach - all aspects related to this accounting practice, including the accounting impacts. Further updates on the progress of the Special Investigation were presented at the meetings of the Board of Directors on December 18, 2025, January 23, 2026, February 1, 2026 and March 2, 2026. At its meeting on January 23, 2026, the Board of Statutory Auditors - during its constant supervisory activities and on the basis of new elements that gradually emerged - also requested that the scope of EY's mandate be extended to include an audit of the internal control system relating to the factoring business, as well as the internal administrative-accounting control system referred to in Law no. 262 of 28 December 2005. The final results of the Special Investigation and, in particular, the incorrect registration of Factoring & Lending inflows meant that the restatement of the 2024 financial statements was necessary, as referred to below.
- (xi) On December 4, 2025, following timely reporting sent by the Board of Statutory Auditors in November 2025 pursuant to Article 52 of the TUB and Article 149, paragraph 3 of the TUF regarding the irregularities found on the

basis of the preliminary results of the Special Investigation, the Bank of Italy ordered the BFF Group to be audited (still ongoing) pursuant to Articles 54 and 58 of the TUB.

With regard to the first few months of 2026, which are particularly relevant for the purposes of this Report, the following key events, among others, are presented.

- (i) On February 2, 2026, based on the results of the Special Investigation, the Board of Directors announced de-risking actions for its factoring portfolio and the revision of the 2026 targets in anticipation of the new strategic plan and the potential securitization of a part of the factoring & lending portfolio. Although no anomalies were detected in the 2024 and 2025 financial years, and the errors detected are mainly attributable to the period 2019-June 2023, the Bank implemented a number of actions, also in light of the aforementioned analysis, which are still in progress. These actions are aimed at strengthening (a) the safeguards and process regulations relating to the management of inflows, (b) the Law 262/2005 controls model and (c) its own procedural and administrative-accounting regulatory system.
- (ii) On the same date, it was also announced that Mr. Belingheri had stepped down from his position as Chief Executive Officer, while remaining a non-executive Director of the Board of Directors. The Board of Directors therefore appointed Giuseppe Sica as General Manager, giving him all the powers previously exercised by Mr. Belingheri.
- (iii) On February 10, 2026, the Board of Directors approved the preliminary Consolidated Financial Statements for the year 2025 and a restatement of the 2024 financial statements which resulted in a total cumulative reduction in equity as at December 31, 2024 of approximately €15.1 million.
- (iv) On February 16, 2026, following news reported in the press, the Bank communicated that it was aware of preliminary investigations by the Public Prosecutor's Office of Milan.

The Bank is being investigated for an administrative offence pursuant to Italian Legislative Decree 231/01, in relation to the crimes referred to in Article 640, paragraph 2, of the Italian Criminal Code (fraud to the detriment of the state), Article 2622 of the Italian Civil Code (false corporate reporting) and Article 185 of Italian Legislative Decree no. 58/1998 (market manipulation), for acts committed from 2020 until December 2023. From the outset, BFF has been

willing to cooperate with the Public Prosecutor's Office and to provide any useful information to the investigating bodies. At the date of preparation of this report, the Bank had not received any formal notice from the investigating bodies.

- (v) On March 17, 2026, Mr. Belingheri resigned from his position as non-executive Director of the Board of Directors. Following this event, on the same date, the Board of Directors resolved to co-opt Giuseppe Sica in his capacity as Director, appointing him as Chief Executive Officer. Giuseppe Sica will also continue to act as General Manager, appointed to this position in February 2026.
- (vi) *Bank of Italy Order of March 27-28 2026* - On March 28, 2026, the Bank received an Order pursuant to Articles 69-*octiesdecies* and following of the TUB from the Bank of Italy as part of its supervisory audits (the "**Order**"). In this regard, as mentioned above, it is noted that the audits were initiated following the report sent by the Board of Statutory Auditors in November 2025 pursuant to Article 52 of the TUB and Article 149, paragraph 3 of the TUF regarding the irregularities found on the basis of the preliminary results of the Special Investigation. With the Order, the Bank of Italy appointed, pursuant to Article 75-*bis* of the TUB, two Administrators to work temporarily alongside the Board of Directors, with the aim of assisting it in the rapid process to reset the operational/accounting framework and in the management of remedial actions in the credit sector concerning the factoring business and the internal control system, already initiated by the Bank.
- (vii) With regard to agency ratings, during 2025 and the first few months of the current financial year, the agencies revised (upwards or downwards) their valuations of BFF on several occasions, following the information communicated to the market.

Lastly, also following the Bank of Italy Order of March 28, 2026:

- on April 1, 2026, the rating agency Moody's revised all ratings and evaluations of BFF downwards by one notch and placed them under review for a downgrade, including the Adjusted BCA. The latter was subject to a further negative adjustment of a notch relating to Strategy, Risk Appetite and Governance,

changing to "ba3" from "ba2". The long-term (LT) and short-term (ST) deposit ratings of BFF equal to "Baa3"/"Prime-3" respectively have remained at Investment Grade.

- On April 2, 2026, the rating agency Morningstar DBRS ("DBRS") downgraded its credit ratings of BFF, including the Long-Term Issuer Rating to "BB (low)" from "BB". In addition, DBRS lowered its credit rating to "BB" from "BB (high)" on the Bank's Long-Term Deposits. The rating agency also placed the long-term credit ratings of the Bank Under Review, including the Long-Term Issuer Rating of "BB (low)".

- (viii) On April 30, 2026, the Board of Directors approved the draft financial statements of the Parent Company and the consolidated financial statements as at December 31, 2025, which include an update of the restatement of the 2024 financial statements to €17.6 million.

Adjusted Net Profit for 2025 amounted to €139.1 million, decreasing by 3% compared to the previous year. Net accounting profit for 2025 came to €37 million, reflecting the effects of the de-risking actions reported on February 10 and April 30, 2026, as well as the further initiatives adopted following the Bank of Italy Order of March 28, 2026.

The Bank's CET1 ratio is 9.94% compared to 9.80% of the SREP and the total Capital Ratio is 12.31% compared to 13.30% of the SREP.

The Board of Directors of the Bank presented a capital conservation plan to the Regulator, for the purposes of prudential and MREL supervision, and activated the Recovery Plan in order to ensure greater oversight and effectiveness of the Bank's remedial actions.

The financial targets for 2026 were also updated with an Adjusted Net Profit in a range between €115 million and €140 million.

3. Related-party and intra-group transactions. Atypical and/or unusual transactions

BFF has procedures in place adopted in compliance with the provisions of Article 2391-*bis* of the Italian Civil Code, Consob Regulation no. 17221 of March 12, 2010 ("**Consob RPT Regulation**") as amended, and with sectoral regulations, also applicable to transactions carried out through subsidiaries.

The Bank's reference documents for related-party transactions are the "*Policies on internal controls adopted by the BFF Group for the management of conflicts of interest*" and the "*BFF Banking Group Regulation for the management of transactions with parties in conflict of interest*", last updated on July 25, 2024 with the favorable opinion of the Board of Statutory Auditors (the "**BFF RPT Procedures**").

The Board of Statutory Auditors believes that the procedures in question comply with the provisions of the Consob RPT Regulation, in its *pro tempore* wording in force; during the financial year, the Board of Statutory Auditors monitored their compliance by the Bank.

BFF's 2025 Financial Statements, the Integrated Annual Report and the 2025 Consolidated Financial Statements present the financial and capital effects of related-party transactions, and describe the most significant related-party relationships.

During the 2025 financial year, in compliance with the BFF RPT Procedures indicated above, 2 "minor" transactions and 1 "exempt" transaction were submitted to the attention of the Related Party Transactions Committee (the "**RPT Committee**"). In this regard, the Board of Statutory Auditors, in accordance with Article 4, paragraph 6, of the Consob RPT Regulation, supervised compliance with the RPT Procedures, monitoring the process that led to the issue, on a case-by-case basis, of the opinion of the RPT Committee pursuant to Article 7 of the Consob RPT Regulation, participating in relevant meetings as the whole board, or with only the Chair present.

No transactions with related parties were carried out as a matter of urgency.

The Board of Statutory Auditors acknowledges that, in relation to its tasks, it supervised the compliance of procedures with the Consob RPT Regulation, as well as their compliance with related-party transactions carried out following the resolutions made during the 2025 financial year.

The Board of Statutory Auditors, on the basis of the information requested and in-depth analyses carried out, assessed the information provided by the Board of Directors in the Bank's 2025 Financial Statements as regards related-party and intra-group transactions.

At the end of the reporting period, as previously indicated in the context of the key events described in the report on operations, on February 1, 2026, Mr. Belingheri resigned from his management position, while still acting as a member of the Board of Directors. In this context, on February 10, 2026, the Board of Directors resolved to proceed with the immediate payment to Mr. Belingheri of the amount provided for in

the Non-Compete Agreement ("**NCA**") as of the contract signed between Mr. Belingheri and the Bank and amounting to a total of Euro 4,080 million.

This resolution, as also described in the report on operations of the 2025 financial statements, was passed despite the unanimous contrary opinion of the Bank's Remuneration Committee. This Committee - also on the basis of opinions given by the Bank's legal advisors - although considering the payment of the amounts related to the NCA to be legitimate, being contractually due, nevertheless underlined the inappropriate nature of an immediate payment. It should also be noted that this resolution was passed thanks to the casting vote of the Chairman (as provided for in the Articles of Association). On this resolution, the Board of Statutory Auditors immediately expressed its strong concerns due both to the timing of the non-compete period and, primarily, to the coexistence of the aforementioned contractual provisions and the general provision established by Article 2390 of the Italian Civil Code, which requires each member of the Board of Directors to refrain from any activity which competes with the company where the member serves as board director. In addition, the NCA was applied retroactively to the term of office of the former Chief Executive Officer (Mr. Belingheri), for whom, in fact, the prohibition on competition *ex lege* referred to in the aforementioned Article 2390 of the Italian Civil Code already applied.

4. Supervision 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 the Group and its evolution are described in the Report on Corporate Governance and Ownership Structures, to which reference is made for details.

In section 2 above, the organizational changes affecting the managerial structure of the Bank in light of the opportunities outlined in the strategic plan were indicated.

In the first part of 2025, the Board of Statutory Auditors focused its supervisory activity on verifying the correct implementation of the various remedial actions implemented following the Bank of Italy's "2024 Audit Report" and "Letter on the Company Situation 2024".

Subsequently, in the last months of the 2025 financial year and in the first few months of 2026, up until the date of this report, as part of its supervisory activity, the Board of Statutory Auditors found serious irregularities and deficiencies regarding the adequacy of the Bank's configuration and organizational structure, as also last noted in the Order and the dashboard, as well as in the annual report of the Annual Internal Audit Report.

In the opinion of the Board, these serious irregularities and deficiencies, which emerged in particular as a result of the analyses conducted in the Special Investigation, are attributable to:

- 1) inadequate policies and procedures, as part of the company's overall internal regulatory system, which have proven to be outdated and ineffective;
- 2) the absence of rules and appropriate behavior on the part of numerous managers (e.g. managers identified during the Special Investigation whose initiatives are not attributable to a conduct inspired by principles of sound and prudent management, or principles of proper administration), and of control and governance procedures adopted by the relevant function managers. This absence of rules, as identified in the Special Investigation, in the period 2019-2023 allowed some managers to behave in a manner not inspired by principles of sound and prudent management, nor by principles of proper administration;
- 3) deficiencies in the information flows of certain functions regarding judgments and data suitable to support informed choices by the Board of Directors, allowed for the informed action of its members, on the one hand, and transparent, traceable and reconstructable processes for the formation and implementation of decisions according to principles of proper administration, on the other hand, making it difficult to have a connection between powers, decisions adopted and consequent responsibilities;
- 4) the absence of a robust and effective system of internal rules and procedures and related safeguards aimed at complying with legislation in force regarding the classification of the factoring portfolio and the application of criteria for suspending the counting of days past due (so-called mitigant), as also noted by the Bank of Italy in the aforementioned Order;
- 5) inefficiencies and inadequacies of information systems, which have proved not to be fully integrated and suitable to overcome the excessive level of manual work in multiple business processes.

On these aspects, it should be noted that the Bank has initiated remedial actions also following a discussion with the Supervisory Authority; the correct and timely implementation of these actions will be monitored by the Board of Statutory Auditors during the 2026 financial year.

As regards the internal control system, the initiatives launched in previous years aimed at strengthening the overall architecture were consolidated during the financial year. In particular, the second-level control functions – Risk Management, Compliance and Anti-Money Laundering – directly report to the Board of Directors, with a functional reporting line to the Chief Executive Officer (dual reporting line). The Bank subsequently revised the organizational model, updating the internal regulations and redefining the composition of the SB pursuant to Legislative Decree 231/2001, in order to ensure a more timely compliance with the current regulatory framework.

During the financial year, a new Head of the Compliance Department was appointed and responsibility for the role of AML Officer was assigned to an executive director separate from the Chief Executive Officer, in line with the provisions on AML risk monitoring.

As part of the reorganization and strengthening measures mentioned above, the Board of Statutory Auditors informed the Board of Directors of the need to evaluate the assignment of a decision-making role to each of the members of the Loans Committee, with particular emphasis on the role of the Chief Risk Officer. In this regard, the Board of Statutory Auditors will monitor the resolutions of the Board of Directors, in order to verify the complete and effective implementation also of this reorganization activity.

The Bank, as the Parent Company and contact with the Supervisory Authority, in the exercise of its management and coordination activities, issued various provisions necessary to implement the general and particular instructions of the Bank of Italy in the interest of Group stability, pursuant to Article 61, paragraph 4, of the TUB and Circular 285.

Relations with subsidiaries are defined by the "*Intra-Group Regulations*". The provisions that the subsidiaries must implement are issued by the individual Functions of the Bank, in order to update the subsidiaries and branches both on the internal regulations applicable to them, and on the information necessary for the reporting package, with main activities, and particularly controls, carried out at centralized level.

Noting that, in the Group's foreign companies, there are no equivalent supervisory bodies, the Board of Statutory Auditors carried out its in-depth analyses during periodic meetings with the company's control Functions, and with the management of some major

subsidiaries. In this regard, it should be noted that the Control Functions have direct responsibility for their respective equivalent structures in relation to BFF Finance Iberia S.A.U., while they are the recipients of functional reporting from the corresponding equivalent functions of BFF Polska.

The Board of Statutory Auditors therefore considers the provisions issued by the Bank to subsidiaries to be adequate overall, also in order to provide all the information necessary to comply with the reporting obligations pursuant to Article 114, paragraph 2 of the TUF.

5. Supervision of the adequacy of the internal control and risk management system, administrative-accounting system and financial reporting process

5.1. Reprehensible circumstances identified by the Board of Statutory Auditors

In addition to the information in paragraph 4 with reference to organizational structures, the Board of Statutory Auditors, in 2025 and in the first few months of 2026, up to the date of this report, as part of its supervisory activity, identified serious irregularities and deficiencies in relation to the internal control system, the administrative-accounting system and the controls model pursuant to Law 262/2005, as well as the organizational and management model pursuant to Legislative Decree 231/2001.

The above emerged on the basis of the circumstances detected at the end of 2025, as a result of the preliminary findings of the Special Investigation, as well as on the basis of the further aspects identified by the Special Investigation (completed in March 2026). In particular, as will be explained analytically in the next sections, the Board of Statutory Auditors detected the following serious irregularities and deficiencies:

- (i) inflow re-allocation practices (in the period from 2019 to 2023) aimed at anticipating the positive accounting effect and creating undue gains on late payment interest; these practices led, among other things and in particular, to the erroneous accounting of late payment interest, making it necessary to restate the 2024 financial statements as already mentioned;
- (ii) the inadequacy of the internal control system as regards the management of transactions in factoring operations within the Factoring & Lending Department, and the phenomenon of negative rulings;
- (iii) the critical nature of the administrative-accounting system, in terms of the practices and processes indicated above;

- (iv) specific deficiencies in the internal administrative-accounting control system pursuant to Law 262/2005, regarding the financial reporting process;
- (v) potentially relevant operational and organizational vulnerabilities pursuant to Legislative Decree 231/2001.

The deficiencies and irregularities summarized above, in addition to being reported to the Supervisory Authorities pursuant to Article 149 of the TUF and Article 52 of the TUB (see section 11 below), led to the need for remedial actions to be adopted by the Company. In this case as well, the Board of Statutory Auditors, during the 2026 financial year, will oversee the correct and full adoption of these remedial actions.

5.2. Internal control and risk management system

The Report on Corporate Governance and Ownership Structures describes the main characteristics of the internal control and risk management system ("ICRMS").

The ICRMS comprises the company rules, procedures and structures that operate to allow the effective functioning of the Company and the Group and 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. The corporate bodies and entities, including the Control Functions, contribute to the system's functioning in a coordinated and interdependent manner.

The Board of Statutory Auditors supervised the adequacy of the Company's and Group's ICRMS, verifying its actual functioning, basically through:

- (i) periodic meetings with the Control Functions – Internal Audit, Compliance and AML, Risk Management, the Financial Reporting Officer and the independent auditors KPMG;
- (ii) analysis of the reports, the dashboard and the reports produced by the aforementioned parties; (iii) as well as ongoing participation in the proceedings of the Control and Risks Committee.

As also previously noted, the Board of Statutory Auditors, as part of its supervision of the ICRMS, during the 2025 financial year, as well as in the first few months of 2026, paid particular attention, among other things, to the actions taken during the year in response to the findings of the Supervisory Authority on the outcome of the inspection concluded in the first few months of 2024 and, lastly, to the issues raised in the context of the Special Investigation started at the end of October 2025 by the Internal Audit Function.

The controls carried out in this context identified significant irregularities and deficiencies both from a procedural and control point of view. The irregularities concern, as already mentioned, the so-called cash collection process and in particular the systemic practice of the undue management of inflows, functional to the alteration of the correct accounting allocation of late payment interest, with possible significant implications on the correctness of the financial statements concerned. In addition, critical issues and deficiencies were found relating, in particular, to the management of negative rulings, i.e. proceedings initiated by the Bank for the judicial recovery of past due receivables concluded with unfavorable results. Finally, some shortcomings were also found in the first-level controls overseeing the same processes.

The Board of Statutory Auditors, as described above, also notes that the results of the Special Investigation - together with the independent evaluations made by the Internal Audit Function in the context of its ordinary audit activities - identified deficiencies in the ICRMS. As a result, the Bank - also at the request of the Board of Statutory Auditors - adopted a remediation plan divided into separate corrective actions, with the assistance of specialized external consultants for their implementation. The Board will continuously monitor the correct and timely execution of these remedial actions, in order to verify the attainment of adequate organizational and control structures consistent with the Bank's overall risk profile, also in light of the indications and expectations of the Supervisory Authority.

5.3. Administrative-accounting system and financial reporting process

The Report on Corporate Governance and Ownership Structures describes the main characteristics of the administrative-accounting system and the financial reporting process.

The Board of Directors of BFF, in compliance with the provisions of Law no. 262 of 28 December 2005 ("**Law 262/2005**") and Article 154-bis of the TUF, has envisaged in its governance profile the role of Financial Reporting Officer, and approved the "*Regulations of the Financial Reporting Officer's Function*" and "*Financial Reporting Officer Guidance*".

As regards the administrative-accounting system and the financial reporting process, the Board of Statutory Auditors, among other things, monitored the activities carried out by the Chief Financial Officer and the Manager in charge, in meetings held with them, in order to continuously evaluate the adequacy of the model and its actual functioning.

The Board of Statutory Auditors also met periodically with the heads of the independent auditors KPMG, to exchange the information required by law.

From the above, the Board of Statutory Auditors notes that the results of the audits conducted by the Internal Audit Function and, lastly, those of the Special Investigation carried out with the support of qualified external consultants, identified multiple and significant deficiencies in the internal administrative accounting control system pursuant to Law 262/2005. These significant deficiencies in the internal control system refer in particular to:

- deficiencies in the oversight of accounting and financial reporting processes;
- untimely and incomplete information flows to the governance bodies
- weaknesses in credit risk management oversight and provisioning assessments.

In view of the significant risk elements that emerged regarding the correctness of financial reporting, as well as the representation of credit exposures and compliance with supervisory regulations (and the related possible impacts on the Bank's financial statements), the Board of Statutory Auditors therefore requested the Board of Directors to define a structured remediation plan to strengthen the system of internal administrative-accounting controls. The Board of Statutory Auditors also requested full cooperation with the Supervisory Authorities and the strengthening of safeguards for credit risk management and financial reporting in order to ensure adequate disclosure to the market. Finally, the Board of Statutory Auditors requested the Board of Directors to take disciplinary actions against employees responsible for the reprehensible conduct and to evaluate any claw-back and malus actions, as well as the responsibility of managers and directors considered liable pursuant to Articles 2392-2393 of the Italian Civil Code. The Board of Statutory Auditors will constantly monitor the aforementioned activities conducted by the Board of Directors.

In light of the critical issues described above, the Bank has therefore adopted a remediation plan divided into separate corrective actions, assisted by specialized external consultants for its adoption.

The adequacy and effectiveness of the Bank's administrative-accounting structure and financial reporting process will therefore be fully evaluated again by the Board of Statutory Auditors, on the outcome of the actual implementation of the corrective actions

envisaged in the remediation plan; the concrete efforts made will be verified over time, with appropriate monitoring by the Board of Statutory Auditors.

As part of these controls, the Board will also evaluate the digitalization of administrative-accounting processes. The necessary structural strengthening of these processes, to manage the high level of manual work involved, has already been brought to the attention of the Bank's board of directors, so that timely and effective measures may be adopted.

The Board also examined the certification pursuant to Article 154-bis of the TUF prepared by the Financial Reporting Officer. This certification includes a reference to events previously described in relation to *"the incorrect registration of inflows in the period 2019-June 2023"* and the consequent need, on the part of the Bank, to proceed with the restatement of the previously approved financial statements in accordance with the provisions of reference accounting standards and in particular IAS 8. The certification also states how the Bank has taken steps to *"initiate a process to review the set of regulatory procedural regulations and the existing organizational, administrative and accounting structure, as well as the related controls on their application, in order to further strengthen the Internal Control System"*. With reference to inflows during the 2025 financial year, the certification reports the performance of targeted controls by the Financial Reporting Officer regarding so-called "additional charges" related to factoring contracts in place.

5.4. Sustainability disclosure process

The Board of Statutory Auditors notes that, pursuant to Italian Legislative Decree no. 125 of 6 September 2024 ("**Legislative Decree 125/2024**"), implementing Directive 2022/2464/EU, the Company must prepare and include, in a specific section of the report on operations, the sustainability report (the "**Sustainability Report**"). This report was drawn up in accordance with European sustainability principles (the "**ESRS**") and is subjected to a limited audit by the same statutory auditor appointed to audit BFF's financial statements, carried out in accordance with the "Principle of the Certification of Sustainability Reporting – Standard on Sustainability Assurance Engagement – SSAE (Italy)".

As required by Article 10, paragraph 1, Legislative Decree 125/2024, the Board of Statutory Auditors, in the performance of the functions assigned to it by law, supervised compliance with the provisions governing the preparation and publication

of the Sustainability Report, also taking into account the provisions of Regulation (EU) 2020/852.

The Board of Statutory Auditors also supervised, through meetings with the Financial Reporting Officer, the Chief Financial Officer and the Group ESG & Financial Reporting Officer, the process to produce the information included in the Sustainability Report.

The Board of Statutory Auditors verified the approval of the Sustainability Report by the Board of Directors on April 30, 2026.

The Board of Statutory Auditors also acknowledged that on May 15, 2026, the independent auditors issued certification on the Sustainability Report, pursuant to Article 8, paragraph 10 of Legislative Decree 254/2016, the contents of which confirm what was anticipated during the exchange of information. As part of this report, KPMG certified that the Sustainability Report had been 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 the activities carried out, no aspects came to its attention that did not comply with the relevant regulatory provisions on Sustainability Reporting.

6. Further activities carried out by the Board of Statutory Auditors

6.1. Further periodic checks

In addition to the above, the Board of Statutory Auditors carried out further specific activities consistent with the legal and regulatory provisions in force for the banking sector.

In particular, the Board of Statutory Auditors participated in the activities of the internal Functions aimed at:

- (i) the self-assessment, conducted at the meeting of the Board of Statutory Auditors on April 16, 2025, on capital adequacy (ICAAP) and on the adequacy of the liquidity risk governance and management system (ILAAP);
- (ii) defining, during the same meeting of the Board of Statutory Auditors on April 16, 2025, the report on controls carried out on critical or important functions (CIF) outsourced to service providers outside the Group.

The Board of Statutory Auditors, through its participation in the work of the Control and Risks Committee, as well as the outcome of its own audits, took note of the considerations underlying the Funding Plan updated for the 2026-2027 two-year period, making observations in this regard.

6.2 Further activities carried out by the Board of Statutory Auditors

During the second half of the 2025 financial year, the Board of Statutory Auditors promoted and monitored an External Quality Assurance Review ("EQAR") on the Bank's Internal Audit Function. The EQAR assessed the effectiveness and efficiency of the Internal Audit Function, and also verified compliance with Global Internal Audit Standards ("GIAS"), applicable laws and regulations.

The Board monitored and supervised the activity carried out by the external consultant within the framework of the EQAR. At the end of the activity, BFF's Internal Audit Function conformed to the framework of GIAS standards, with a final rating of "general compliance". The Function's level of maturity was above the average of the benchmark considered, with particular reference to its methodological system, audit planning processes, documentation of assignments, supervision and governance of the Internal Audit Function.

7. Organization and management model pursuant to Legislative Decree 231/2001

BFF adopted, for the first time in 2004, its own Organization, Management and Control Model pursuant to Legislative Decree 231/2001, periodically updated to align with regulatory and corporate developments (the "**231 Model**").

During the 2025 financial year, the Special Investigation conducted by the Internal Audit Function identified some operational and organizational vulnerabilities in the Internal Control System, potentially relevant pursuant to Legislative Decree 231/2001, in particular relating to (i) the ineffective design of internal procedures, with reference to processes for reversal, reallocation and management of relationships with borrowers, (ii) the incomplete application of structured and traceable controls, capable of overseeing the operations under investigation.

In the remediation plan approved by the Board of Directors at its meeting on March 2, 2026, the revision of Model 231 was therefore planned, with an update of the sections relating to crimes against the Public Administration, corporate crimes and crimes of corruption, and the strengthening of safeguards on credit management, together with a special training and internal awareness plan for the Bank's employees.

The Board of Statutory Auditors will monitor the implementation of the corrective actions set out in the remediation plan.

During the 2024 financial year, the Board of Statutory Auditors had advised on updating the Regulations of the SB, as well as renewing the Body's composition, with particular reference to the Chair. In fact, the composition of the SB changed during 2025, following

the appointment of an external and independent professional, the Lawyer Francesca Pedrazzi as Chair. During the year, the Board of Statutory Auditors met the SB several times as part of its supervisory activity in order to obtain an update on the status of the Body's activities and planned initiatives. This ensured a constant, profitable and reciprocal exchange of information between the two control bodies.

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 checklist on compliance with the principles and criteria contained in the Corporate Governance Code is available in the Information Set for the Report on Corporate Governance and Ownership Structure 2025, available on the Bank's website.

The Board of Statutory Auditors acknowledges that the Board of Directors assessed its functioning, size and composition and that of the board committees, in compliance 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 carried out for the 2025 financial year were presented, shared and discussed by the Board of Directors with the assistance of the external consultant at the meeting on January 29, 2026.

In the first few months of 2026, in line with the recommendations of Standard Q.1.7 of the Rules of Conduct and in accordance with the provisions of Circular 285, the Board of Statutory Auditors, with reference to the 2025 financial year, carried out its own self-assessment on its composition and functioning, and issued statements on meeting the requirements of independence, good reputation and professionalism established by applicable regulations and legislation, discussing and sharing the overall results at the meeting on March 26, 2026.

Through the participation of its Chair and/or Members at the meetings of the Remuneration Committee, the Control and Risks Committee and Board of Directors, the Board of Statutory Auditors verified the business processes that led to the definition of the Company's remuneration policies.

The Board of Statutory Auditors has no observations to make regarding the proposal to the Shareholders' Meeting referring to the remuneration policy and its consistency with the recommendations of the Corporate Governance Code.

9. Statutory audit

9.1. Activities of the Board of Statutory Auditors with reference to the 2025 financial year

During the 2025 financial year, KPMG, the company appointed to conduct the statutory audit of the Bank's financial statements and the Group's consolidated financial statements for the nine-year period 2021-2029, verified the proper bookkeeping of the company's accounts and correct registration of operations in its accounting records.

On May 15, 2026, the independent auditors issued the reports pursuant to Articles 14 and 16 of Legislative Decree 39/2010 respectively for the financial statements and for the Group's consolidated financial statements as at December 31, 2025. These reports refer in particular to the information from the directors given in the report on operations concerning the significant uncertainties relating to events and circumstances that could raise significant doubts as to the Bank's ability to continue as a going concern.

In addition, the same independent auditors issued a "consistency judgment" indicating that the Reports on Operations accompanying the financial statements and the consolidated financial statements as at December 31, 2025 and some specific information contained in the "Report on Corporate Governance and Ownership Structures" indicated in Article 123-bis, paragraph 4 of the TUF, whose responsibility lies with the directors, had been drawn up in accordance with the law.

As part of the aforementioned reports, KPMG also issued an opinion on the compliance of the financial statements and consolidated financial statements with the provisions of Regulation (EU) 2019/815.

During the financial year, the Board of Statutory Auditors held meetings with the heads of the independent auditors KPMG, also in accordance with Article 150, paragraph 3 of the TUF. As part of the supervision referred to in Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors acquired information from KPMG with reference to the planning and execution of its audit.

During the meetings, appropriate data and information relevant for the performance of respective tasks were also exchanged. In this regard, mention should be made of the various meetings held with the independent auditors regarding the evidence that emerged with reference to the analyses relating to the Special Investigation and their impacts on the data and the financial disclosure of the Company and also on the aspects and deficiencies identified in relation to the organizational and procedural structures configurations referred to the administrative-accounting system.

Pursuant to Article 19, paragraph 1, letter (e), Legislative Decree 39/2010, the Board of Statutory Auditors, acting as the Internal Control and Audit Committee, verified and

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monitored the independence of the independent auditors. In carrying out these checks, no situations that could compromise the independence of the independent auditors or cause incompatibilities pursuant to applicable regulations were identified. The above is also confirmed by the statement issued by KPMG pursuant to Article 6(2)(a), Regulation (EU) No 537/2014.

The Board supervised, to the extent of its responsibilities, the general configuration of the financial statements and consolidated financial statements in accordance with the law and specific regulations for the preparation of bank financial statements.

The Board acknowledges that the financial statements and consolidated financial statements of the Group were prepared by the Bank adopting the IAS/IFRS issued by the IASB and endorsed by the European Union, in accordance with Regulation (EU) No 1606 of July 19, 2002, the TUF, as well as the TUB and related regulations. The Notes illustrate the measurement criteria adopted and provide the information required by current legislation.

The Report on Operations, prepared by the Board of Directors and attached to the financial statements of the Parent Company, illustrates the trend of operations, highlighting their ongoing and forward-looking evolution, and in this regard the Board of Statutory Auditors refers to the information provided regarding the significant uncertainties of the company being a going concern.

As already mentioned, on May 15, 2026, the auditor issued its additional report to the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, pursuant to Article 11 of Regulation (EU) No 537/2014. In this regard, the Board of Statutory Auditors may examine this report and, consequently send it, with any observations, to the Board of Directors.

9.2. Activities of the Board of Statutory Auditors with reference to non-audit services

With reference to non-audit services, it should be noted that the Bank has a specific procedure in place to govern engagements other than statutory auditing assigned to the independent auditors and to entities belonging to its network ("Group Regulations for the approval of non-audit services to assign to the independent auditors appointed to carry out the statutory audit").

During the 2025 financial year, the Board of Statutory Auditors monitored compliance with the aforementioned Guideline, also in order to exclude the occurrence of potential risks to the auditor's independence.

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During the 2025 financial year, in compliance with the provisions of Article 19, paragraph 1, letter (e), Legislative Decree 39/2010 and Article 5(4), Regulation (EU) No 537/2014, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, examined proposals for the assignment of non-audit services to the independent auditors KPMG or to entities belonging to its network submitted for its attention in accordance with the aforementioned procedure.

As part of its assessments, the Board of Statutory Auditors verified the compatibility of these services with the prohibitions referred to in Article 5 of Regulation (EU) No 537/2014, as well as with the provisions contained in (i) Articles 10 and following of Legislative Decree 39/2010,

(ii) Articles 149-bis and following of the Issuers' Regulations and in (iii) the "*Code containing principles of professional ethics, confidentiality and professional secrecy, as well as of the independence and objectivity of persons qualified to conduct statutory audits*" published on March 30, 2023 and adopted by the General Accounting Office of the State of the Ministry of Economy and Finance on March 23, 2023.

As a result of the relevant assessments, upon meeting the conditions provided for by law, the Board of Statutory Auditors approved the assignment of services to KPMG or other network entities.

The fees relating to non-audit services performed by the independent auditors or other network entities in favor of the Company and its subsidiaries in the 2025 financial year are indicated in detail in the Notes, to which reference is made.

During the financial year, the Board of Statutory Auditors, as the Internal Control and Audit Committee, also monitored the trend of these fees in light of the provisions of Article 4(2) of Regulation (EU) 537/2014.

10. Opinions issued by the Board of Statutory Auditors during the financial year

During 2025, the Board of Statutory Auditors made considerations regarding the Board of Directors' Report concerning assessments on the status of the remedial actions carried out by BFF following the Supervisory Authority's Audit Report of April 29, 2024 (already taken into account in the report pursuant to Article 153 of the TUF of the Board of Statutory Auditors relating to the 2024 financial year).

11. Grievances, complaints pursuant to Article 2408 of the Italian Civil Code. Any omissions, reprehensible facts or irregularities identified

During the 2025 financial year, no complaints pursuant to Article 2408 of the Italian Civil Code or grievances were brought to the attention of the Board of Statutory Auditors.

In January 2026, a minority shareholder made a request to the Board of Directors to access some corporate documents both of an accounting nature and relating to the Bank of Italy audit and the sanctioning procedure initiated by the Supervisory Authority. In this context, the Board of Statutory Auditors, contacted by the minority shareholder to request support, monitored the process followed by the Board of Directors to respond to the shareholder and shared the considerations made on this point by the board of directors, supported by its legal advisors.

Lastly, on April 22, 2026, a group of significant shareholders of the Bank sent a communication to the Board of Directors and the Board of Statutory Auditors, requesting clarifications on both the accounting and management measures covered by the press releases to the market issued on February 2 and March 29, 2026, and in relation to the disclosure contained in the same. In particular, the shareholders who signed the letter requested clarifications on the decision regarding extraordinary provisions communicated to the market on February 2, 2026, as well as on the possible additional past dues expected, as indicated in the subsequent press release of March 29, 2026 (the latter, as already mentioned, issued following the outcome of the Bank of Italy Order). In this regard, the Board of Statutory Auditors will coordinate with the Board of Directors (that also received the letter) in responding to the case.

In relation to the reprehensible facts described in the context of this Report, the Board of Statutory Auditors, during its supervisory activity, identified cases attributable to the provisions of Article 149, paragraph 3 (current paragraph 2), of the TUF, as well as Article 52 of the TUB.

In particular, in March 2025, the Board of Statutory Auditors sent a report to the Supervisory Authorities, pursuant to the aforementioned regulations, already referred to in the report pursuant to Article 153 of the TUF on the 2024 financial year. In this regard, it should be noted that the Bank's competent Functions promptly took action, in order to modify the company operating processes related to the case in question, so as to further strengthen control safeguards.

In addition, from November 2025 to March 2026, the Board of Statutory Auditors sent the Bank of Italy and Consob, pursuant to and for the purposes of the aforementioned

regulations, four reports concerning the facts identified in the interim reports and in the final report of the Special Investigation conducted by the Internal Audit Department and by the external consultant EY, in relation to the critical issues already illustrated in this Report and to which reference is made. With these reports, the Board of Statutory Auditors highlighted the irregularities and deficiencies found in relation to the internal control system, the administrative-accounting system and the controls model pursuant to Law 262/2005, as well as the organizational and management model pursuant to Legislative Decree 231/2001 (see section 5).

Finally, following discussions with the SB, on May 8, 2026 the Board of Statutory Auditors sent a further communication in which it reported the irregularity consisting in the massive use of legal actions to recover receivables, aimed at circumventing new legislation on the New DOD (*definition of default*).

Having referred to all the considerations set out in this Report, the Board of Statutory Auditors agrees with the proposal of the Board of Directors regarding the allocation to equity of the entire profit for the period.

Milan, May 15, 2026

The Board of Statutory Auditors

Simone Scettri (Chair)

Simona Pesce

Vittorio Dell'Atti

Report of the Independent Auditors



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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 2025, 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 2025 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards as 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 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 opinion.

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di diritto italiano
e fa parte del network KPMG
di entità indipendenti affiliate a
KPMG International Limited,
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Material uncertainty about going concern

We draw attention to that disclosed by the directors in the "Part A - Accounting policies: Section 2 - Basis of presentation - Disclosure regarding the going concern assumption" section of the notes to the separate financial statements about events and circumstances that indicate that there is a material uncertainty which would cast significant doubts about the bank's ability to continue as a going concern.

Obtaining sufficient appropriate audit evidence to support the directors' assessment of the appropriateness of the going concern basis of accounting was a key audit matter.

Our audit procedures on the going concern assumption included:

- understanding and analysing the process and models used by the directors to assess the bank's ability to continue as a going concern, including the directors' use of work performed by external experts;
- understanding and assessing the reasonableness of the key assumptions underpinning the updated 2026-2028 financial projections, the capital conservation plan, the recovery plan and AMD and the related stress-testing scenarios, including by involving our specialists;
- analysing the minutes of the board of directors', board of statutory auditors' and control and risks committee's meetings;
- analysing the events after the reporting date to gather useful information for the assessment of the going concern assumption;
- assessing the appropriateness of the disclosures about going concern.

Our opinion is not qualified in this respect.

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.

In addition to that described in the "Material uncertainty about going concern" section, we have identified the following key audit matters to report herein:

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.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 financial statements "Part C - Information on the income statement": paragraph 1.2 "Interest income and similar income: other information"



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Key audit matter	Audit procedures addressing the key audit matter
When measuring loans and receivables with customers acquired without recourse, the directors 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. 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 bank'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, including by involving our specialists; - checking, on a sample basis, the accuracy of the accounting records; - assessing the appropriateness of the disclosures about late payment interest.

Recognition of 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 measure 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 the bank's 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	Our audit procedures included: - gaining an understanding of the bank'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, including by involving our specialists; - 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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Key audit matter	Audit procedures addressing the key audit matter
accruals basis, based on the same collection percentage adopted in the late payment interest model. 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.	

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 2025 include investments in the subsidiaries BFF Polska Group, BFF Finance Iberia, Unione Fiduciaria, BFF Immobiliare S.r.l., BFF Techlab S.r.l. and BFF Techlab S.r.l. recognised at a cost of €110.8 million, €33.8 million, €8.6 million, €79 million, €0.4 million and €0.01 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. 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.



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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 €13.7 million in the separate financial statements at 31 December 2025. 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. 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.

Adjustment to prior-year balances in accordance with IAS 8

Notes to the separate financial statements "Adjustment of the previous year's balances in accordance with the provisions of IAS 8 (Accounting policies, changes in accounting estimates and errors)"

Key audit matter	Audit procedures addressing the key audit matter
In 2025, the directors identified an error in the recognition of cash inflows relating to the bank's Italian factoring business, principally affecting the period from 2019 to June 2023. Specifically, analysis carried out by the internal audit function, with assistance from external experts, found that amounts collected from debtors in respect of receivables' principal had been incorrectly recorded, via reversals and subsequent reclassifications, as additional interest income, resulting in an overstatement of revenue and the tax expense. The correction of this prior period error, accounted for in accordance with IAS 8, resulted in a cumulative decrease of €15.1 million in opening equity at 1 January 2025. The bank also carried out further accounting analyses, including statistical sampling using Monetary Unit Sampling (MUS), which identified additional errors, reducing opening equity at 1 January 2025 by €2.5 million.	Our audit procedures included: - assessing the directors' consideration of the potential implications of the adjustment to prior-year balances for the separate financial statements, including effects on accounting estimates and the related disclosures; - holding meetings with internal bodies and external experts engaged to conduct independent investigations to understand the progress and findings of their work, including by involving our specialists; - assessing the methods, assumptions and data underpinning the statistical sampling methodology to evaluate its appropriateness, having regard to the applicable financial reporting framework and, where relevant, to conditions and events existing at the date of assessment;



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Key audit matter	Audit procedures addressing the key audit matter
Therefore, in aggregate, the IAS 8 restatements decreased the bank's opening equity at 1 January 2025 by €17.6 million. The bank has restated the 2024 comparative information. Given the complexity of the matter and the associated accounting impact, we believe that the adjustment to prior-year balances in accordance with IAS 8 is a key audit matter.	- analysing the minutes of the board of directors', board of statutory auditors' and control and risks committee's meetings; - sending legal confirmation requests to the bank's external legal advisers; - analysing the events after the reporting date that could affect the measurement or quantification of the adjustment to prior-year balances; - assessing the appropriateness of the disclosures about adjustment to prior-year balances in accordance with IAS 8.

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 as 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 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;



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- 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.

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.



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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 2025 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 2025 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 2025 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 2025.

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.



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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, 15 May 2026

KPMG S.p.A.

(signed on the original)

Simone Archinti
Director of Audit

