2025

PILLAR III

Public disclosure

CONTENTS

Introduction

The Basel Committee Accords ("Basel 3") aimed at strengthening banks' capacity to absorb shocks from financial and economic tensions, improving risk management and governance, and strengthening banks' transparency and reporting, entered into force in European Union law on January 1, 2014.

This being said, at Community level, the contents of "Basel 3" were adopted with two distinct pieces of legislation:

- Regulation (EU) No 575/2013 of 26 June 2013 (referred to as the Capital Requirements Regulation - "CRR") - Part Eight "Disclosures by Institutions" (Articles 431 - 455) and Part Ten, Title I, Chapter 3, "Transitional provisions for disclosure of own funds" (Article 492) - which governs Pillar I prudential supervision mechanisms and public disclosure rules (Pillar III);
- Directive 2013/36/EU of June 26, 2013 (referred to as "CRD IV"), which concerns, inter alia, conditions for access to banking, freedom of establishment and freedom to provide services, the prudential supervision process and additional capital reserves

The above-mentioned European regulation became applicable in the Italian legal system on the basis of Bank of Italy Circular No. 285 "*Supervisory Provisions for Banks*" of December 17, 2013 as amended, which implements the provisions of the CRR and the CRD IV.

With the publication of Regulation (EU) 2019/876, (CRR2), a number of significant amendments to the regulatory framework was introduced, applicable as of June 28, 2021. These changes, regarding in particular Part Eight of the CRR, aim to standardize the periodic disclosure to be provided to the market.

Regulation (EU) No 1623/2024 (CRR3) published on May 31, 2024 and coming into force on January 1, 2025, with the exception of amendments to prudential requirements for Market Risk (referred to as the "FRTB", Fundamental Review of Trading Book), for which entry into force was postponed during 2024 to January 1, 2026, introduced further significant changes to the regulatory framework, related to requirements for credit risk, credit valuation adjustment risk (CVA), operational risk, market risk, the output floor and the capital requirements that banks calculate using their internal models.

In Commission Implementing Regulation (EU) 2021/637 (repealed and replaced by Regulation 2024/3172 of November 29, 2024, but effective since December 31, 2024[1]), operators were provided with instructions for mapping between the information to be published starting from the reference date of June 30, 2021 and what is set forth in supervisory reporting. On November 3, 2025, the EBA published an update of the *Mapping tool* to ensure consistency with the latest developments in the regulatory and reporting framework. The updates mainly reflect the changes made to the Capital Requirements Regulation (CRR3), as well as comments received from the sector.

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.

The approach based on three "Pillars" was maintained.

Specifically, it

- **Pillar I** defines the system of capital requirements that banks are required to meet to address typical banking risks: credit risk (which also includes counterparty risk), market risk, and operational risk.
  This aspect has been reinforced by CRR2, introducing a definition of higher quality capital and requiring additional capital conservation buffers, with the inclusion of rules on liquidity risk management, both short term (*Liquidity Coverage Ratio - LCR*) and long term (*Net Stable Funding Ratio - NSFR*), and the introduction of a leverage limit;
- **Pillar II** requires banks to set up strategies, control processes and tools for determining, in addition to Pillar I risks, the adequacy of current and prospective 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 Group annually submits the "ICAAP/ILAAP Report" to the Bank of Italy, as an autonomous assessment of current and future capital adequacy and the liquidity risk governance and management system, in relation to the risks assumed and company strategies;
- **Pillar III** establishes specific periodic disclosure obligations concerning capital adequacy, risk exposure and the general features of the related systems for identifying, measuring and managing such risks. This aspect has also been revised to introduce increased transparency requirements and more detailed information on the breakdown of regulatory capital and on how the Banking Group calculates capital ratios.

Based on Article 433 of the CRR, banks publish the public disclosures required by EU regulations at least on an annual basis and the Core Metrics on a semi-annual basis, in conjunction with the date of publication of the financial statements.

To this end, the Board of Directors of BFF Bank has approved a dedicated procedure named "Procedure for Disclosure to the Public (Pillar III)".

Pursuant to this procedure, the disclosure to the public should be:

- approved by the Board of Directors before it is made public;
- 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 semi-annually with regard to the Principal Metrics by the deadlines set for the publication of the financial statements, and therefore within 30 days of the date of approval of the financial statements by the Shareholders' Meeting.

The BFF Bank Banking Group ("BFF Banking Group" or the "Group") is a leader in specialized finance. It is the only pan-European platform, present in 9 countries, specializing in the management and non-recourse purchase of trade receivables from the public administration and National Health Systems. Through the merger with DEPObank, BFF has also affirmed its leadership in securities services, as the only Italian custodian bank, and in payment services, provided to more than 100 banks and Payment Service Providers (PSPs) in Italy.

The Group is active in Italy, Croatia, France, Greece and Portugal through BFF Bank, in Spain through BFF Finance Iberia S.A.U. ("BFF Finance Iberia") and in Poland, the Czech Republic and Slovakia through BFF Polska S.A. ("BFF Polska") and its subsidiaries (referred to as "BFF Polska Group").

BFF Bank fulfills the public disclosure obligation for BFF Banking Group and prepares this document on a consolidated basis according to the aforementioned regulatory provisions.

1 Except for those aspects related to Disclosure on the use of the standardized approach and internal models for market risk, in effect until December 31, 2025.

It should be noted that:

- information on the risks the Group is exposed to and information on the policies for managing and controlling those risks is provided in Part E of the Notes to the Consolidated Financial Statements as at December 31, 2025;
- the information on the Group's own funds and banking supervisory ratios is also published in Part F of the Notes to the Consolidated Financial Statements 2025;
- information on governance structures can be found in the "Report on Corporate Governance and Ownership Structures" published in the "Governance" section of the Group's website www.bff.com;
- information on the Group's remuneration and incentive policies can be found in the "Remuneration Report" published in the "Governance" section of the Banking Group's website;
- with reference to certain best practices identified by the EBA in its "*Report on assessment of institutions' Pillar 3 Disclosures*" (EBA/REP/2020/09), and in its "*Guidelines on the management of environmental, social and governance (ESG) risks*" (EBA/GL/2025/01), scheduled to come into force on January 11, 2026, and by the Bank of Italy in the Supervisory Expectations on Climate and Environmental Risks (April 2022), disclosure on sustainability issues, including information on impacts, risks and opportunities and their interaction with the strategy and business model, is provided, based on current regulations, in a special Section of the Report on Operations and published on the Group's website www.bff.com.

Disclosure to the Public (Pillar III) is also subject to the certification by the Financial Reporting Officer pursuant to Article 154-bis of Italian Legislative Decree 58/98 (Testo Unico sulla Finanza, or the so-called "TUF").
This document is broken down into 18 sections, which provide qualitative and quantitative information referring to the date of December 31, 2025. The paragraphs for which there is no informational content are not published.

All amounts are stated in thousands of euros, when not specified otherwise.

The sections required by applicable legislation are summarized below, along with the relevant information published in this document.

(*) "n/a", i.e. "Not applicable".

Furthermore, references to the EBA requirements (Regulation (EU) 3172/2024, EBA/GL/2020/07 and EBA/GL/2020/12) are provided.

Tables	Qualitative information	Quantitative information	Section
EU OVA	X		1
EU OVB	X		1
EU LI1		X	2
EU LI2		X	2
EU LI3		X	2
EU LIA	X	-	2
EU LIB	X	-	2
EU CC1	X	X	3
EU CC2	X	X	3
EU CCA	X	X	3
EU OVC	X		4
EU KM1		X	4
EU OV1		X	4
EU INS1		n/a	4
EU INS2		n/a	4
EU CMS1		n/a	4
EU CMS2		n/a	4
EU CCR1		X	5
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EU CCR4		n/a	5
EU CCR5		X	5
EU CCR6		n/a	5
EU CCR7		n/a	5
EU CCR8		X	5
EU CCRA	X		5
EU CVAA	X		5
EU CVA1		x	5
EU CVAB	n/a		5
EU CVA2		n/a	5
EU CVA3		n/a	5
EU CVA4		n/a	5
EU CCyB1		X	6
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EU CRA	X		7
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EU CR1		X	7
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EU CR2		X	7
EU CR2a		X	7
EU CQ1		X	7
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EU CR6-A		n/a	7
EU CR7		n/a	7
EU CR7-A		n/a	7
EU CR8		n/a	7
EU CR9 - EU CR9.1		n/a	7
EU CRE	n/a		7
EU AE1		X	8
EU AE2		X	8
EU AE3		X	8
EU AE4			**8**
EU CRD	X		9
EU CR4		X	9
EU CR5		X	9
EU MR1		X	10
EU MRA	X		10
EU MRB	n/a		10
EU MR2-A		n/a	10
EU MR2-B		n/a	10
EU MR3		n/a	10
EU PV1		X	10
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EU-OR2			11
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EU ORA	X		11
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EU-IRRBB1		X	13
EU-SEC1		X	14
EU-SEC2		n/a	14
EU-SEC3		x	14
EU-SEC4		n/a	14
EU-SEC5		n/a	14
EU-SECA	X		14
EU REMA	X		15
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EU REM2		X	15
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EU LRA	X		16
EU CR3		X	17
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Section 1 – Risk management objectives and policies (Article 435 CRR)

Qualitative disclosure

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 and liquidity adequacy, associated with the strategic planning process.

The corporate governance bodies of BFF Bank S.p.A., as BFF Banking Group's Parent Company, define the risk governance and management model at the Group level, taking into account the specific types of operations and the related risk profiles characterizing all the Group's entities, with the aim of creating an integrated and consistent risk management policy. Within this framework, the Parent Company's corporate governance bodies perform the functions entrusted to them not only with regard to their specific business activities, but also taking into account the Group's operations as a whole and the risks to which it is exposed, and involving, as appropriate, the governance bodies of the subsidiaries in the decisions concerning risk management procedures and policies.

At 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, required 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.

The 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 legal and supervisory 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.

Pursuant to the provisions of the Supervisory Authority, the organizational framework of the Group's internal control system is based on the following three control levels:

- **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 separate from the 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 separate – report hierarchically to the Board of Directors and functionally to the Chief Executive Officer and are independent of the internal audit function, as it performs audits on them. The duties and respective responsibilities are governed within the pertinent internal regulations of the same control functions. On January 1, 2025, Director Domenico Gammaldi was appointed AML Officer in place of the Chief Executive Officer.

  The ICT and Security Risk Control Function is a part of the Risk Management Function, and is responsible for managing and supervising ICT and security risks, as well as for checking the compliance of ICT operations with the ICT and security risk management system.
- **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.

Focus on Control Functions

Risk Management

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

At Group level, 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);
- ensuring that the Parent Company and each Group Company has an adequate risk management system, consistent with the Group's strategy and policy and with the Supervisory Provisions;
- ensuring the correct assessment of the capital absorbed, also under stress conditions, and of the related present and prospective capital adequacy, by defining processes and procedures to meet every type of present and future risk, which take into account strategies and context changes;
- overseeing the implementation of the Risk Management Process, as defined in the Group risk management policy, and ascertaining that it is complied with;
- monitoring the adequacy and effectiveness of the actions taken to resolve weaknesses found in the risk management system;
- submitting periodic reports to the corporate bodies on the activities carried out and providing them with consulting on risk management issues;
- overseeing the measurement of risks, including market risks, underlying relationships with related parties, verifying compliance with the limits assigned to the various Company Structures, checking the consistency of the operations of each unit with the risk appetite level defined in the RAF.

The Risk Management Function is also responsible for the overall vision of all risks undertaken by the Group, and encompasses specific skills that relate to the management of the different types of risk, ensuring that a risk culture is fostered at company level. In particular, the Risk Management Function:

- is responsible for defining and updating the methodologies and tools aimed at identifying, measuring, assessing, controlling, managing and mitigating the First Pillar and Second Pillar Risks to which Group Companies are exposed;
- is involved in the definition of the RAF, risk governance policies and the various phases that make up the Risk Management Process, as well as in setting operational limits for undertaking various types of risk. In this regard, it also has the duty of proposing the quantitative and qualitative parameters necessary to define the RAF, which also refer to stress scenarios and, in the case of changes in the bank's internal and external operating context, the adjustment of such parameters and verifies the adequacy of the RAF and its operating limits, and the adequacy of the Risk Management Process;
- if one or more thresholds defined in the RAF are breached, including operating limits, as per the defined escalation procedures, it evaluates the relative reasons and the effects on the company situation, including in terms of costs, informs the organizational units involved as well as the Corporate Bodies and proposes corrective measures. Ensures that the Board of Directors is informed in the case of serious violations; the Risk Management Function plays an active role in ensuring that the recommended measures are adopted by the organizational units concerned and brought to the attention of the Corporate Bodies;
- defines and enacts the annual activity plan and informs the Parent Company's Board of Directors on an annual basis about the performance of its activities;
- constantly monitors the actual risk assumed by the Group Companies and its consistency with the risk objectives, as well as compliance with the operational limits on the assumption of the various types of risk, consequently optimizing the capital allocation processes;
- oversees the updating of the "Contingency Funding Plan" and the monitoring of the relative contingency indicators;
- defines shared metrics for the assessment and control of operational risks consistent with the RAF, coordinating with the Compliance & AML Function and with the ICT OU;
- defines methods for assessing and controlling reputational risks, coordinating with the Compliance & AML Function and with the most exposed Company Structures;
- Supports the corporate bodies in the assessment of strategic risk, monitoring the significant variables;
- ensures the consistency of the risk measurement and control systems with the processes and methodologies for assessing company activities, coordinating with the Company Structures concerned;
- develops, maintains, applies and has applied the indicators capable of highlighting anomalous situations and the inefficiency of the risk measurement and control systems;
- analyses the risks associated with new products and services and those deriving from entry into new operational and market segments, assuming different risk scenarios and assessing the bank's ability to ensure effective risk management. It may request changes – to be made to specific products or services – to be previously submitted to the company bodies for screening, in compliance with the new products approval process;
- monitors portfolio diversification at Group level, in order to avoid excessive exposure concentration;
- monitors operating limits and large exposures;
- formulates prior opinions on the consistency of Material Transactions (MT) with the RAF, possibly acquiring the opinion of other Functions, Organizational Units and/or Departments involved in the Risk Management Process, depending on the nature of the transaction;
- if one or more thresholds defined in the RAF are breached, including operating limits, as per the defined escalation procedures, it evaluates the causes and effects on the company situation, including in terms of costs, and informs the operational units involved as well as the corporate bodies and proposes corrective measures. Ensures that the body with a strategic oversight function is informed in the case of serious violations; the Risk Management Function plays an active role in ensuring that the recommended measures are adopted by the functions concerned and are brought to the attention of the Corporate Bodies;
- monitors the adequacy and effectiveness of the actions taken to resolve weaknesses found in the Risk Management Process;
- defines and implements the annual activity plan and annually informs the Parent Company's Board of Directors about the performance of activities; in this Plan, the main risks to which the Group is or could be exposed are identified and evaluated, and related management actions are scheduled. The planning of activities takes into account any deficiencies identified in controls, as well as any newly identified risks.
- performs second-level controls on the guarantees acquired to secure credit exposures and the related impact in terms of CRM;
- evaluates the consistency of the classification of performing and non-performing loans;
- calculates value adjustments on the Group's performing loans consistent with the approaches defined by IFRS 9;
- evaluates the consistency of generic and specific value adjustments applied by the Group and the adequacy of the debt collection process;
- proposes to the Chief Executive Officer the definition of the qualitative and quantitative Stage Allocation criteria and monitors them;
- carries out trend analysis aimed at assessing the qualitative evolution of the credit risk of each Group portfolio in line with the criteria of IFRS 9;
- monitors the development of forward-looking impacts on CET1 resulting from calendar provisioning;
- oversees and contributes to the development, as a second-level control function – and therefore separate from the operating units – of the process to determine the internal transfer pricing system of funds, in line with the requirements of the Supervisory Provisions in force and taking into account the Group's operational characteristics;
- prepares adequate documentation and information flows for the corporate bodies and the other Corporate Control Functions of the Parent Company; in particular, the Head of the Risk Management Function informs the Head of the Internal Audit Function of the weaknesses that may be of interest for audit activities;
- actively works with other relevant departments of the Bank to integrate ESG factors, including but not limited to climate and environmental factors, into the Bank's strategies, the RAF, and risk governance policies;
- in line with the activities defined in the three-year plan in the area of climate and environmental risks, these risk factors are incorporated into the assessment of the exposure subject to the different types of risk (e.g., credit risk) and in their monitoring, by developing information flows based on the levels of materiality of the climate and environmental risks which the Bank is exposed to;
- contributes to ensuring the consistency of the remuneration and incentive system with the framework for determining the Group's risk appetite (RAF), including through the definition of risk indicators to be used for correction mechanisms, and gives an opinion on the correct activation of the latter;
- checks, as part of controls on the Custodian, the consistency over time of the methodologies and the policy to assess the financial instruments adopted and carries out sample checks on the correct use of pricing models, on the classification of illiquid/unlisted securities and on their correct valuation, ex post with respect to the final valuation of the NAV;

- monitors liquidity risk also by carrying out, among other things, the calculation of the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the internal Minimum Cumulative Balance ratio.

In addition, as already highlighted, the Risk Management Function is responsible for the management of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) and acts as a planning, guidance and coordination body for these processes. In this context, the Risk Management Function is responsible for:

- identifying the risks (and their sources) to be assessed based on the analysis of the regulatory environment, the reference market, operations and business lines;
- continually observing the actual risk assumed by the Group and its consistency with the risk objectives, as well as compliance with the operational limits on the assumption of the various types of risk;
- ensuring that risk measurement and control systems are periodically backtested, that an appropriate number of scenarios are analyzed and that conservative assumptions about dependencies and correlations are used; in measuring risks, it generally takes into account model risk and any uncertainty in the evaluation of certain types of financial instruments;
- identifying and documenting the differences between regulatory methodologies and the methodologies used in the context of Second Pillar Risks, whenever they are developed/reviewed;
- defining and applying stress test methodologies with the assessment, at least annual, of the robustness and effectiveness of the stress test program and the need to update it;
- measuring Internal Capital against each risk and determining total Internal Capital;
- generating the reporting to be sent to the Organizational Units involved in the process;
- reconciling total capital with Own Funds, identifying, among the assets deemed appropriate to cover the total Internal Capital, the items attributable to Own Funds;
- identifying and documenting the composition of total capital available for total Internal Capital needs and verifying the related coverage;
- preparing documentation relating to the methodologies and models used, for the purposes of internal approval by the Parent Company's Board of Directors;
- drafting the ICAAP/ILAAP Report;
- performing the self-assessment within the ICAAP/ILAAP Report;
- monitoring planned activities and the implementation timelines related to the areas of improvement identified in the ICAAP/ILAAP and is also responsible for their full implementation.

Lastly, within the scope of the Recovery Plan, the Risk Management Function is responsible for:

- proposing the definition and updating of the overall recovery framework and Recovery Plan, with the support of the Organizational Units involved in various capacities;
- overseeing the phase in which the definition of the Recovery Plan is proposed, with reference to:
  - recovery indicators and the relative calibration thresholds to be included in the Recovery Plan;
  - recovery scenarios (the definition of quantitative and qualitative metrics);
  - assessing the capital and liquidity impacts of the recovery options to be included in the Recovery Plan, coordinating with the Finance and Administration Department of the Parent Company;
- coordinating the operating phases for preparing and formalizing the Recovery Plan;
- interacting with the Competent Authority on the matter, particularly with regard to any requests for clarification or additional information;
- monitoring the recovery indicators and applying the escalation procedures defined within the document itself in the event of one or more thresholds being exceeded;
- supporting the Chief Executive Officer or another Managing Director on the BoD in the verification and monitoring of the proper management of the state of crisis;
- assessing requests as they are received from the Resolution Authority, estimating their possible impacts and the activities needed to respond to them.

Compliance and Anti-Money Laundering (AML)

Remaining within the scope of second-level controls, the Compliance and Anti-Money Laundering (AML) Function: *i)* supervises, according to a *risk-based* approach, the management of compliance risk, for all activities falling within the Bank's and the Group's regulatory scope of reference – also through its local managers/functions at branches and/or subsidiaries as well as through specialist oversight – continuously ensuring that the internal processes and procedures adopted are adequate to prevent such a risk, and identifying the material risks to which the Bank and the subsidiaries are exposed; *ii)* ensures a comprehensive and integrated vision of the compliance risks the Bank and Subsidiaries are exposed to, ensuring adequate disclosure to the respective Bodies. The Function is also responsible for controls under anti-money laundering legislation for the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. at Group level, the Compliance and AML Function is responsible for:

- identifying, on an ongoing basis, the rules applicable to the Group and for evaluating and measuring their impact on company processes and procedures, identifying the company functions and structures concerned and informing them in this regard;
- ensuring the mitigation of compliance risk, in order not to incur legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory provisions (laws, regulations) or internal regulations (e.g., articles of association, codes of conduct, corporate governance codes);
- identifying the compliance risks arising from the introduction of new regulations, assessing in advance the potential impact on processes and procedures; monitoring the adoption of organizational adjustments (structures, processes, procedures) required for the prevention of the compliance risk and verifying their effectiveness;
- assisting with the definition of policies and procedures aimed at mitigating the legal and reputational risks related to non-compliance with internal and external regulations and, where necessary, identifying suitable improvement and/or corrective solutions and verifying their adequacy and correct application;
- verifying the existence and reliability, on an ongoing basis, of procedures and systems suitable for ensuring compliance with all obligations of external and internal regulations;
- providing consulting and assistance to the corporate bodies on all matters in which compliance risk plays a role;
- collaborating in mandatory personnel training activities;
- spreading a corporate culture inspired by principles of integrity, fairness and regulatory compliance;
- supporting company structures for the definition of compliance risk assessment methodologies.

Internal Audit Function

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 states that the Internal Audit Function, with a view to third-level controls, assesses the overall functioning of the internal control system, bringing possible improvements to the attention of the corporate bodies.

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 the findings issued and reporting quarterly on the work done to the Bank's governance and control bodies, through the Tableau de Bord.

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

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

The Bank also has an Organization, Management and Control Model, pursuant to Legislative Decree no. 231/2001, drawn up in compliance, in addition to the provisions of the Decree itself, with Assifact and ABI guidelines. 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. The Model also has Special Parts that include: i) the Matrix of activities at risk, the purpose of which is to identify the type of crimes that can potentially be committed in the performance of the Bank's activities; ii) the Protocols of the Departments, the corporate Organizational Units and foreign branches for which local regulations are also taken into account, that set out the activities, controls and reporting mechanisms suitable to ensure the adequacy of the Bank's organizational and control system for the rules in the Decree; iii) the 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 Group, and that, among other things, ensures the prevention of the criminal offenses envisaged in Legislative Decree no. 231/01. Moreover, the Bank has put in place a whistleblowing procedure and 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 it and aligning it 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 one-person Supervisory Body.
- The Spanish subsidiary BFF Finance Iberia S.A. has 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 S.A. and its subsidiaries adopted specific guidelines to govern "anti-corruption" issues, with the identification of a relevant, single-person body, represented by the head of BFF Polska S.A.'s Compliance & AML Function.

The management policies adopted for each risk category of the Banking Group are presented below, and described in more detail in the relevant sections.

CREDIT RISK

The main activity of the Banking Group 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).

In addition, in order to diversify its *business* and geographical presence, the Banking Group operates in Eastern European countries through the BFF Polska Group and its subsidiaries (BFF MF, BFF CZ, BFF CEE, Medico Fund, Municipal Fund) which mainly provide financial services to companies operating in the health sector, public administration entities and their suppliers, in the countries in which they operate.

Credit risk management policies

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/borrower'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 borrower credit control process, 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. 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 should be noted that the *core* business carried out by the Group consists, as mentioned above, of the purchase of non-recourse [2] 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.

2 For the purpose of classifying factoring transactions as "non-recourse" and "recourse", regardless of the contractual form, a transaction that fully transfers to the Group the risks and rewards associated with the assets subject to the transaction is considered as "non-recourse", in accordance with IAS 39 and the new standard IFRS 9 (so-called *derecognition*).
On the other hand, transactions that do not result in the above-mentioned transfer of risks and rewards to the Group are considered as "recourse".

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 public 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 application phases of the loan procedure are carried out with considerable accuracy based on provisions in the Credit Regulations, the Assignment and Review Methodologies and Criteria, the non-recourse customer application procedure and the application procedure for institutions and borrowers. In addition, following initial granting, both customers and borrowers are reviewed at least annually to assess their creditworthiness, and are also monitored on an ongoing basis.

The Group also marginally offers "loans and receivables management only" and "recourse" factoring services.

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.

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.

With regard to the allocation of operating limits and/or "intermediation" caps, there is no specific request from customers and the assessment is initiated at the initiative of the Finance and Treasury OU or the relevant organizational units.

As part of the management of counterparties providing retail intermediation services, specific operating limits have been established, aimed at monitoring and controlling the operations of these entities. In some cases, guarantees have been requested to mitigate the risk assumed for these activities. Exposure to the customers' credit risk is constantly monitored. The credit quality of public sector entities is analyzed within the framework of the risk of delay in repaying liabilities.

With specific reference to BFF Polska S.A., 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;
- direct financing for parties 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.

Exposure to the customers' credit risk is constantly monitored. The credit quality of public sector entities is analyzed within the framework of the risk of delay in repaying liabilities.

The assessment of credit risk is part of an overall analysis of the adequacy of the Group's capital in relation to the risks connected with lending.

With this in mind, the Group uses the "standardized" approach to measure credit risk, as governed by Regulation (EU) No 575/2013 (CRR) and adopted by the Bank of Italy Circular no. 285 *"Supervisory provisions for banks"* and Circular no. 286 *"Instructions for the preparation of supervisory reporting by banks and securities intermediaries"*, both dated December 17, 2013, and subsequent amendments. This approach involves the classification of exposures into different classes ("portfolios"), depending on the type of counterparty, and the application of diversified weighted ratios to each portfolio, described in detail in Section 4 of this document.

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, it

- "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);
- as a banking group, the Group is required to contain each risk position within the limit of 25% of Eligible Capital, as defined in CRR II (equal to Tier 1 capital), both individually and on a consolidated basis.

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.

Finally, in accordance with Bank of Italy Circular no. 139 of 11 February 1991, as subsequently amended, "*Central Credit Register. Instructions for credit intermediaries*", it makes monthly reports to the Central Credit Register, providing information on the dynamics of the borrower's financial indebtedness over time and the ratio granted/used (which expresses the financial commitment of the company and the margins of indebtedness of the same towards the system). This also provides visibility of the financial position of subjects reported by the Bank, in order to have a more specific and trend-based monitoring of credit.

3. 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 the 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.

In more detail, the impairment model envisaged in IFRS 9 provides for the classification of receivables into three levels (or stages) which correspond to different methodologies for calculating the losses to be recognized.

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).

Additional information on credit risk is provided in section 7.

4. Securitization transactions

Disclosure on the transaction with "TeamSystem S.p.A. – *Invoice Trading PA*".

Qualitative information

Strategies, processes and objectives

In 2023, the Parent Company BFF has initiated a project with its partner TeamSystem S.p.A. to extend its operations to small and medium-sized enterprises through a digital invoice trading platform.

The Parent 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 securities issued by the "SPV Project 2214 S.r.l." securitization vehicle, the underlying assets of which are represented by PA/NHS receivables acquired from assignor companies.

During the last quarter of 2025, 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.

Transaction details

BFF subscribed units of the fund on July 11, 2023; subsequently, its operations began, with the acquisition of the first invoice and the issue of notes by the vehicle in early September 2023.

The securitization transaction was carried out through the vehicle established by Zenith Service S.p.A., which acquires trade receivables owed from PA and NHS entities and issues notes on the basis of Italian legislation, Italian Legislative Decree 130/99, in partly paid mode. TeamSystem Capital at Work SGR S.p.A. has taken on the role of Portfolio Manager in the transaction structure, and in particular has been made responsible for verifying the consistency between the Fund Investment Policy and the individual PA Receivables that will be acquired as part of the securitization transaction.

At consolidated level, the vehicle falls within the accounting scope of consolidation of the BFF Banking Group, but not the prudential scope of consolidation, in accordance with the provisions of Article 19(1) CRR.

Description of the risk profile

Investment in the Fund entailed a degree of risk typical of investments in an AIF, primarily connected to possible changes in the value and profitability of the assets in which the Fund has invested.

To mitigate the risk connected to the investment, the fund's Investment Policy and the investment limits set forth in the Fund Regulation have been carefully assessed.

Quantitative information

Type of financial instruments held

During 2025, the BFF Banking Group had no direct exposures to securitization.

Disclosure of the transaction "Dioniso – Fire S.p.A."

The Parent Company BFF has a partnership with Fire S.p.A., for investment in a securitization aimed at purchasing portfolios of loans classified as defaulting.

The purchase concerns portfolios of loans classified as defaulting originated by banks or consumer credit companies arising from loans in any form granted by these entities or from the assignment of loans of this type made in the context of securitization transactions. Fire is the Special Servicer, while Centotrenta Servicing is the Master Servicer. The SPV ex lege 130 acquired the loans in question, placing them in a sub-fund called "NPLs". The notes issued were purchased by BFF and Fire as follows:

- BFF: 100% of senior notes and 5% of junior notes
- Fire 95% of junior notes.

It should be noted that BFF acts as the sponsor of the transaction.

In general, purchased NPE loans meet the requirements of Article 269 bis of Regulation (EU) No 575/2013 (the "CRR"), regarding the weighting of loans, which allows for a 100% weighting of the Senior Note in the case that securitized loans are purchased at a discount of not less than 50%.

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 may be generated by repurchase agreements and derivatives, as well as by trading in tax credits allocated in the trading portfolio with respect to which a counterparty enters into a purchase commitment. Counterparty risk is measured using the original exposure method.

MARKET RISK

Market risk relates 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. BFF's instruments classified as held for trading purposes include tax credits purchased from third parties for the purpose of resale and the transferee counterparty's commitment to purchase the same.

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.

Normally, Market Risk also includes Exchange Risk, which is discussed in a specific paragraph later in this Section.

INTEREST RATE RISK AND CREDIT SPREAD RISK

For assessing the interest rate risk (IRRBB) potentially linked to fluctuations in interest rates, the Group has adopted the method used to determine internal capital set forth in the 48th update of the Bank of Italy Circular No. 285/2013 of June 28, 2024. In particular, the Bank has chosen to use the standardized approach (S-SA) described in Regulation (EU) 2024/857, 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 envisaged by the standardized approach adopted for wholesale non-financial maturity deposits.

The Bank measures interest rate risk exposure, both in terms of its impact on economic value and net interest income, using the EBA interest rate shocks indicated in Regulation (EU) 2023/856, taking into account the worst-case scenario.

In accordance with the provisions of EBA Guidelines EBA/GL/2022/14, the Bank also quantifies and monitors the Banking Group's exposure to the risk of Credit Spread in the Banking Book (CURB), or the risk associated with changes in credit spreads.

The Bank has adopted a specific Policy for the management of Interest Rate Risk, recently supplemented in light of regulatory changes and to also include the management of Credit Spread Risk.

EXCHANGE RISK

Exchange rate risk, which in accordance with regulations, is included under market risk, is represented by the Banking Group's exposure to fluctuations in currency exchange rates, considering positions in foreign currency as well as those with indexation clauses linked to the exchange rate trends of a given currency.

The Group manages and monitors the risk of fluctuations in exchange rates. The Group has a specific internal regulation for the management of exchange risk referring to exposures arising from the management of assets, funding transactions, the purchase or sale of financial instruments in foreign currency, and any other type of transaction in a currency other than the reference currency. Whenever possible, the Group limits open positions to foreign exchange risk by offsetting asset and liability items (natural hedging). Currency swaps are used for liquidity management in different currencies; however, these do not affect exposure to foreign exchange 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.

LIQUIDITY RISK

Liquidity risk is represented by the possibility that the Group is unable to meet its payment commitments due to the inability to raise funds on the financial market, or because there are limits on the disposal of assets. This risk is also represented by the impossibility of finding new adequate financial resources, in terms of amount and cost, compared to operational needs, which forces the Group to slow down or stop the development of the business, or incur excessive collection costs to meet its commitments, with significant negative impacts on its operating margins.

As required by the provisions of the prudential supervisory regulations issued by the Bank of Italy, the Group has adopted a "Group Liquidity Risk Management Policy" and a Group Treasury and Finance Regulation, with the aim of maintaining considerable diversification, in order to limit liquidity risk, and identify the governance and control principles, as well as the units responsible for the operational and structural management of liquidity risk. 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.

Liquidity risk stress tests were also conducted to assess the prospective impacts of stress scenarios on the Group's solvency conditions.

The documents governing the matter are the "Group Liquidity Risk Management Policy", approved by the Board of Directors, with the aim of defining the guidelines for liquidity management, and the documents to be adopted in a liquidity crisis (Contingency Funding and Recovery Plan), incorporating the latest regulatory updates (see the Bank of Italy Circular 285/2013). As part of the Risk Appetite Framework, specific liquidity metrics have been defined. These are both regulatory – the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) – and internal, "minimum cumulative balance on total assets" (MUSCA), 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 context.

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 hedging of intraday liquidity risk, rules are defined for the maintenance of a minimum portfolio of eligible securities, functional to guaranteeing intraday and period refinancing needs with Central Banks.

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 regulatory liquidity indicators – Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), despite being affected to varying extents (more so for the NSFR) by the increase in past-due positions, showed values equal to 177.77% and 113.62%, respectively, well above the regulatory limits.

ENCUMBERED ASSETS MANAGEMENT PROCESS

BFF, as the Parent Company, has adopted a specific policy for the management of the BFF Banking Group's encumbered assets, for measurement purposes and related controls. The policy governs activities which have the following aims:

- outline the liquidity risk governance policies deriving from a deterioration in the credit quality of encumbered assets;
- include in its contingency plans (Contingency Funding and Recovery Plan) strategies to manage the potential increase in the share of encumbered assets deriving from significant stress situations, i.e. from plausible, although unlikely, shocks, having regard, among other things, also to the downgrading of the Bank's credit rating, the write-down of pledged assets and the increase in margin requirements;
- ensure that the corporate bodies receive prompt information, at least with regard to:
  - i) the level, evolution and nature of the encumbered assets and sources constituting the encumbrance;
  - ii) the amount, evolution and credit quality of unencumbered assets that may be encumbered, with an indication of the volume of assets that may potentially be encumbered;
  - iii) the amount, evolution and nature of the encumbered assets resulting from the materialization of stress scenarios (potential share of encumbered assets).

The BFF Banking Group monitors the "Asset encumbrance ratio" (hereinafter also the "AE ratio"), in order to observe the risk exposure trend linked to the share of encumbered assets, which derives from the unavailability of assets that may be readily liquidated through sale, sale with repurchase agreement, collateral assignment or securitization, resulting in:

- a reduction in the share of assets available to creditors and depositors not guaranteed;
- an increase in funding and liquidity risk, as the share of encumbered assets reduces the possibility of obtaining new secured funding.

The EA ratio is defined as the ratio between the total book value of the encumbered assets and the guarantees received reused, and the total of financial statement assets and collateral received.

Within the RAF document, a specific operating limit is established, which is monitored on an ongoing basis.

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 is "combined", i.e. it is based on both qualitative assessments, linked to the mapping of processes, activities at risk and the related controls in place, and quantitative assessments.

Lastly, to calculate capital requirements for operational risk, the Banking Group uses the asset indicator component calculated in accordance with Article 313 of Regulation (EU) No 575/2013. This calculation 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.

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 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.

In addition, 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 security.

RISKS OF THE OTHER COMPANIES

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 Srl, the securitization vehicle SpV Project 2214 and BFF Techlab Srl (See Section 2 - **Template EU LI3**).

These companies do not show further and relevant risk factors other than those mentioned in the preceding paragraphs.

Declaration of the management body, pursuant to Article 435(1)(e) and (f) of Regulation (EU) No 575/2013

The Chief Executive Officer of BFF Bank S.p.A., Giuseppe Sica, with the mandate of the Board of Directors, hereby declares pursuant to Article 435(1)(e) and (f) of Regulation (EU) No 575/2013 that:

a) the risk management systems in place in the BFF Banking Group, and described in the document "Pillar III – Public disclosure – 2025", are in line with the institution's profile and strategy;

b) in particular, this section, "Risk management objectives and policies", of the aforementioned document, describes, in summary, the Group's overall risk profile.

Information relating to governance arrangements (Article 435(2) CRR)

1. BOARD OF DIRECTORS

A) Engagement policy for the selection of members of the Board of Directors and limit on assignments

Pursuant to the Articles of Association[3], the Bank is administered by a Board of Directors composed of a number of members that is determined by the Shareholders' Meeting, which in any case may not be less than 5 (five) nor more than 13 (thirteen), with the majority being independent directors pursuant to Article 13 of Italian Ministerial Decree No 169 of 23/11/2020, the **Fit & Proper Decree** and at least two fifths of the Directors belonging to the underrepresented gender and at least two directors that meet the independence requirements for statutory auditors set out in Article 148, third paragraph of the TUF.

Members of the Board of Directors shall remain in office for a period (that shall not exceed three years) established at their time of appointment, and shall end their term on the date of the Shareholders' Meeting convened to approve the financial statements for the last year of their office. Board Directors may be re-elected.

The Board consists of Independent directors, Executive directors and Non-executive directors.

Directors shall meet the requirements and criteria on eligibility to perform their assignment (also relating to availability of time and overboarding) as provided for by law and by regulations in force from time to time. The provisions of the TUB and the Fit & Proper Decree also apply to the Bank, as well as any further pro tempore implementing provisions in force, given that the proper profile of corporate officers is fundamental in the corporate governance structures of bank intermediaries and makes a decisive contribution to their sound and prudent management. In this sense, the Bank – for the purposes of assessing the eligibility of its officers – takes into account the Bank of Italy's Fit & Proper Guidelines, with reference to the assessment of company officers in meeting requirements and criteria on eligibility.

In compliance with current laws and regulations, and as provided for in Article 15 of the Articles of Association, Directors are appointed on the basis of list voting and in compliance with criteria on composition concerning, among other things, the presence of minority and independent directors and gender balance, as well as on the basis of the indications given in the Report on the qualitative/quantitative composition prepared by the outgoing Board. Persons entitled to submit lists are: (i) shareholders who, alone or together with other Shareholders, represent 2.00% of the Share Capital, or the smaller amount required by regulations issued from time to time by Consob (Article 144-quater of the Issuers' Regulation); (ii) the outgoing Board of Directors (the "Board of Directors' List"). In this regard, it should be noted that the Bank's Articles of Association and internal regulations will be aligned to incorporate the regulatory changes regarding the Board of Directors' List provided for in Article 147-ter.1 of the TUF and related implementing regulations.

In addition, each entitled entity may submit, or contribute to the submission of, only one list. Shareholders belonging to the same group may not submit more than one list. Candidates may appear on only one list, failing which they will be ineligible. The appointment system based on list voting guarantees transparency, as well as timely and adequate information on the personal and professional characteristics of candidates standing for office.

In compliance with regulatory and legislative provisions in force, the Board of Directors, with the contribution of the Appointments Committee and in coordination with the Chair of the Board of Directors, for the purposes of the appointment and co-opting of its members, defines, taking into account the results of the annual self-assessment process (the "**Self-Assessment Process**", described below), its qualitative and quantitative composition considered optimal for the effective performance of the duties and responsibilities assigned to the management body by law, Supervisory Provisions and the Corporate Articles of Association, identifying and justifying the theoretical profile of the candidates (including the characteristics of professionalism and independence, if applicable) deemed appropriate for these purposes.

In particular, on the renewal of the entire Board of Directors, and based on results of the Self-Assessment Process, the Board provides Shareholders with guidance on its optimal qualitative-quantitative composition (in terms, among other things, of skills, experiences, age, gender and international profile), referring to the Bank's characteristics and objectives.

The Board of Directors in office as at December 31, 2025 was appointed by the Shareholders' Meeting (the "**Shareholders' Meeting**") on March 18, 2024 for a three-year period based on the *Guidance to shareholders on the qualitative/quantitative composition of the Board of Directors and for the preparation of the Board of Directors list* (the "**Guidance**")[4] prepared by the outgoing Board of Directors. The expiration of its term coincides with the approval by the Shareholders' Meeting of the financial statements for the year 2026. As regards the quantitative profile, the Shareholders' Meeting followed the guidance given to Shareholders, among other things, confirming the number of Directors as nine.

The Board of Directors in office at December 31, 2025 consists of the Directors listed below.

Ranieri de Marchis	Chair
Anna Kunkl	Deputy Chairperson - Independent director
Massimiliano Belingheri	Chief Executive Officer
Alexia Ackermann	Independent director
Guido Cutillo (*)	Independent director
Domenico Gammaldi (**)	Executive Director
Mimi Kung	Independent director
Susana Mac Eachen (*)	Independent director
Piotr Henryk Stepniak	Non-Executive Director

(*) Director taken from the minority shareholders' list.

(**) It should be noted that the BoD, on November 28, appointed Domenico Gammaldi as the Anti-Money Laundering Officer, effective from January 1, 2025. As a result of this appointment, Domenico Gammaldi became an executive director, pursuant to regulations and legislation in force, and thus no longer met the requirement of being independent.

For the sake of comprehensiveness, several members of the Board of Directors already held the role of Director of the Issuer prior to the above-mentioned appointment. In particular, the following persons were appointed for the first time: (i) Ranieri de Marchis (ii) Alexia Ackermann (iii) Mimi Kung; (iv) Guido Cutillo and (v) Susana Mac Eachen. The Board of Directors, following the resolution of the Shareholders' Meeting of April 18, 2024, will remain in office in its current composition until the approval of the financial statements as at December 31, 2026.

As regards the qualitative profile, at the time of their appointment, the candidates to sit on the Board of Directors, having taken note of the indications in the Guidance:

(i) declared the non-existence of reasons for ineligibility and incompatibility, as well as the fulfillment of the requirements laid out by regulations and legislation in force;

(ii) provided comprehensive information on their personal and professional background, as well as on the skills acquired in the banking, financial and/or other relevant sectors, as better indicated in the BoD Guidelines and/or Regulations;

(iii) indicated the management and control offices held in other companies;

(iv) declared that they could dedicate adequate time to the office in light of its complexity.

3 The Bank's Articles of Association are available on the Bank's *website* (the "**Website**") at: https://investor.bff.com/it/documenti-societariand state the composition of the Board of Directors pursuant to Articles 14 and following.

4 Available on the Website at: https://investor.bff.com/it/Assemblea-degli-Azionisti-25-marzo-2021.

After its appointment by the Shareholders' Meeting, on May 9, 2024, the Board of Directors verified the compliance between the qualitative/quantitative composition deemed optimal and that actually resulting from the appointment process. On these occasions, the Board of Directors also ascertained, for each of its members, in addition to compliance with limits on the number of offices held, as provided for in Articles 17, 18 and 19 of the Fit & Proper Decree, sufficient time availability to perform the activity, taking into account, among other things, participation in board committees as provided for in Article 16 of the Fit & Proper Decree, requirements of professionalism and good repute, criteria of fairness and competence, the absence of positions held in competing companies or groups of companies, (also for the purposes of the prohibition on interlocking directorships referred to in Article 36 of Legislative Decree no. 201/2011), the existence of independence of judgment, as provided for in Article 15 of the Fit & Proper Decree. For seven directors, it also verified the independence requirements referred to in Article 148, paragraph 3 of the TUF, and as referred to in Article 147-ter, paragraph 4 of the TUF and/or Article 2, Recommendation 7 of the Corporate Governance Code of listed companies, and Article 13 of the Fit & Proper Decree.

Ranieri De Marchis, Anna Kunkl, Domenico Gammaldi[5], Alexia Ackermann, Mimi Kung, Guido Cutillo and Susana Mac Eachen declared that they meet the requirements of independence pursuant to Article 148, paragraph 3 of the TUF, and as referred to in Article 147-ter, paragraph 4, of the TUF and Article 2, recommendation 7 of the Corporate Governance Code of listed companies.

The composition of the Board of Directors appointed on March 18, 2024 – also with regard to the statements provided during the candidacy phase – is therefore compliant with applicable legislative and regulatory provisions regarding gender balance and the independence requirement. After their appointment, the aforementioned requirements are verified annually by the Board of Directors, also during the Self-Assessment Process carried out in accordance with the Supervisory Provisions and the Corporate Governance Code, as implemented in the "*Regulations on the self-assessment of the Board of Directors*" adopted by the Bank.

In more detail, the Self-Assessment concerns aspects related to the qualitative/quantitative composition and functioning of the Board of Directors and its Committees, taking into account, among other things, the size, degree of diversity considering for example age, gender, experience and professional background of its members, as well as the presence of non-executive and independent members and the adequacy of the appointment process and selection criteria, in order to identify any weaknesses 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 ensure effective governance, which must be based on the principles of sound and prudent management.

On March 12, 2026, the Board of Directors concluded the periodic self-assessment on the adequacy of the Board and Board Committees, in terms of their composition and functioning. The self-assessment, which covered the second year of the three-year mandate 2024-2026, was carried out in accordance with the provisions of the "Regulations on the self-assessment of the Board of Directors", adopted in accordance with the Supervisory Provisions on corporate governance for banks and in line with the recommendations of Article 4 of the Italian Corporate Governance Code. As a result of the Self-Assessment for the 2025 financial year (the "**2025 Self-Assessment**"), numerous areas were highlighted that the vast majority of Directors consider positive.

Each member of the Board of Directors may not hold, unless otherwise advised by the Board of Directors to be assessed in the specific case, a total number of positions in banks or other commercial companies greater than one of the following alternative combinations:

- 1 executive position and 2 non-executive positions;
- 4 non-executive positions.

For the purposes of calculating the above limits, the position held at the Bank shall also be taken into account. It should also be noted that, for the purposes of recommendation 15 of the Corporate Governance Code, the aforementioned limits also include any positions in the administrative or control bodies of other listed, financial or large companies. The limits on holding positions have also been verified taking into account the exemptions and methods of aggregation of positions referred to in Article 18 of the Fit & Proper Decree. Therefore, all the positions held in each of the following cases shall be considered as a single position: (i) within the same group; (ii) in banks belonging to the same institutional protection system; (iii) in companies, not included in the group, in which the Bank holds a qualified stake as defined by Regulation (EU) No 575/2013, Article 4(1), point 36. If more than one of the cases referred to in points (i), (ii) and (iii) above occur at the same time, the assignments shall be added together. The approach adopted regarding the number of positions held, takes into account the consolidated situation based on the accounting scope of consolidation. All the positions calculated as only one are considered executive positions if at least one of the positions held in the situations referred to in points (i), (ii) and (iii) above is executive; in other cases, the position is considered as non-executive. In addition to the number of appointments that a director of the Bank may hold, in the alternative combinations referred to above, it is noted that, under the conditions referred to in Article 19 of the Fit & Proper Decree, holding 1 non-executive position in addition to the limits indicated above may be permitted, provided that this does not affect the possibility for the director to devote adequate time to the appointment at the Bank to effectively carry out his/her duties. The Board of Directors, based on the information received from the Directors, periodically notes the positions held as directors or auditors in other companies and, in general, compliance with the quantitative and qualitative requirements on the maximum number of positions and time availability (due to the nature and scope of the additional positions held, as well as professional and work commitments of various kinds). The Directors shall promptly inform the Bank of the positions acquired or terminated during their term of office, as well as of the changes that may affect their meeting of the aforementioned requirements, also in order to allow the Board of Directors to conduct the analyses and consequent assessments of competence required pursuant to the Fit & Proper Decree. Given the above, all Directors currently in office comply with the aforementioned limit.

B) Succession plan for the Chair and Chief Executive Officer

Pursuant to Circular 285, which establishes that in banks of a greater size or operational complexity, plans must be formalized to ensure an orderly succession for senior positions (e.g. chair of the body with a strategic oversight function, the CEO, general manager) in the event of termination due to the mandate ending, or for any other reason, in order to ensure business continuity and avoid economic and reputational repercussions, the Bank approved the "*Succession Plan for the Chief Executive Officer and the Chair*", which establishes the following:

In particular, the aforementioned plan provides for the following:

- "having ascertained the existence of circumstances that may constitute an impediment to the Chief Executive Officer, the Chairman shall without delay convene the Board of Directors, to ascertain the existence of a temporary impediment, or a permanent impediment and, therefore, declare the position vacant;
- following the above assessment, without prejudice to the right of the Board of Directors to assign the Acting Chief Executive Officer – powers in whole or in part different from the Powers of the Chief Executive Officer – the Board of Directors resolves – as an immediate solution to address the urgency of the vacant position – to confer on the Acting Chief Executive Officer the powers of the Chief Executive Officer of ordinary administration and coordination of the Deputy Chairs in order to ensure the operational continuity of the Bank, even in the event of the concurrent Temporary Impediment of the Chair and CEO with the possibility of implementing measures in the exercise of the aforementioned powers by joint signature with another Deputy Chair until the vacant position has been filled; – the Board of Directors establishes, in the case of a Temporary Impediment, to set a subsequent board meeting, within a reasonable period not exceeding 30 days, to verify the ongoing Temporary Impediment and the advisability of adopting any new measures; if, following the ruling of the Board of Directors that has ascertained a temporary impediment, circumstances arise that may constitute a permanent impediment, the Chair urgently summons the Board of Directors to ascertain this impediment and adopt the necessary resolutions to ensure business continuity." The Appointments Committee annually verifies the need for and/or advisability of updating the Succession Plan, informing the Board of Directors in order to take relevant resolutions.

For more information, refer to the Corporate Governance Report relating to the year 2025.

5 It should be noted that the BoD, on November 28, appointed Domenico Gammaldi as the Anti-Money Laundering Officer, effective from January 1, 2025. As a result of this appointment, Domenico Gammaldi became an executive director, pursuant to regulations and legislation in force, and thus no longer met the requirement of being independent.

C) Policy on diversity adopted with regard to selection of members of the Board of Directors, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved

The Board of Directors has adopted the Diversity Policy that sets out and formalizes the criteria and application methods adopted by the Bank to ensure an adequate level of diversity and inclusion among the members of its corporate bodies, with the aim, among things, of: (i) achieving significant dialogue within the bodies, and contributing to monitoring the choices made by the CEO and the Board; (ii) promoting diverse approaches and perspectives in analyzing issues and decision-making; (iii) promoting the maintenance of a collaborative, fair and synergistic climate, and an inclusive environment, where each Board Member is able to best express their professionalism, and further contribute to dialogue, which forms the basis for every considered and informed decision; (iv) effectively supporting the company's strategy development, and asset and risk management processes; (v) taking into account the multiple interests that contribute to a sound and prudent management.

For these purposes, the board members are considered in terms of: a) their diverse age, gender, duration in office; b) collective skills, suitable to achieve the objectives indicated above; c) an adequate number, to ensure the functioning of the board, and avoid overlaps. The underrepresented gender on the board will be at least equal to the number established by applicable legal and regulatory provisions (currently 2/5 or 40% of the elected directors). If this ratio is not a whole number, it is rounded up to the next higher unit.

Such Policy is subject to review and, if necessary, updated at least on an annual basis, including with the help of external professionals, based on the proposal of the Nominations Committee. The review is in accordance with the results of the Self-Assessment and aimed at capturing and anticipating Company changes, so that the identification of board composition requirements is consistent with these results.

In particular, it is deemed that the optimal composition of the Board of Directors should be geared towards meeting at least the following criteria:

(i) the presence of a consistent number of Non-executive and/or independent directors other than the Chairperson of the Board of Directors. In any event, in compliance with regulations in force over time and, unless the Corporate Articles of Association call for a higher number of Directors, the number of Independent directors must be equal at least to the majority of the members of the Board of Directors, and if the Bank decides to submit the BoD List, at least half of the candidates on it must meet the independence requirements set forth by law, the Corporate By-laws and the Board of Directors' Regulations. The number of Non-executive and/or independent directors must also guarantee a diverse composition of the Internal committees;

(ii) at least two-fifths of the members of the Board of Directors, at the time of appointment and during the term of office, shall belong to the underrepresented gender, with rounding to the upper unit;

(iii) diversity in terms of age, so as to allow for a plurality of perspectives and management and professional experiences;

(iv) the balancing of different periods of seniority in office, in an attempt to strike a balance between continuity requirements and management renewal;

(v) in view of the Group's international dimension, as identified from the Self-Assessment, the presence of one third of directors who have gained adequate experience (i) in international contexts (preferably within the markets in which the Group operates), in order, among other things, to prevent uniform opinions and "group thinking"; (ii) in the specific business of custodian banks, and payment and ancillary services.

In general, Directors should have a managerial and/or professional and/or academic and/or institutional profile such as to achieve a diverse skillset and experience, gained over at least three years, which are different and complementary to each other.

Specifically with regard to the Chairperson of the Board of Directors and the Chief Executive Officer, the BoD Diversity Policy lays out the requirements of professionalism that they must have respectively gained for at least five years in compliance, inter alia, with what is set forth in the Fit & Proper Decree.

As mentioned above, in addition to the requirements of professionalism provided for by law, Directors must meet the additional requirements indicated in the Board of Directors' Regulations available on the Bank's Website, to which reference is made for more details: https://investor.bff.com/it/procedure-e-regolamenti.

The BoD Diversity Policy is primarily implemented – in compliance with provisions of law and the Corporate Articles of Association on the appointment of the Board of Directors and its Chair with the list voting mechanism, as well as the Succession Plan – during *(i)* the appointment of Board of Directors, through the formulation by the outgoing Board of Directors, with the contribution of the Appointments Committee and the Chair, of the Guidance for Shareholders, as well as any formation and presentation to the Shareholders of the BoD List; *(ii)* co-opting; *(iii)* early departure from office of the Chief Executive Officer, and *(iv)* the appointment of the Chair of the Board of Directors. For the appointment of the Board of Directors and for the co-opting pursuant, respectively, to points *(i)* and *(ii)*, the Self-assessment process is fundamental.

In view of the renewal of the Board of Directors by the Shareholders' Meeting on April 18, 2024, the new Board of Directors will monitor the implementation of the BoD Diversity Policy. The results of this monitoring will be disclosed in the Corporate Governance Report relating to the year 2025.

For information on the composition of the current Board of Directors in office, please refer to the Corporate Governance Report for the year 2025

2. CONTROL AND RISKS COMMITTEE

A) Establishment of a separate risk committee and the number of times it has met

In compliance with the Supervisory Provisions, and in line with the provisions of the Corporate Governance Code, the Board of Directors has established a Control and Risks Committee (the "**CR Committee**").

Pursuant to the "*Control and Risks Committee Regulation*", the CR Committee consists of 3 (three) Board members, all non-executive and the majority independent pursuant to the Corporate Articles of Articles of Association and the Board Regulations (i.e., TUF and Corporate Governance Code). An Independent director chairs the CR Committee.

The CR Committee in office as at December 31, 2025 was composed of the independent Directors Alexia Ackermann (Chair), Mimi Kung and the non-executive director Piotr Stepniak. Alexia Ackermann (Chair) has adequate accounting, financial and risk management expertise, as confirmed when she was appointed by the Board of Directors.

The members of the Board of Statutory Auditors are also permanently invited to attend the meetings of the CR Committee, so that at least one member of this Board is guaranteed to be present.

The Chairperson of the CR Committee reports on each of its meetings at the next meeting of the Board of Directors.

Approximately 13 meetings have been scheduled for 2026, of which 11 already held, on January 21, January 27, February 1, February 10, February 17, February 27, March 25, April 10, April 14, April 23 and April 29.

The information flow on risks addressed to the CR Committee is identified with specific internal regulations and consists mainly of documents prepared by the Corporate Control Functions (i.e. by the Internal Audit Function, the Risk Management Function and the Compliance and AML Function) and concerning the planning of activities and related reporting (annual reports and quarterly Tableau de Bord, subsequently also submitted to the Board and transmitted to the Bank of Italy), as well as other controls required by current legislation (reporting on the material risks assumed by the Bank and other Group companies, disclosure on audits concerning governance and risk management, reporting on important outsourced operating functions, reporting on the Internal Capital Adequacy Assessment Process, etc.).

B) Description of the information flow on risk to the Board of Directors

The information flow on risk addressed to the Board of Directors after assessment by the CR Committee is set forth below:

Owner	Information flows generated	Frequency	BoD/Risk Committee
Risk Management Function	Activity Plan	*Annual*	√
	Report on activities performed	*Annual*	√
	ICAAP/ILAAP	*Annual*	√
	Contingency Funding Plan	*Annual*	√
	Recovery Plan	*Annual*	√
	Risk Report - BFF PL Group	*Quarterly*	*Supervisory Board* of BFF Polska Group
	Tableau de Bord of the *Risk Management Function (Risk Report)*	*Quarterly*	√
	Resolution Framework	*Annual*	√
	Risk Opinion/ OMR	*By event*	√
	Risk Self-Assessment	*Annual*	*On demand*
	RAF	*Annual*	√
	RAF Operating Limits	*Annual*	√
	Reputational Risk Assessment	*Annual*	√
	Strategic Risk Assessment	*Annual*	√
	Regulations related to the Stress Test Framework	*Annual*	√
	IDM check/€40	*Annual*	√
ICT and security risk control function	Report on the findings of the analysis of operational and security risks related to payment systems	*Annual*	√
	Summary report on ICT and security risks	*Annual*	√
	Communication of serious operational and security incidents	*By event*	√
	Audit reports	*By event*	*On demand*
Compliance Function	Activity Plan	*Annual*	√
	Monthly Compliance Report	*Monthly*	-
	Tableau de Bord of the Compliance Function	*Quarterly*	√
	Annual Report on Compliance Activities	*Annual*	√
	Group Compliance Risk Self Assessment	*Annual/per event*	√
	Outcome of second-level controls on investment services[*]	*Annual*	√
	Report on Relevant information and inside information	*Half-yearly*	
	Report on Suspicious activity reporting of market abuse in investment services	*Half-yearly*	
	Report on giveaways and gifts	*Half-yearly*	
	Report on Audits	*Per event (negative outcome of audits and/or audits considered by the Manager to be relevant)*	√
AML Function	Annual Report on AML Activities	*Annual*	√
	Semiannual report of AML controls	*Half-yearly*	-
	Self-assessment exercise for AML purposes	*Annual*	√
	AML activity plan	*Annual*	√
	Portuguese Branch AML Report	*Annual*	√
	Greek Branch AML Report	*Annual*	√
	Spanish Branch AML Report	*Annual*	√
	Monthly reporting of AML activities carried out by the function in the reporting month and representation of any critical issues/anomalies	*Monthly*	-
	AML Tableau de bord	*Quarterly*	√
	Report on Audits	*Per event (negative outcome of audits and/or audits considered by the Manager to be relevant)*	√
	Changes/updates to the Annual Plan of AML Activities	*Half-yearly*	√
	Suspicious activity reporting, Negative opinions on establishing/continuing business relationships, Onboarding terminated for AML reasons, Relationships terminated for AML reasons, Non-routine requests from the Supervisory Authority, Ex-post checks, Significant critical issues found	*By event*	-

(CONT'D)

Owner	Information flows generated	Frequency	BoD/Risk Committee
AML Officer	Critical issues/anomalies found and their recommended remedial actions	*By event*	√
Internal Audit Function	Annual and Strategic Internal Audit Plan	*Annual*	√
	Audit Report	*Per event (negative outcome of audits and outcomes of Special Investigations concerning Whistleblowing) Quarterly (as an Attachment to the Tableau de Bord)*	√
	Tableau de Bord of the Internal Audit Function	*Quarterly*	√
	ICAAP - ILAAP Audit Report	*Annual*	√
	Annual Report on the auditing of outsourced critical or important functions	*Annual*	√
	Incentive and remuneration system audit report (**)	*Annual*	√
	Annual report on Internal Audit activities	*Annual*	√
	Annual Whistleblowing Report	*Annual*	-
	Reporting of audit actions	*Monthly*	√
	Report on the Quality Assurance and Improvement Program (QAIP)	*Annual*	√
SB	Report on activities performed	*Half-yearly*	√
Board of Statutory Auditors	Opinions of the Board of Statutory Auditors	*By event*	√
	Reporting on gaps identified	*By event*	√

(*) Report included in the Report on Compliance activities.

(**) The Shareholders' Meeting is the final recipient of the report.

Section 2 – Scope of application (Article 436 CRR)

Qualitative disclosure

The disclosure obligations referred to in this document, as reported pursuant to Article 436 CRR, refer to the BFF Bank Banking Group, registered in the Register of Banking Groups, of which BFF Bank is the Parent Company.

The BFF Banking Group is a leader in specialized finance. It is the only pan-European platform, present in 9 countries, specializing in the management and non-recourse purchase of trade receivables from the public administration and National Health Systems. Through the merger with DEPObank, BFF has also affirmed its leadership in securities services, as the only Italian custodian bank, and in payment services, provided to more than 100 banks and Payment Service Providers (PSPs) in Italy. The Group is active in Italy, Croatia, France, Greece and Portugal through BFF Bank, in Spain through BFF Finance Iberia and in Poland, the Czech Republic and Slovakia through BFF Polska and its subsidiaries (referred to as "BFF Polska Group").

Subsidiaries are companies over which the Group exercises control. The 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 that 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 direct subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the 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 accounting scope of consolidation relevant for the purposes of the financial statements reflects the aggregation of balance sheet and income statement items of BFF Bank S.p.A. (BFF), BFF Finance Iberia S.A. (a wholly-owned subsidiary of BFF Bank S.p.A.), the companies of the BFF Polska Group, of BFF Immobiliare Srl, BFF Techlab Srl and the securitization vehicle SPV Project 2214, participated through the subscription of units in the closed-end investment fund FPAM1.

BFF Bank also offers deposit products to retail and corporate customers in Italy, Spain, Poland, Germany, Ireland and the Netherlands.

BFF Finance Iberia S.A has been operating in the non-recourse factoring sector of the Spanish market since 2010, and has consolidated its leadership position thanks to the acquisition of IOS Finance in 2019, one of the main competitors (now merged by incorporation into BFF Finance Iberia). Credit management is also provided by BFF in Spain.

BFF Polska Group is an independent specialist operator - and leader in the provision of financial services to healthcare companies in Poland, Slovakia and the Czech Republic.

BFF Polska Group mainly operates in three areas:

- financing the working capital of suppliers to the Public Administration;
- financing of current and future receivables;
- financing investments in the public and healthcare sector.

Through BFF Polska Group, the Banking Group operates as leader in the Polish alternative financing (AFM) market in the hospital sector, where intermediaries offer healthcare companies forms of financing that compete with traditional banking services. Other specialized operators and, to a much less significant extent, some traditional banks, are also active in this segment.

The company BFF Immobiliare S.r.l., 100% owned by BFF Bank S.p.A., was established with a view to finalizing the "Casa BFF" operation, which involved the purchase of a buildable area and the subsequent occupation of an office building which has become the new registered office of the BFF Group and will house all of the Bank's personnel present in the city of Milan.

BFF Techlab S.r.l. carries out operations aimed at the vertical integration of all development activities related to the management and evolution of the Group's information system, promoting cost synergies and increasing operational efficiency.

Quantitative disclosure

TEMPLATE EU LI1 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES

		a	b	c	d	e	f	g
		Carrying amounts as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
				Subject to the credit risk framework	subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Assets								
10.	CASH AND CASH EQUIVALENTS	124,577	124,567	124,567				
20.	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	181,243	181,243	179,885	1,356		2	
	a) financial assets held for trading	1,358	1,358		1,356		2	
	b) financial assets designated at fair value							
	c) other financial assets subject to mandatory fair value measurement	179,885	179,885	179,885				
30.	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	151,718	151,718	151,718				
40.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST	10,824,128	10,824,128	10,177,895	595,073			51,160
	a) loans and receivables with banks	854,821	854,821	288,763	566,058			
	b) loans and receivables with customers	9,969,307	9,969,307	9,889,132	29,014			51,160
50.	HEDGING DERIVATIVES							
60.	VALUE ADJUSTMENT OF MACROHEDGED FINANCIAL ASSETS							
70.	EQUITY INVESTMENTS	15,323	15,323	15,323				
80.	TECHNICAL PROVISIONS CEDED TO REINSURERS							
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	104,212	104,212	104,212				
100.	INTANGIBLE ASSETS	67,240	67,240	16,777				50,463
	of which: - goodwill	30,957	30,957					30,957
110.	TAX ASSETS	134,329	134,329	134,207				122
	A) Current	72,827	72,827	72,827				
	B) Deferred	61,502	61,502	61,379				122
120.	NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS							
130.	OTHER ASSETS	675,940	675,940	406,760			269,179	
	TOTAL ASSETS	**12,278,709**	**12,278,699**	**11,311,343**	**596,429**		**269,181**	**101,745**

		a	b	c	d	e	f	g
		Carrying amounts as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Liabilities								
10.	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	10,783,741	10,783,741					
	A) DUE TO BANKS	1,307,147	1,307,147					
	B) DUE TO CUSTOMERS	8,856,635	8,856,635					
	C) SECURITIES ISSUED	619,959	619,959					
20.	FINANCIAL LIABILITIES HELD FOR TRADING	778	778					
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE							
40.	HEDGING DERIVATIVES	186	186					
50.	VALUE ADJUSTMENT OF MACROHEDGED FINANCIAL LIABILITIES							
60.	TAX LIABILITIES	163,633	163,633					
	A) CURRENT	1,585	1,585					
	B) DEFERRED	162,049	162,049					
70.	LIABILITIES LINKED TO ASSETS HELD FOR SALE							
80.	OTHER LIABILITIES	365,213	365,203					
90.	POST-EMPLOYMENT BENEFITS	3,508	3,508					
100.	PROVISIONS FOR RISKS AND CHARGES	73,484	73,484					
	A) COMMITMENTS AND GUARANTEES GIVEN	64	64					
	B) PENSION AND SIMILAR OBLIGATIONS	6,329	6,329					
	C) OTHER PROVISIONS FOR RISKS AND CHARGES	67,091	67,091					
110.	TECHNICAL PROVISIONS							
120.	VALUATION RESERVES	30,022	30,022					
130.	REDEEMABLE SHARES							
140.	EQUITY INSTRUMENTS	150,000	150,000					
150.	RESERVES	459,516	459,516					
155.	INTERIM DIVIDEND							
160.	SHARE PREMIUM RESERVE	66,277	66,277					
170.	SHARE CAPITAL	145,399	145,399					
180.	TREASURY SHARES							
190.	MINORITY INTERESTS							
200.	PROFIT FOR THE YEAR	36,951	36,951					
	TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY	**12,278,709**	**12,278,699**					

TEMPLATE EU LI2: MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING AMOUNTS IN FINANCIAL STATEMENTS

		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitization framework	Subject to the CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	12,176,954	11,311,343		596,429	269,181
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**					
3	**Total net amount under scope of regulatory consolidation**	12,176,954	11,311,343		596,429	269,181
4	Off-balance-sheet amounts	585,067	585,067			
5	Differences in valuations	-349	-349			
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions					
8	Differences due to the use of credit risk mitigation (CRM) techniques					
9	Differences due to credit conversion factors	-523,451	-523,451			
10	Differences due to Securitization with risk transfer					
11	Other differences	2,407,624			2,407,624	
12	**Exposure amounts considered for regulatory purposes**	**14,645,844**	**11,372,610**		**3,004,053**	**269,181**

TEMPLATE EU LI3:

Row	a	b	c	d	e	f	g	h
	Name of the entity	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
			Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
010	BFF BANK SPA	Parent company						Credit institution
020	BFF IMMOBILIARE SRL	Full consolidation	X					Financial companies other than credit institutions
030	BFF TECHLAB SRL	Full consolidation	X					Financial companies other than credit institutions
040	BFF Finance Iberia, S.A.	Full consolidation	X					Financial companies other than credit institutions
050	BFF Polska S.A.	Full consolidation	X					Financial companies other than credit institutions
060	BFF Medfinance S.A.	Full consolidation	X					Financial companies other than credit institutions
070	BFF Česká republika s.r.o.	Full consolidation	X					Financial companies other than credit institutions
080	BFF Central Europe s.r.o.	Full consolidation	X					Financial companies other than credit institutions
090	Debt-Rnt sp. Z O.O.	Full consolidation	X					Financial companies other than credit institutions
100	Komunalny Fundusz Inwestycyjng Zamknięty	Full consolidation	X					Financial companies other than credit institutions
110	MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	Full consolidation	X					Financial companies other than credit institutions
120	Kancelaria Prawnicza Karnowski i Wspólnik sp.k.	Consolidation at equity			X			Non-financial companies
130	Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspolnik sp.k.	Consolidation at equity			X			Non-financial companies

Section 3 – Own Funds (Article 437 CRR)

Qualitative disclosure

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 (IAS/IFRS 9 transition reserve, actuarial gains/losses reserve for defined benefit plans, and valuation reserve for HTC&S securities);
- any non-controlling interests eligible for inclusion in the computation of CET1.

Intangible assets, including any goodwill, as well as certain categories of tax assets should be deducted from these items in accordance with the requirements of CRR II and 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 consolidated profit of €37.0 million;
- by 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 disclosure

TEMPLATE EU CC1: BREAKDOWN OF REGULATORY OWN FUNDS

		12/31/2025	12/31/2024	Source based on reference numbers/ letters of the balance sheet in the scope of regulatory consolidation
			a)	b)
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	211,677	211,283	160. Share premium reserve 170. Share capital
	Of which ordinary shares	211,677	211,283	160. Share premium reserve 170. Share capital
	Of which: instrument type 2			
	Of which: instrument type 3			
2	Retained earnings	445,860	269,142	150. Reserves
3	Accumulated other comprehensive income (and other reserves)	39,271	29,866	120. Valuation reserves 150. Reserves
EU-3a	Funds for general banking risk			
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1			
5	Minority interests (amount allowed in consolidated CET1)			
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	36,951	215,680	200. Profit for the year
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**733,759**	**725,970**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-349	-335	
8	Intangible assets (net of related tax liability) (negative amount)	-50,463	-66,651	100. Intangible assets
9	Not applicable			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-122	-304	110. Tax assets
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value			
12	Negative amounts resulting from the calculation of expected loss amounts			
13	Any increase in equity that results from securitized assets (negative amount)			
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing			
15	Defined-benefit pension fund assets (negative amount)			
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		-3,570	180. Treasury shares
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
20	Not applicable			
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative			
EU-20b	Of which: qualifying holdings outside the financial sector (negative amount)			
EU-20c	Of which: securitization positions (negative amount)			

		12/31/2025	12/31/2024	Source based on reference numbers/ letters of the balance sheet in the scope of regulatory consolidation
			a)	b)
EU-20d	Of which: free deliveries (negative amount)			
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)			
22	Amount exceeding the 17.65% threshold (negative amount)			
23	Of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities			
24	Not applicable			
25	Of which: deferred tax assets arising from temporary differences			
EU-25a	Losses for the current financial year (negative amount)			
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)			
26	Not applicable			
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)			
27a	Other regulatory adjustments	-51,160	-16,606	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-102,094**	**-87,466**	
29	**Common Equity Tier 1 (CET1) capital**	**631,665**	**638,504**	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	150,000	150,000	**140. Equity instruments**
31	Of which: classified as equity under applicable accounting standards	150,000	150,000	**140. Equity instruments**
32	Of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1			
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1			
EU-33b	Amount of eligible items referred to in Article 494b(1) CRR subject to phase out from AT1			
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties			
35	of which: instruments issued by subsidiaries subject to phase out			
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**150,000**	**150,000**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)			
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities, where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)			
41	Not applicable			
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)			
42a	Other regulatory adjustments to AT1 capital			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**			
44	**Additional Tier 1 (AT1) capital**	**150,000**	**150,000**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**781,665**	**788,504**	

		12/31/2025	12/31/2024	Source based on reference numbers/ letters of the balance sheet in the scope of regulatory consolidation
		a)		b)
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts			
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR			
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2			
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2			
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties			
49	of which: instruments issued by subsidiaries subject to phase out			
50	Credit risk adjustments			
51	**Tier 2 (T2) capital before regulatory adjustments**			
Tier 2 (T2) capital: regulatory adjustments				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)			
53	Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities, where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
54	Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
54a	Not applicable			
55	Direct, indirect and synthetic holdings by the institution of T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)			
56	Not applicable			
EU-56a	Eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)			
EU-56b	Other regulatory adjustments to T2 capital			
57	**Total regulatory adjustments to Tier 2 (T2) capital**			
58	**Tier 2 (T2) capital**			
59	**Total capital (TC = T1 + T2)**	**781,665**	788,504	
60	**Total risk exposure amount**	**6,352,205**	5,214,662	
Capital ratios and buffers				
61	Common Equity Tier 1	9.944%	12.244%	
62	Tier 1 capital	12.305%	15.121%	
63	Total capital	12.305%	15.121%	
64	Institution CET1 overall capital requirement	9.797%	9.403%	
65	Of which: capital conservation buffer requirement	2.500%	2.500%	
66	Of which: countercyclical buffer requirement	0.337%	0.113%	
67	Of which: systemic risk buffer requirement	0.460%	0.290%	
EU-67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement			
EU-67b	Of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.000%	2.000%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**2.305%**	**5.121%**	

		12/31/2025	12/31/2024	Source based on reference numbers/ letters of the balance sheet in the scope of regulatory consolidation
		a)		b)
National minimum (if different from Basel III)				
69	Not applicable			
70	Not applicable			
71	Not applicable			
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	29,844	21,613	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	13,227	13,590	
74	Not applicable			
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of the related tax liabilities for which the conditions set out in Article 38(3) CRR are met)	7,286	7,249	
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)			
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach			
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)			
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach			
Capital instruments subject to phase-out arrangements (only applicable between Jan 1, 2014 and Jan 1, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements			
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84	Current cap on T2 instruments subject to phase out arrangements			
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			

TEMPLATE EU CC2: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

Row		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the published financial statements*				
10.	CASH AND CASH EQUIVALENTS	124,577	124,567	
20.	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	181,243	181,243	
	a) financial assets held for trading	1,358	1,358	
	b) financial assets designated at fair value			
	c) other financial assets subject to mandatory fair value measurement	179,885	179,885	
30.	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	151,718	151,718	
40.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST	10,824,128	10,824,128	
	a) loans and receivables with banks	854,821	854,821	
	b) loans and receivables with customers	9,969,307	9,969,307	
50.	HEDGING DERIVATIVES			
60.	VALUE ADJUSTMENT OF MACROHEDGED FINANCIAL ASSETS			
70.	EQUITY INVESTMENTS	15,323	15,323	
80.	TECHNICAL PROVISIONS CEDED TO REINSURERS			
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	104,212	104,212	
100.	INTANGIBLE ASSETS	67,240	67,240	8
	of which: - goodwill	30,957	30,957	
110.	TAX ASSETS	134,329	134,329	
	A) Current	72,827	72,827	
	B) Deferred	61,502	61,502	10
120.	NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS			
130.	OTHER ASSETS	675,940	675,940	
	TOTAL ASSETS	**12,278,709**	**12,278,699**	

Row		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published financial statements*				
10.	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	10,783,741	10,783,741	
	A) Due to banks	1,307,147	1,307,147	
	B) Due to customers	8,856,635	8,856,635	
	C) Debt securities issued	619,959	619,959	
20.	FINANCIAL LIABILITIES HELD FOR TRADING	778	778	
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE			
40.	HEDGING DERIVATIVES	186	186	
50.	VALUE ADJUSTMENT OF MACROHEDGED FINANCIAL LIABILITIES			
60.	TAX LIABILITIES	163,633	163,633	
	A) Current	1,585	1,585	
	B) Deferred	162,049	162,049	10
70.	LIABILITIES LINKED TO ASSETS HELD FOR SALE			
80.	OTHER LIABILITIES	365,213	365,203	
90.	POST-EMPLOYMENT BENEFITS	3,508	3,508	
100.	PROVISIONS FOR RISKS AND CHARGES	73,484	73,484	
	A) Commitments and guarantees given	64	64	
	B) Pensions and similar obligations	6,329	6,329	
	C) Other provisions for risks and charges	67,091	67,091	
110.	TECHNICAL PROVISIONS			
120.	VALUATION RESERVES	30,022	30,022	3
130.	REDEEMABLE SHARES			
140.	EQUITY INSTRUMENTS	150,000	150,000	30
150.	RESERVES	459,516	459,516	2, 3
155.	INTERIM DIVIDEND			
160.	SHARE PREMIUM RESERVE	66,277	66,277	1
170.	SHARE CAPITAL	145,399	145,399	1
180.	TREASURY SHARES			16
190.	MINORITY INTERESTS			
200.	PROFIT FOR THE YEAR	36,951	36,951	EU-5a
	TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY	**12,278,709**	**12,278,699**	

TEMPLATE EU CCA: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS

(Amounts in euro units)

Row		Common Equity Tier 1	Tier 1 equity instruments	Eligible liability instruments	Eligible liability instruments
		a	b	c	d
1	Issuer	BFF BANK SPA	BFF BANK SPA	BFF BANK SPA	BFF BANK SPA
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	IT0005244402	XS2404266848	IT0005591851	IT0005619140
2a	Public or private placement	Public	Public	Public	Public
3	Governing law(s) of the instrument	Entire instrument - Italian law	Italian law	Italian law	Italian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	YES	YES	YES
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 1 capital	Additional Tier 1 capital	Ineligible	Ineligible
5	Post-transitional CRR rules	Tier 1 capital	Additional Tier 1 capital	Eligible liabilities	Eligible liabilities
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares - Art.28 CRR	Additional Tier 1 capital of the Issuer in accordance with Article 52 of the CRR and Part II, Chapter 1 of Circular No. 285	Eligible liabilities of the Issuer in accordance with Article 72 ter of the CRR	Eligible liabilities of the Issuer in accordance with Article 72 ter of the CRR
8	Amount recognized in regulatory capital or eligible liabilities	207,713,262	150,000,000	310,130,955	309,828,253
9	Nominal amount of instrument	n/a	150,000,000	300,000,000	300,000,000
EU-9a	Issue price	n/a	100% of nominal amount	99.918% of nominal amount	99.861% of nominal amount
EU-9b	Redemption price	n/a	100% of nominal amount	100% of nominal amount	100% of nominal amount
10	Accounting classification	Equity	Equity	Securities issued	Securities issued
11	Original date of issuance	n/a	01/19/2022	04/12/2024	10/29/2024
12	Perpetual or dated	n/a	Perpetual	Due date	Due date
13	Original maturity date	n/a	n/a	03/20/2029	03/30/2028
14	Issuer call subject to prior supervisory approval	n/a	YES	YES	YES
15	Optional call date, contingent call dates and redemption amount	n/a	First Option at the discretion of the Issuer: at par from January 19, 2027 to July 19, 2027; Option for tax events: at par, without time limits on the occurrence of a Tax Event; Option for regulatory events: at par, without time limits on the occurrence of a Regulatory Event.	At par at the payment date of 03/20/2028; Option for tax events: at par, with no time limits when a Tax Event occurs; Option for regulatory events: at par, with no time limits when a MREL Disqualification occurs; Optional redemption, which applies at 1 year from the original due date; Clean-up call	At par at the payment date of 03/30/2027; Option for tax events: at par, with no time limits when a Tax Event occurs; Option for regulatory events: at par, with no time limits when a MREL Disqualification occurs; Optional redemption, which applies at 1 year from the original due date; Clean-up call
16	Subsequent call dates, if applicable	n/a	At every interest payment date starting from 01/19/2028	n/a	n/a

(Amounts in euro units)

Row		Common Equity Tier 1	Tier 1 equity instruments	Eligible liability instruments	Eligible liability instruments
		a	b	c	d
	Coupons/dividends				
17	Fixed or floating dividend/coupon	n/a	Semi-annual fixed rate with reset (i) 5.5 years after the issue date (First reset Date July 19, 2027) and (ii) every 5 years thereafter from the previous reset date	Fixed annual rate with reset to 03/20/2028	Annual fixed rate with reset to 03/30/2027
18	Coupon rate and any related index	n/a	5.875% until 07/19/2027. For subsequent interest periods, the coupon will be recalculated by adding the fixed margin at the issue date (5.856%) to the 5-year mid-swap rate at the recalculation date	4.75% until March 20, 2028. If a decision is made to not proceed with redemption, the coupon will be recalculated by adding the fixed margin at the issue date (1.900%) at the 1-year mid-swap rate at the recalculation date.	4.875% until March 30, 2027. If a decision is made to not proceed with redemption, the coupon will be recalculated by adding the fixed margin at the issue date (2.622%) at the 1-year mid-swap rate at the recalculation date.
19	Existence of a dividend stopper	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a	n/a	n/a
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a	n/a	n/a
21	Existence of step up or other incentive to redeem	n/a	n/a	n/a	n/a
22	Noncumulative or cumulative	n/a	n/a	n/a	n/a
23	Convertible or non-convertible	n/a	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	n/a	Yes	n/a	n/a
31	If write-down, write-down trigger(s)	n/a	if CET1 (on a consolidated or stand-alone basis) <5.125%	n/a	n/a
32	If write-down, full or partial	n/a	full or partial	n/a	n/a
33	If write-down, permanent or temporary	n/a	temporary	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	In the event of net profit (consolidated or stand-alone), the issuer may, at its full discretion and subject to the Maximum Distributable Amount, increase the outstanding nominal amount of the instrument up to the maximum of the "Initial Principal Amount" pro rata with similar AT1 instruments	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	n/a	n/a	n/a	n/a
EU-34b	Ranking of the instrument in normal insolvency proceedings	1	2	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a	1	2	2
36	Non-compliant transitioned features	n/a	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	https://investor.bff.com/en/Shareholder-structure	Bonds (bff.com)	Bonds (bff.com)	Bonds (bff.com)

Section 4 – Capital requirements (Article 438 CRR)

Qualitative disclosure

The Group constantly evaluates its capital structure, developing and using techniques for monitoring and managing regulated risks, in order to ensure that its capital is consistent with its risk appetite and supervisory requirements. To do this, the Group also relies on a Control and Risks Committee created within the Board of Directors.

Compliance with capital adequacy limits for the CET1 Capital Ratio and Tier 1 Capital Ratio, as well as the 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 requirements and 12.5 (inverse of the minimum obligatory ratio equal to 8%).

The Bank'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, the CET1 Capital Ratio 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;
- "original exposure approach" for counterparty risk;
- operational risk, through the 'Business Indicator Component' (BIC) methodology;
- "Standardized approach" for market risk.

Credit risk

The assessment of credit risk is part of an overall analysis of the adequacy of the Banking Group's and CRR Group's capital in relation to the risks connected with lending.

With this in mind, the "standardized" approach is used 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, in relation to the Regulation cited above, the BFF Banking Group applies the following main weighting factors:

- 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.

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.

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

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

Thanks to the credit management processes established by the BFF Group, as at December 31, 2025 the impact on CET1 deriving from the application of calendar provisioning was equal to €51.2 million, compared to December 31, 2024 when it amounted to approximately €16.6 million.

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 Guidance aims to standardize the prudential treatment – between significant and less significant banks – of impaired exposures originating before April 26, 2019, and excluded, to date, from calendar provisioning capital deduction requirements.

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.

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 Bank, counterparty risk may be generated by repurchase agreements and derivatives, as well as by trading in tax credits allocated in the trading portfolio with respect to which a counterparty enters into a purchase commitment. 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 Regulation (EU) 2024/1623 amending Regulation (EU) 575/2013 (CRR III), starting from January 1, 2025, the Group – to measure operational risk – has applied the new method for calculating the requirement on the basis of the Business Indicator (BI), constructed from the accounting parameters representing the main areas of banking activity, as reported in European Regulation No 575/2013.

Consistent with the Operational Risk Management framework applied, the Bank, at consolidated level, uses an internal statistical management model for the quantification of operational risk exposure, with the aim of verifying that the method used for regulatory purposes considers adequate capital for the risks that have been and may be assumed. The operational risk results obtained from the forward-looking assessment process were also used for quantifying internal capital against operational risk for ICAAP purposes. The assessments carried out in this area have led to the consideration that the capital requirement for operational risk is higher than the internal capital calculated at management level in the ICAAP.

Market risk

Market risk relates to positions held for trading, that is, positions intentionally held for sale in the short term, acquired in order to take advantage of purchase and sale price differences, or other changes in prices or interest rates.

The regulation identifies and regulates the treatment of the various types of market risk in reference to the regulatory trading portfolio. The Group measures market risk using the "Standardized" approach.

Pillar II – The ICAAP/ILAAP Report

The supervisory regulations require intermediaries to adopt control strategies and processes for determining the adequacy of current and future capital. It is the Supervisory Authority's responsibility to verify the reliability and accuracy of the results generated and, where necessary, to take appropriate corrective action.

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 04, 2024. The Report has been prepared in compliance with the requirements established by Circular No. 285.

In relation to the "Supervisory Review and Evaluation Process" (SREP), the Group must comply with a CET1 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, the latter being equal to 0.3366% and 0.4607% respectively at December 31, 2025.

Quantitative disclosure

EU KM1 TEMPLATE: KEY METRICS TEMPLATE

Row		a	b	c	d	e
		12/31/2025	09/30/2025	06/30/2025	03/31/2025	12/31/2024
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	631,665	653,859	702,896	677,129	638,504
2	Tier 1 capital	781,665	803,859	852,896	827,129	788,504
3	Total capital	781,665	803,859	852,896	827,129	788,504
	Risk-weighted exposure amounts					
4	Total risk exposure amount	6,352,205	4,871,873	4,910,717	4,927,163	5,214,662
4a	Total risk exposure pre-floor	6,352,205	4,871,873	4,910,717	4,927,163	
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	9.94%	13.42%	14.31%	13.74%	12.24%
5a	Not applicable					
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	9.94%	13.42%	14.31%	13.74%	
6	Tier 1 ratio (%)	12.31%	16.50%	17.37%	16.79%	15.12%
6a	Not applicable					
6b	Tier 1 ratio considering unfloored TREA (%)	12.31%	16.50%	17.37%	16.79%	
7	Total capital ratio (%)	12.31%	16.50%	17.37%	16.79%	15.12%
7a	Not applicable					
7b	Total capital ratio considering unfloored TREA (%)	12.31%	16.50%	17.37%	16.79%	
	Additional own funds requirements to address risks other than excessive leverage risk (as a percentage of risk-weighted exposure amount)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.00%	2.00%	2.00%	2.00%	2.00%
EU 7e	of which: to be made up of CET1 capital (percentage points)	2.00%	2.00%	2.00%	2.00%	2.00%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	2.00%	2.00%	2.00%	2.00%	2.00%
EU 7g	Total SREP own funds requirements (%)	10.00%	10.00%	10.00%	10.00%	10.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution-specific countercyclical capital buffer (%)	0.34%	0.16%	0.11%	0.10%	0.11%
EU 9a	Systemic risk buffer (%)	0.46%	0.57%	0.60%	0.29%	0.29%
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.30%	3.22%	3.20%	2.88%	2.90%
EU 11a	Overall capital requirements (%)	13.30%	13.22%	13.20%	12.88%	12.90%
12	CET1 available after meeting the total SREP own funds requirements (%)	2.31%	6.50%	7.37%	6.79%	5.12%
	Leverage ratio					
13	Total exposure measure	12,838,255	12,585,412	14,017,983	12,882,840	12,546,856
14	Leverage ratio (%)	6.09%	6.39%	6.08%	6.42%	6.28%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					

Row		a	b	c	d	e
		12/31/2025	09/30/2025	06/30/2025	03/31/2025	12/31/2024
EU 14a	Additional own funds requirements to address risks of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure amount)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	-3.00%	0.00%
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	3,048,617	3,423,558	3,456,038	3,632,629	3,447,124
EU 16a	Cash outflows - Total weighted value	1,955,989	2,007,226	1,989,940	1,900,145	1,904,589
EU 16b	Cash inflows - Total weighted value	389,597	432,250	505,105	429,281	432,760
16	Total net cash outflows (adjusted value)	1,566,391	1,574,976	1,484,834	1,470,864	1,471,829
17	Liquidity coverage ratio (%)	194.38%	216.96%	234.95%	246.97%	234.21%
	Net Stable Funding Ratio					
18	Total available stable funding	6,031,643	6,210,275	6,728,551	6,666,333	6,902,789
19	Total required stable funding	5,308,598	4,558,694	4,690,120	4,761,476	4,939,641
20	NSFR ratio (%)	113.62%	136.23%	143.46%	140.01%	139.74%

TEMPLATE EU OV1: OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS

		Total risk exposure amount (TREA)		Total own funds requirements
		a	b	c
		12/31/2025	09/30/2025	12/31/2025
1	Credit risk (excluding CCR)	5,629,045	4,078,704	450,324
2	Of which the standardized approach	5,629,045	4,078,704	450,324
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple risk weighted approach			
5	Of which the advanced IRB (AIRB) approach			
6	Counterparty credit risk - CCR	30,916	28,412	2,473
7	Of which the standardized approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	7,991	7,854	639
9	Of which other CCR	22,925	20,558	1,834
10	Credit valuation adjustment risk - CVA Risk	10,988	9,860	879
EU 10a	Of which the standardized approach (SA)			
EU 10b	Of which the basic approach (F-BA and R-BA)	10,988	9,860	879
EU 10c	Of which the simplified approach			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risks	-	-	-
16	Securitization exposures in the non-trading book (after the cap)	6,086	5,981	487
17	Of which SEC-IRBA approach			-
18	Of which SEC-ERBA (including IAA)			-
19	Of which SEC-SA approach			
EU 19a	Of which 1250%/deduction			
20	Position, foreign exchange and commodities risks (Market risk)	1,458	2,554	117
21	Of which the alternative standardized approach (ASA)			-
EU 21a	Of which the Simplified standardised approach (S-SA)	1,458	2,554	117
22	Of which the alternative internal models approach (AIMA)			-
EU 22a	Large exposures	-	-	-
23	Reclassifications between trading book positions and non-trading book	-	-	-
24	Operational risk	673,713	746,361	53,897
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	51,282	40,858	4,103
26	Output floor applied (%)	-	-	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	
29	**Total**	**6,352,205**	**4,871,873**	**508,176**

Section 5 – Counterparty and CVA risk exposure (Articles 439 and 455(a) CRR)

Qualitative disclosure

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.

If the transactions with a certain counterparty have a positive value, this requirement is generated. If a portion of the exposure is collateralized, this will be assigned a weighting factor corresponding to the weighting factor assigned to the instrument used as collateral.

For BFF Bank, counterparty risk is mainly generated by Securities Financing Transactions (SFTs) and derivatives transactions. Counterparty risk is measured using the original exposure method (governed by Article 282 CRR) based on the calculation of the "current replacement cost" and the "future exposure", as regards transactions in derivatives and the "Financial Collateral Comprehensive Method" (governed by Articles 223-228 CRR) as regards repurchase transactions.

As at December 31, 2025, there were payable repurchase transactions in place, mainly with Cassa Compensazione e Garanzia and on a residual level with bank counterparties, as well as receivable repurchase transactions with market counterparties and foreign currency swaps.

As regards derivatives transactions (at 31.12 exclusively foreign currency swaps), BFF Bank also calculates the so-called CVA (Credit Value Adjustment), which quantifies the risk of value adjustment of the credit component relating to OTC derivative transactions. The calculation is performed based on the "Standardized Approach", governed by Art. 384 CRR.

Moreover, since Q4 2023 the Bank has purchased and resold tax credits, included in the trading portfolio in accordance with the Bank of Italy's clarification note of July 24, 2023. This activity generally involves the Bank purchasing Tax Credits from third parties for the purpose of resale to an already identified purchasing company with which it has previously entered into a special framework agreement for the sale of such tax credits.

Consistent with the above note, the purchase and sale commitments made in the framework agreement with the transferee, were treated as derivative contracts to offset the related underlying tax credit recognized in the trading book. In particular, as at 31 December 2024, the Bank had only irrevocable sales commitments in place, similar to unlisted forward derivatives, with the consequent generation of counterparty risk, calculated according to Article 282 CRR ("original exposure" method). Finally, the calculation of the CVA component was performed consistently with other OTC derivative instruments by application of the so-called "Standardized Approach", governed by Article 384 CRR.

As at December 31, 2025, tax credit exposures held for trading amounted to €269 million, of which 252 million had a firm commitment to sell treated as unlisted forward derivatives.

Quantitative disclosure

TEMPLATE EU CCR1 – ANALYSIS OF CRR EXPOSURE BY APPROACH

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original exposure method (for derivatives)	9,069	40,722		1.4	69,707	69,707	69,707	23,725
EU2	EU - Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)				1.4				
2	IMM (for derivatives and SFTs)								
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*								
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					621,493	621,494	621,493	3,874
5	VaR for SFTs								
6	**Total at 12/31/2025**					**691,199**	**691,201**	**691,199**	**27,599**

TEMPLATE EU CCR3 – STANDARDIZED APPROACH: CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	562,289			28,723								591,012
2	Regional government or local authorities												
3	Public sector entities					292							292
4	Multilateral development banks												
5	International organizations												
6	Institutions		4			60,973	166			5	107		61,256
7	Corporates									12,224			12,224
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other exposures	2,339,269											2,339,269
11	**Total exposure value at 12/31/2025**	**2,901,558**	**4**		**28,723**	**61,265**	**166**			**12,229**	**107**		**3,004,053**

TEMPLATE EU CCR5: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES

	Collateral type	a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency		177,907		60		778		233,738
2	Cash – other currencies								
3	Domestic sovereign debt						591,012		2,339,273
4	Other sovereign debt								
5	Government agency debt								
6	Corporate bonds								
7	Equity securities								
8	Other collateral								
9	**Total**		**177,907**		**60**		**591,790**		**2,573,011**

TEMPLATE EU CCR8: EXPOSURES TO CCPS

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		7,991
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,312,854	0,089
3	i) OTC derivatives		
4	ii) Exchange-traded derivatives		
5	iii) SFTs	2,312,854	
6	iv) netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin	233,713	4,674
9	Prefunded default fund contributions	165,844	3,317
10	Unfunded default fund contributions		
11	**Exposures to non-QCCPs (total)**		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	i) OTC derivatives		
14	ii) Exchange-traded derivatives		
15	iii) SFTs		
16	iv) netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

EU CVA1 TEMPLATE: CREDIT VALUATION ADJUSTMENT RISK UNDER THE REDUCED BASIC APPROACH (R-BA)

		a	b
		Components of own funds requirements	Requirements of own funds
1	Aggregation of systematic components of CVA risk	879	
2	Aggregation of idiosyncratic components of CVA risk		
3	**Total**		**879**

Section 6 – Capital Reserves (Article 440 CRR)

Qualitative disclosure

The following is the information relating to the "Countercyclical Capital Buffer", prepared on the basis of coefficients applicable as at December 31, 2024 and Commission Delegated Regulation (EU) 2015/1555 of 28 May 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440. As set out in Article 140(1) of Directive 2013/36/EU (the CRD IV), the institution-specific countercyclical ratio consists of the weighted average of the countercyclical ratios that apply in countries where the institution's relevant credit exposures are located.

CRD IV establishes the obligation for designated national authorities to activate an operational framework for the definition of the countercyclical capital buffer (CCyB) ratio as of 1 January 2016.

The rate is subject to quarterly review. The European regulation was implemented in Italy with Bank of Italy Circular No. 285, containing dedicated rules on the CCyB. Based on benchmark analysis, the Bank of Italy has decided to set the countercyclical ratio (relating to exposures to Italian counterparties), also for the second quarter of 2026, at 0%.

Relevant credit exposures include all exposure classes other than those referred to in Article 112(a) to (f) of Regulation (EU) No 575/2013. The following portfolios are effectively excluded: exposures to central governments or central banks; exposures to regional governments or local authorities; exposures to public sector bodies; exposures to multilateral development banks; exposures to international organizations; exposures to institutions.

Quantitative disclosure

With reference to December 31, 2025:

- the countercyclical capital rates at individual country level have been established, with the methods specifically described above. Countries with a ratio other than zero where the Group has significant exposures include Slovakia (1.50%); Poland and France (1.00%) and Spain (0.50%);
- at consolidated level, the specific countercyclical rate of the CRR Banking Group is 0.3366%.

TEMPLATE EU CCYB1: GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER

Breakdown by country:		Generic credit exposures		Relevant credit exposures – Market risk		Securitization exposures exposure value for non-trading book	Total exposure value
		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models		
		a	b	c	d	e	f
0010	BELGIUM	1,426					1,426
0020	CAMEROON	207					207
0030	CZECH REPUBLIC	161					161
0040	SPAIN	472,598					472,598
0050	FRANCE	164,434					164,434
0060	UNITED KINGDOM	364					364
0070	GREECE	313,484					313,484
0080	CROATIA	379					379
090	ITALY	2,815,447		2		5,104	2,820,553
0100	NETHERLANDS	4,776					4,776
0110	POLAND	916,466					916,466
0120	PORTUGAL	299,010					299,010
0130	SLOVAKIA	300,704					300,704
0140	SAN MARINO	71					71
0150	UNITED STATES	416					416
	TOTAL	**5,289,944**		**2**		**5,104**	**5,295,050**

Breakdown by country:		Own funds requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical coefficient (%)
		Relevant credit exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the non-trading book	Total			
		g	h	i	j	k	l	m
0010	BELGIUM	114			114	1,426	0.03%	1.00%
0020	CAMEROON	17			17	207	0.00%	0.00%
0030	CZECH REPUBLIC	13			13	161	0.00%	1.25%
0040	SPAIN	37,808			37,808	472,598	8.93%	0.50%
0050	FRANCE	13,155			13,155	164,434	3.11%	1.00%
0060	UNITED KINGDOM	29			29	364	0.01%	2.00%
0070	GREECE	25,079			25,079	313,484	5.93%	0.00%
0080	CROATIA	30			30	379	0.01%	1.50%
090	ITALY	220,131		5,104	225,236	2,815,447	53.22%	0.00%
0100	NETHERLANDS	382			382	4,776	0.09%	2.00%
0110	POLAND	73,317			73,317	916,466	17.32%	1.00%
0120	PORTUGAL	23,921			23,921	299,010	5.65%	0.00%
0130	SLOVAKIA	24,056			24,056	300,704	5.68%	1.50%
0140	SAN MARINO	6			6	71	0.00%	0.00%
0150	UNITED STATES	33			33	416	0.01%	0.00%
	TOTAL	**418,091**			**423,195**	**5,289,944**	**100.00%**	**12.25%**

TEMPLATE EU CCYB2: AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

		a
1	Total risk exposure amount	6,352,205
2	Institution specific countercyclical capital buffer rate	0.33662579%
3	Institution-specific countercyclical capital buffer requirement	21,383

Section 7 – Credit risk adjustments (Article 442 CRR)

Qualitative disclosure

Exposures subject to collective impairment losses ("collective impairment")

According to IFRS 9, financial assets which are not measured at fair value in the financial statements must be subject to the impairment model based on expected losses. The calculation of expected losses required by IFRS 9 is in fact based on the product method between PD, LGD and EAD, taking into account the significant increase in credit risk or objective signs of deterioration of exposures/counterparties.

In detail, 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 (SICR) in relation to initial recognition of the instrument.

For the purposes of calculating impairment, IFRS 9 sets out general requirements for calculating ECLs and designing stage allocation criteria, without providing specific guidelines on the modeling approach. Therefore, by analyzing the data provided as input, the assessment and design of the project for the conversion to IFRS 9 allowed to develop a methodological framework to accommodate the peculiarities of the Group's business consistently with the assets it owns as well as available information, in accordance with the guidelines in the standard.

The key concepts introduced by IFRS 9 and required for the purpose of calculating impairment compared to previous accounting standards are as follows:

- a forward-looking model, allowing for 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;
- the ECL recalculated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument;
- the use of forward-looking information and macroeconomic factors to determine ECL;
- the introduction of an additional status with respect to the binary classification of performing and non-performing counterparties, to take account of the increase in credit risk.

The ECL calculation model requires a quantitative assessment of future cash flows and assumes that they can be reliably estimated. This requires the identification of certain elements, namely:

- probability of default (PD) models and assumptions about the forward distribution of default events, for the calculation of multi-period PDs used to determine the lifetime expected credit loss;
- LGD model;
- a deterministic and stochastic EAD model allowing to define a multi-period distribution as well as a 12-month horizon.

The risk parameters that should be modeled to comply with the rationale of considering the full 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 in the parameters and shall consider the integration of 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 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 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.

As regards the impairment policies adopted, BFF Polska Group and BFF Finance Iberia submit specific periodic reports to the Parent Company, so that the corresponding functions of the parent company can report on the activities conducted in this area and check the correctness of the conclusions.

On July 24, 2014, the EBA published the "Final Draft Implementing Technical Standards on Supervisory reporting on forbearance and nonperforming exposures" (EBA/ITS /2013/03/rev1 24/7/2014): this document introduces new definitions concerning impaired assets and forbearance measures.

These definitions have been transposed with the 7th update of the Bank of Italy Circular no. 272 of January 20, 2015, and provide for the breakdown of impaired assets into:

- Non-performing loans
- Unlikely to pay positions.
- Past-due impaired exposures

The BFF Banking Group's net "Impaired assets" total €3,124,456 thousand and 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 government 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 allowance provisions 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 capital 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 €66,608 thousand, 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 as 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.

It should be noted that, overall, factoring and other performing and non-performing loans include additional loan interest, 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 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.

See the published Consolidated Financial Statements, and in particular:

- "Report on operations", section "Subsequent events";
- "Consolidated financial statements and notes", "Section 4 – Events after the reporting date" and "Section 5 – Other aspects" and in particular "Classification of receivables classified as defaulted" which explains the changes made to the classification rules and consequent recognition in the accounts of these receivables.

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 in relation to initial recognition of the instrument.

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 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. 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 credit, for the part relating to the capital. to the assignor, under the guarantees provided for in the assignment contract, which is therefore obliged to repurchase the capital of the credit 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.

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, although the 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).

Quantitative disclosure

TEMPLATE EU CR1: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

Row		a	b	c	d	e	f
		Gross carrying/nominal amount					
		Performing exposures			Non-performing exposures		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
005	Cash balances at central banks and other demand deposits	256,974	253,410	3,563			
010	Loans and advances	3,027,384	3,004,757	22,627	3,251,455		3,248,365
020	*Central banks*	16,360	16,360				
030	*General governments*	1,751,662	1,731,404	20,259	3,089,751		3,086,858
040	*Credit institutions*	705,890	705,890				
050	*Other financial companies*	432,970	432,653	317	1,166		1,166
060	*Non-financial companies*	119,893	117,874	2,019	117,041		117,041
070	*Of which SMEs*	4,725	4,183	541	5,873		5,873
080	*Households*	608	577	32	43,496		43,300
090	**Debt securities**	**4,554,333**	**4,549,229**				
100	*Central banks*						
110	*General governments*	4,540,879	4,540,879				
120	*Credit institutions*						
130	*Other financial companies*	13,454	8,350				
140	*Non-financial companies*						
150	**Off-balance-sheet exposures**	**530,153**	**530,153**		**54,978**		**52,277**
160	*Central banks*						
170	*General governments*	85,319	85,319		46,454		46,454
180	*Credit institutions*						
190	*Other financial companies*	403,956	403,956				
200	*Non-financial companies*	40,879	40,879		8,524		5,823
210	*Households*						
220	**Total**	**8,368,844**	**8,337,550**	**26,190**	**3,306,433**		**3,300,642**

Row		g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
		Performing exposures – Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	Collaterals and financial guarantees received	
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		On performing exposures	On non-performing exposures
005	Cash balances at central banks and other demand deposits	(6)	(6)							
010	Loans and advances	**(7,498)**	**(7,237)**	**(261)**	**(126,999)**		**(126,584)**		**592,370**	**1**
020	*Central banks*									
030	*General governments*	(6,721)	(6,488)	(233)	(90,906)		(90,687)		28,723	1
040	*Credit institutions*	(4)	(4)						562,289	
050	*Other financial companies*	(67)	(62)	(5)	(154)		(154)			
060	*Non-financial companies*	(703)	(681)	(22)	(31,300)		(31,300)		1,358	
070	*Of which SMEs*	(6)	(5)	(1)	(3,589)		(3,589)			
080	*Households*	(2)	(2)		(4,639)		(4,443)			
090	**Debt securities**	**(2,019)**	**(2,019)**							
100	*Central banks*									
110	*General governments*	(1,989)	(1,989)							
120	*Credit institutions*									
130	*Other financial companies*	(30)	(30)							
140	*Non-financial companies*									
150	**Off-balance-sheet exposures**	**(63)**	**(63)**		**(1)**		**(1)**			
160	*Central banks*									
170	*General governments*				(1)		(1)			
180	*Credit institutions*									
190	*Other financial companies*	(3)	(3)							
200	*Non-financial companies*	(60)	(60)							
210	*Households*									
220	**Total**	**(9,585)**	**(9,324)**	**(261)**	**(127,000)**		**(126,585)**		**592,370**	**1**

TEMPLATE EU CR1-A: MATURITY OF EXPOSURES

Row		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	946,710	4,313,631	291,865	592,136		6,144,342
2	Debt securities	7,290	218,163	3,668,170	653,588		4,547,210
3	**Total**	**954,000**	**4,531,794**	**3,960,034**	**1,245,724**		**10,691,552**

TEMPLATE EU CR2: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES

Row		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**1,930,201**
020	Inflows to non-performing portfolios	2,607,754
030	Outflows from non-performing portfolios	-1,286,500
040	Outflows due to write-offs	-3,716
050	Outflow due to other situations	-1,282,784
060	**Final stock of non-performing loans and advances**	**3,251,455**

TEMPLATE EU CR2A: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES AND RELATED ACCUMULATED RECOVERIES

Row		a	b
		Gross carrying amount	Related net cumulated recoveries
010	**Initial stock of non-performing loans and advances**	**1,930,201**	
020	Inflows to non-performing portfolios	2,607,754	
030	Outflows from non-performing portfolios	-1,286,500	
040	Outflow to performing portfolio	-68,020	
050	Outflow due to loan repayment, partial or total	-831,218	
060	Outflow due to collateral liquidations		
070	Outflow due to taking possession of collateral		
080	Outflow due to the sale of instruments		
090	Outflow due to risk transfers		
100	Outflow due to write-offs	-3,716	
110	Outflow due to other situations	-383,545	
120	Outflow due to reclassification as held for sale		
130	**Final stock of non-performing loans and advances**	**3,251,455**	

TEMPLATE EU CQ1: CREDIT QUALITY OF FORBORNE EXPOSURES

		a	b	c	d	e	f	g	h
		Gross carrying/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				of which defaulted	of which impaired				
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	**3,856**	**23,692**	**23,692**	**23,692**	**(1)**	**(1,997)**		
020	Central banks								
030	General governments	3,621	16,930	16,930	16,930	(1)	(598)		
040	Credit institutions								
050	Other financial companies		136	136	136		(136)		
060	Non-financial companies	223	6,153	6,153	6,153		(923)		
070	Households	13	472	472	472		(340)		
080	Debt securities								
090	Loan commitments given								
100	**Total**	**3,856**	**23,692**	**23,692**	**23,692**	**(1)**	**(1,997)**		

TEMPLATE EU CQ2: QUALITY OF FORBEARANCE

Row		a
		Gross carrying amount
010	Loans and advances that have been the subject of forbearance measures more than twice	
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	136

TEMPLATE EU CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

Row		Gross carrying/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due by > 30 days ≤ 90 days		Unlikely to pay that are not past-due or past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which defaulted
		a	b	c	d	e	f	g	h	i	j	K	l
005	Cash balances at central banks and other demand deposits	**256,974**	**256,667**	**307**									
010	Loans and advances	**3,027,384**	**2,524,976**	**502,408**	**3,251,455**	**1,803,610**	**164,103**	**149,751**	**113,275**	**267,616**	**176,267**	**576,832**	**3,251,455**
020	*Central banks*	16,360	16,359										
030	*General governments*	1,751,662	1,258,023	493,639	3,089,751	1,740,002	151,494	137,769	92,740	232,856	170,679	564,211	3,089,751
040	*Credit institutions*	705,890	705,890										
050	*Other financial companies*	432,970	432,970		1,166	2					1,164		1,166
060	*Non-financial companies*	119,893	111,133	8,760	117,041	56,424	10,247	4,699	4,142	26,496	3,873	11,160	117,041
070	*Of which SMEs*	4,725	3,896	828	5,873	2,336	40	34	272	3,084	107		5,873
080	*Households*	608	601	8	43,496	7,182	2,362	7,283	16,393	8,264	552	1,461	43,496
090	Debt securities	**4,554,333**	**4,554,333**										
100	*Central banks*												
110	*General governments*	4,540,879	4,540,879										
120	*Credit institutions*												
130	*Other financial companies*	13,454	13,454										
140	*Non-financial companies*												
150	**Off-balance-sheet exposures**	**530,153**			**54,978**								**54,978**
160	*Central banks*												
170	*General governments*	85,319			46,454								46,454
180	*Credit institutions*												
190	*Other financial companies*	403,956											
200	*Non-financial companies*	40,879			8,524								8,524
210	*Households*												
220	**Total**	**8,368,844**	**7,335,975**	**502,715**	**3,306,433**	**1,803,610**	**164,103**	**149,751**	**113,275**	**267,616**	**176,267**	**576,832**	**3,306,433**

TEMPLATE EU CQ4: QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on impaired exposures
			of which non-performing		of which subject to impairment			
				of which defaulted				
		a	b	c	d	e	f	g
010	*On-balance sheet exposures*	**11,090,146**	**3,251,455**	**3,251,455**	**11,085,041**	**(136,521)**		
020	*UNITED ARAB EMIRATES*	133			133			
030	*BELGIUM*	27,293			27,293	(5)		
040	*CANADA*	404			404			
050	*SWITZERLAND*	1,635			1,635			
060	*CZECH REPUBLIC*	862	117	117	862	(101)		
070	*GERMANY*	14			14			
080	*DENMARK*	120			120			
090	*SPAIN*	463,998	311,166	311,166	463,998	(3,181)		
100	*FRANCE*	136,072	109,529	109,529	136,072	(4)		
110	*UNITED KINGDOM*	727			727			
120	*GREECE*	205,751	199,586	199,586	205,751	(365)		
130	*HONG KONG*	44			44			
140	*CROATIA*	257	252	252	257			
150	*HUNGARY*	739			739			
160	*IRELAND*	60			60			
170	*ITALY*	8,628,323	1,624,940	1,624,940	8,623,218	(111,760)		
180	*JAPAN*	1,116			1,116			
190	*LUXEMBOURG*	1,584			1,584			
200	*NETHERLANDS*	4,777			4,777	(1)		
210	*NORWAY*	117			117			
220	*POLAND*	1,165,318	604,025	604,025	1,165,318	(17,539)		
230	*PORTUGAL*	208,552	198,045	198,045	208,552	(238)		
240	*SLOVAKIA*	239,858	203,748	203,748	239,858	(3,326)		
250	*SAN MARINO*	48	46	46	48			
260	*UNITED STATES*	2,250			2,250			
270	***Off-balance-sheet exposures***	**585,131**	**54,978**	**54,978**			**64**	
270	*GREECE*	24,000	20,000	20,000			1	
300	*ITALY*	457,726	8,524	8,524			62	
310	*POLAND*	103,405	26,454	26,454			1	
320	***Total***	**11,675,277**	**3,306,433**	**3,306,433**	**11,085,041**	**(136,521)**	**64**	

TEMPLATE EU CQ5: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY

Row		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
		a	b	c	d	e	f
010	Agriculture, forestry and fishing						
020	Mining and quarrying						
030	Manufacturing	9,370	2,931	2,931	9,370	(783)	
040	Electricity, gas, steam and air conditioning supply	19,353	17,215	17,215	19,353	(8,494)	
050	Water supply	3,174	2,037	2,037	3,174	(142)	
060	Construction	10,189	10,053	10,053	10,189	(4,448)	
070	Wholesale and retail trade	30,970	9,582	9,582	30,970	(6,335)	
080	Transport and storage	5,855	5,620	5,620	5,855	(36)	
090	Accommodation and food service activities	138	116	116	138	(116)	
100	Information and communication	29,016	2,214	2,214	29,016	(1,368)	
110	Financial and insurance activities	2,440			2,440	(1)	
120	Real estate activities	735	734	734	735	(340)	
130	Professional, scientific and technical activities	961	380	380	961	(321)	
140	Administrative and support service activities	4,660	3,698	3,698	4,660	(1,646)	
150	Public administration and defense, compulsory social security	213			213		
160	Education						
170	Human health services and social work activities	37,895	14,721	14,721	37,895	(4,077)	
180	Arts, entertainment and recreation						
190	Other services	81,965	47,739	47,739	81,965	(3,898)	
200	**Total**	**236,934**	**117,041**	**117,041**	**236,934**	**(32,003)**	

TEMPLATE EU CQ6: COLLATERAL VALUATION - LOANS AND ADVANCES

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances			Loans and Advances		Past due >90 days						
			Performing		Non Performing								
				Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past-due or are past due ≤ 90 days		Of which past due > 90 days ≤ 180 days	Of which past due > 180 days ≤ 1 year	Of which past due > 1 year ≤ 2 years	Of which past due > 2 years ≤ 5 years	Of which past due > 5 years ≤ 7 years	Of which past due > 7 years
010	Gross carrying amount	6,278,839	3,027,384	502,408	3,251,455	1,803,610	1,447,844	164,103	149,751	113,275	267,616	176,267	576,832
020	Of which secured	596,645	596,438	235	207	1	206				206		
030	*Of which secured with Immovable property*	126			126		126				126		
040	*Of which instruments with LTV higher than 60% and lower or equal to 80%*												
050	*Of which instruments with LTV higher than 80% and lower or equal to 100%*												
060	*Of which instruments with LTV higher than 100%*	126			126		126						
070	Accumulated impairment for secured assets	(213)	(7)	(5)	(206)		(206)				(206)		
080	Collateral												
090	*Of which value capped at the value of exposure*	591,013	591,012		1	1							
100	*Of which Immovable property*												
110	*Of which value above the cap*												
120	*Of which Immovable property*												
130	Financial guarantees received	1,358	1,358	230									
140	Accumulated partial write-off												

Section 8 – Unencumbered assets (Article 443 CRR)

Qualitative disclosure

Bank of Italy Circular No. 285 requires banks to publish information on encumbered and unencumbered assets, with the methods laid out in the European Banking Authority (EBA) guidelines.

In particular, the information requested is intended to assess the use by institutions of forms of secured funding (for example, guaranteed bank bonds, repurchase agreements, credit lines from central banks).

Institutions shall publish information on encumbered and unencumbered assets at consolidated level by product, also taking into account the instructions specified in Annex XVII to Implementing Regulation 2015/79 issued by the European Union Commission.

Supervisory legislation defines encumbered assets as assets established to guarantee financial transactions (e.g. securitizations, secured funding, REPOs) or, otherwise, reserved assets to provide forms of hedging, guarantees or credit enhancement for financial transactions from which the aforementioned assets cannot be freely withdrawn.

The Bank, as the Parent Company, has adopted a specific policy for the management of the Group's encumbered assets, which defines the areas of operation of the Bank and its Subsidiaries in the process for making the assets encumbered; the policy describes the process for the identification, management and monitoring of encumbered assets and the risks related to it and also defines the roles and responsibilities of the bodies and functions involved.

The level of encumbered assets is monitored, in order to observe the risk exposure trend linked to the share of encumbered assets, which derives from the unavailability of assets that may be readily liquidated through sale, sale with repurchase agreement, collateral assignment or securitization, resulting in:

- A reduction in the share of assets available to creditors and depositors not guaranteed;
- An increase in funding and liquidity risk, as the share of encumbered assets reduces the possibility of obtaining further secured funding.

Specifically, the level of encumbered assets is monitored through the Asset Encumbrance ratio (hereinafter also the "AE ratio"), calculated in keeping with regulatory provisions[6] as the ratio between the total book value of the encumbered assets and guarantees received reused, and the total of financial statement assets and the collateral received. A specific operating limit is attributed to this ratio within the RAF, which is monitored on a monthly basis by the Finance & Administration Department.

The main types of transaction that entailed asset encumbrance were:

- repurchase agreements carried out through own portfolio securities and using securities deriving from reverse repos, therefore available to the Bank, even if they are not part of the own portfolio;
- BFF's operations related to specific services (e.g., issuance of cashier's checks, operations with CCPs) that entail BFF's allocation of collateral in the form of restricted securities or security deposits.

6 Implementing Regulation (EU) No 2021/451 of 17 December 2020 - Annex XVII.

Quantitative disclosure

TEMPLATE EU AE1: ENCUMBERED AND UNENCUMBERED ASSETS

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**2,412,902**	**2,007,370**			**9,865,797**	**2,664,271**		
030	Equity instruments					326,501		326,500	
040	Debt securities	2,007,370	2,007,370	2,004,708	2,004,708	2,544,945	2,531,521	2,623,601	2,603,995
050	of which: covered bonds								
060	of which: securitasations					5,104		5,104	
070	of which: issued by general governments	2,007,370	2,007,370	2,004,708	2,004,708	2,531,521	2,531,521	2,603,995	2,603,995
080	of which: issued by financial corporations					13,424		14,502	
090	of which: issued by non-financial corporations								
120	Other assets	405,532				6,994,352	132,750		

TEMPLATE EU AE2: COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	**351,517**	**351,517**	**239,495**	**239,495**
140	Loans on demand				
150	Equity instruments				
160	Debt securities	351,517	351,517	239,495	239,495
170	of which: covered bonds				
180	of which: securitasations				
190	of which: issued by general governments	351,517	351,517	239,495	239,495
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	**Own debt securities issued other than own covered bonds or securitisation**				
241	**Own covered bonds and securitisation issued and not yet pledged**				
250	**Total collateral received and own debt securities issued**	**2,764,419**	**2,358,887**		

TEMPLATE EU AE3: SOURCES OF ENCUMBRANCE

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitizations encumbered
		010	030
010	Carrying amount of selected financial liabilities	2,817,116	2,758,333

Section 9 – Use of ECAIs (Article 444 CRR)

Qualitative disclosure

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.

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 Entity portfolio.

Below is the link between the risk classes and the ratings provided by the above agencies.

Credit quality step	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

It should be noted that the Banking Group's exposures refer to exposures to counterparties belonging to the Public Administration or to healthcare companies in the countries where the Group operates.

Quantitative disclosure

TEMPLATE EU CR4 – STANDARDIZED APPROACH: CREDIT RISK EXPOSURE AND CRM EFFECTS

Exposure classes		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWA density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	5,927,075		5,929,976		24,501	0.41%
2	Non-central government public sector entities	806,697	85,319	802,144	18,200	275,234	
EU 2a	Regional government or local authorities	275,118	16	274,677	6	47,768	17.39%
EU 2b	Public sector entities	531,579	85,302	527,467	18,193	227,466	41.69%
3	Multilateral development banks						
EU 3a	International organizations						
4	Institutions	461,206		461,206		57,120	12.38%
5	Covered bonds						
6	Corporates	207,615	416,829	211,728	10,507	201,832	90.82%
6.1	of which specialized funding						
7	Subordinated debt exposures and equity	174,330		174,330		72,815	
EU 7a	Subordinated debt exposures	7,290		7,290		10,934	
EU 7b	Equity	167,041		167,041		61,880	37.05%
8	Retail	3,753	1,869	3,753	586	3,130	72.12%
9	Secured by mortgages on immovable property and ADC exposures						
9.1	Secured by mortgages on residential immovable property – non-IPRE						
9.2	Secured by mortgages on residential immovable property – IPRE						
9.3	Secured by mortgages on commercial immovable property – non-IPRE						
9.4	Secured by mortgages on commercial immovable property – IPRE						
9.5	Acquisition, development and construction (ADC)						
10	Exposures in default	3,073,296	54,977	3,070,836	21,894	4,596,922	148.64%
EU 10a	Claims on institutions and corporates with a short-term credit assessment						
EU 10b	Collective investment undertakings	175,052	26,073	175,052	10,429	83,026	
EU 10c	Other items	311,767		311,767		314,465	100.87%
11	not applicable						
12	**TOTAL**	**11,140,793**	**585,067**	**11,140,793**	**61,616**	**5,629,045**	**50.25%**

TEMPLATE EU CR5: STANDARDIZED APPROACH

	Exposure classes	Risk weight						
		0%	2%	4%	10%	20%	30%	35%
		a	b	c	d	e	f	g
1	Central governments or central banks	5,942,254			(28,723)			
2	Non-central government public sector entities	73,637				329,809		
EU 2a	Regional government or local authorities	35,842				238,842		
EU 2b	Public sector entities	37,795				90,967		
3	Multilateral development banks							
EU 3a	International organizations							
4	Institutions		233,713			213,641		
5	Covered bonds							
6	Corporates	800				24,268		
6.1	of which specialized funding							
7	Subordinated debt exposures and equity	125,000						
EU 7a	Subordinated debt exposures							
EU 7b	Equity	125,000						
8	Retail exposures							
9	Secured by mortgages on immovable property and ADC exposures							
9.1	Secured by mortgages on residential immovable property – non-IPRE							
9.1.1	No loan splitting applied							
9.1.2	loan splitting applied (secured)							
9.1.3	loan splitting applied (unsecured)							
9.2	Secured by mortgages on residential immovable property – IPRE							
9.3	Secured by mortgages on commercial immovable propert – non-IPRE							
9.3.1	No loan splitting applied							
9.3.2	loan splitting applied (secured)							
9.3.3	loan splitting applied (unsecured)							
9.4	Secured by mortgages on commercial immovable property – IPRE							
9.5	Acquisition, development and construction (ADC)							
10	Exposures in default							
EU 10a	Claims on institutions and corporates with a short-term credit assessment							
EU 10b	Collective investment undertakings (UCIs)	81,909				4,613		
EU 10c	Other items	(28,548)			28,723			
11	not applicable							
12	**Total at 12/31/2025**	**6,195,052**	**233,713**			**572,331**		

Exposure classes		Risk weight						
		40%	45%	50%	60%	70%	75%	80%
		h	i	j	k	l	m	n
1	Central governments or central banks							
2	Non-central government public sector entities			415,251				
EU 2a	Regional government or local authorities							
EU 2b	Public sector entities			415,251				
3	Multilateral development banks							
EU 3a	International organizations							
4	Institutions			11,061				
5	Covered bonds							
6	Corporates			728				
6.1	of which specialized funding							
7	Subordinated debt exposures and equity							
EU 7a	Subordinated debt exposures							
EU 7b	Equity							
8	Retail exposures						4,339	
9	Secured by mortgages on immovable property and ADC exposures							
9.1	Secured by mortgages on residential immovable property – non-IPRE							
9.1.1	No loan splitting applied							
9.1.2	loan splitting applied (secured)							
9.1.3	loan splitting applied (unsecured)							
9.2	Secured by mortgages on residential immovable property – IPRE							
9.3	Secured by mortgages on commercial immovable propert – non-IPRE							
9.3.1	No loan splitting applied							
9.3.2	loan splitting applied (secured)							
9.3.3	loan splitting applied (unsecured)							
9.4	Secured by mortgages on commercial immovable property – IPRE							
9.5	Acquisition, development and construction (ADC)							
10	Exposures in default							
EU 10a	Claims on institutions and corporates with a short-term credit assessment							
EU 10b	Collective investment undertakings (UCIs)			35,348			22,949	
EU 10c	Other items							
11	not applicable							
12	**Total at 12/31/2025**			**462,389**			**27,289**	

Exposure classes		Risk weight						
		90%	100%	105%	110%	130%	150%	250%
		o	p	q	r	s	t	u
1	Central governments or central banks		9,158					7,286
2	Non-central government public sector entities		1,647					
EU 2a	Regional government or local authorities							
EU 2b	Public sector entities		1,647					
3	Multilateral development banks							
EU 3a	International organizations							
4	Institutions						2,791	
5	Covered bonds							
6	Corporates		196,075				363	
6.1	of which specialized funding							
7	Subordinated debt exposures and equity		28,814				7,290	13,227
EU 7a	Subordinated debt exposures						7,290	
EU 7b	Equity		28,814					13,227
8	Retail exposures							
9	Secured by mortgages on immovable property and ADC exposures							
9.1	Secured by mortgages on residential immovable property – non-IPRE							
9.1.1	No loan splitting applied							
9.1.2	loan splitting applied (secured)							
9.1.3	loan splitting applied (unsecured)							
9.2	Secured by mortgages on residential immovable property – IPRE							
9.3	Secured by mortgages on commercial immovable propert – non-IPRE							
9.3.1	No loan splitting applied							
9.3.2	loan splitting applied (secured)							
9.3.3	loan splitting applied (unsecured)							
9.4	Secured by mortgages on commercial immovable property – IPRE							
9.5	Acquisition, development and construction (ADC)							
10	Exposures in default		84,347				3,008,383	
EU 10a	Claims on institutions and corporates with a short-term credit assessment							
EU 10b	Collective investment undertakings (UCIs)		14,821				15,236	
EU 10c	Other items		311,593					
11	not applicable							
12	**Total at 12/31/2025**		**646,455**				**3,034,064**	**20,513**

Exposure classes		Risk weight					
		370%	400%	1250%	Others	Total	Of which unrated
		v	w	x	y	z	aa
1	Central governments or central banks					5,929,976	285,899
2	Non-central government public sector entities					820,344	214,814
EU 2a	Regional government or local authorities					274,684	133,245
EU 2b	Public sector entities					545,660	81,568
3	Multilateral development banks						
EU 3a	International organizations						
4	Institutions					461,206	461,206
5	Covered bonds						
6	Corporates					222,235	192,258
6.1	of which specialized funding						
7	Subordinated debt exposures and equity					174,330	48,885
EU 7a	Subordinated debt exposures					7,290	7,290
EU 7b	Equity					167,041	41,595
8	Retail exposures					4,339	4,339
9	Secured by mortgages on immovable property and ADC exposures						
9.1	Secured by mortgages on residential immovable property – non-IPRE						
9.1.1	No loan splitting applied						
9.1.2	loan splitting applied (secured)						
9.1.3	loan splitting applied (unsecured)						
9.2	Secured by mortgages on residential immovable property – IPRE						
9.3	Secured by mortgages on commercial immovable propert – non-IPRE						
9.3.1	No loan splitting applied						
9.3.2	loan splitting applied (secured)						
9.3.3	loan splitting applied (unsecured)						
9.4	Secured by mortgages on commercial immovable property – IPRE						
9.5	Acquisition, development and construction (ADC)						
10	Exposures in default					3,092,730	790,386
EU 10a	Claims on institutions and corporates with a short-term credit assessment						
EU 10b	Collective investment undertakings (UCIs)			175	10,429	185,482	
EU 10c	Other items					311,767	249,540
11	not applicable						
12	Total at 12/31/2025			175	10,429	11,202,409	2,247,327

Section 10 – Exposure to market risk (Article 445 CRR)

MARKET RISKS

Qualitative disclosure

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 accordance with Part Three, Title IV, Chapter 2 of the CRR.

The Bank has a transaction in place for the purchase and resale of tax credits, included in the trading portfolio in accordance with provisions in the Bank of Italy's clarification note of July 24, 2023. This activity generally involves the Bank purchasing Tax Credits from third parties for the purpose of resale to an already identified purchasing company with which it has previously entered into a special framework agreement for the sale of such tax credits.

For positions not yet sold and therefore present in the Bank's trading book, the capital absorptions for market risk were calculated in line with the "Standard" approach, which were partially offset by the related sale agreements, if any, which were treated as OTC derivative contracts (for details, see section 5 – Exposure to counterparty risk).

Quantitative disclosure

As at December 31, 2025, there were positions generating market risk mainly deriving from the trading in tax credits described above, for an absorption for market risk amounting to approximately €0.1 million.

EXCHANGE RISK

Qualitative disclosure

Exchange rate risk is represented by the Banking Group's exposure to fluctuations in currency exchange rates, considering positions in foreign currency as well as those with indexation clauses linked to the exchange rate trends of a given currency.

The Group thus manages and monitors the risk of fluctuations in such exchange rates. The Group has a specific internal regulation for the management of exchange risk referring to exposures arising from the management of assets, funding transactions, the purchase or sale of financial instruments in foreign currency, and any other type of transaction in a currency other than the reference currency.

Specifically, the Group mitigates foreign exchange risk primarily by using derivative instruments, forex swaps.

Exposure to currency risk – determined on the basis of the net foreign exchange position using a method based on the supervisory regulations – is only permitted within very strict maximum overall exposure and VaR limits – and is monitored in real time by the Finance and Administration Department and managed in compliance with the limits established by specific internal rules.

Currency risk is mitigated by using linear derivative instruments lacking optional components, such as currency swaps, which allow the Group to have an optimized management of its inflows and outflows in currencies other than the euro, in which the Group operates also through its subsidiaries, funded by intragroup finance solutions in currencies such as the Zloty and the Czech Koruna.

Quantitative disclosure

The portfolio of Group assets is also expressed in currencies other than the euro; as a result a methodology for the measurement and management of this risk has been adopted. Exchange risk is monitored by the Risk Management Function, in line with the requirements of European regulations (Regulation (EU) No 575/2013 - CRR).

TEMPLATE EU MR1: MARKET RISK UNDER THE STANDARDIZED APPROACH

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	1,454
2	Equity risk (general and specific)	4
3	Exchange risk	
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus approach	
7	Scenario approach	
8	**Securitization (specific risk)**	
9	**Total**	**1,458**

TEMPLATE EU PV1: PRUDENT VALUATION ADJUSTMENTS (PVA)

Category level AVA		a	b	c	d	e
		Risk category				
		Equity instruments	Interest rates	Foreign exchange	Credit	Commodities
1	Market price uncertainty					
3	Close-out cost					
4	Concentrated positions					
5	Early termination					
6	Model risk					
7	Operational risk					
10	Future administrative costs					
12	**Total Additional Valuation Adjustments (AVAs)**					

		EU e1	EU e2	f	g	h
Category level AVA		Category level AVA - Valuation uncertainty		Total category level post-diversification		
		Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty					
3	Close-out cost					
4	Concentrated positions					
5	Early termination					
6	Model risk					
7	Operational risk					
10	Future administrative costs					
12	**Total Additional Valuation Adjustments (AVAs)**			**349**		

Section 11 – Operational risk (Article 446 CRR)

Qualitative disclosure

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.

In the BFF 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 is “combined", i.e. it is based on both qualitative assessments, linked to the mapping of processes, activities at risk and the related controls in place, and quantitative assessments, using the methodologies indicated by banking regulations and sector best practices.

In this regard, the BFF Banking Group adopts an operational risk management framework founded on the following two main processes: the Risk Self Assessment ("RSA") and Loss Data Collection ("LDC").

As regards the Risk Self Assessment (RSA), with reference to the Group parameter, 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.

The Risk Self Assessment approach is of particular relevance with reference to the numerical assessment of the frequency and impact components of prospective risk. In particular, these components are:

- expected frequency of occurrence of events potentially generating operational losses;
- "typical" loss impact, which represents an estimate of the potential losses resulting from the occurrence of the single risk event under normal operating conditions;
- "worst case" impact, which represents the economic impact resulting from the occurrence of the single loss event, assuming a scenario of extreme but plausible severity in light of the factors of the operational context and the effectiveness of the internal control systems.

Operational risks are identified based on business processes, considering the classification of loss events ("Event Type" or "ET") defined in accordance with the relevant supervisory provisions. In particular, to identify operational risks, reference is made to the specific taxonomies adopted by the Group relating to:

- the types of risk events that may generate operational losses;
- the organizational processes exposed to operational risk events;
- risk factors inside or outside the Group, at the origin of the occurrence of the harmful event, direct or indirect;
- the business lines defined by the Supervisory Authority in which the operational loss event may take place.

Both the catalogue of operational risk events and of organizational processes have been defined at Group level in compliance with the supervisory provisions.

After identifying the main risks within the business processes, the process owner analyzes and evaluates them through a quantitative estimate of the frequency and the relative economic loss (typical and worst case) in terms of potential.

The formulation of the estimates for each scenario subject to assessment by the assessors is supported by numerical scales provided by the Risk Management Function and constructed on the basis of benchmark data. In particular, the following have been provided:

- a scale supporting the estimate of expected frequency values, expressed in “number of annual events”;
- an economic scale consisting of seven loss ranges, supporting typical and worst-case potential loss estimates.

The estimates take into account the factors of the internal context, in particular the potential causes triggering the risk (so-called "Risk Factors"), the reference business processes, as well as the internal control system and related developments already planned. In this sense, the process leads to an estimate of “residual risk”.

The results obtained from the prospective assessment of operational risks are then used to quantify internal capital in relation to operational risks through the development of a scenario-based Loss Distribution Approach ("LDA") model.

As for Loss Data Collection, this activity involves collecting operating losses, i.e. the amount of the economic effect generated by an operational event, caused by one or more risk factors. The information collected is part of a relationship between different entities, or risk event, risk factor and economic effect. Each operating loss is therefore classified based on event type, underlying risk factor(s) and the resulting economic effect.

In addition, as part of the measures put in place with reference to exposure to operational risk, the Group also monitors the following specific risks, considered either as operational risks or as second-pillar risks.

- The risk of money laundering and terrorist financing, i.e. the current or prospective risk of losses deriving from the repercussions, including reputational, of money laundering and terrorist financing activities.

  For the Group, this mainly refers to 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.
- The 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 conduct risk, i.e. the current or prospective risk of losses resulting from an inappropriate offer of financial services and the resulting procedural costs, including cases of intentionally inappropriate or negligent conduct (e.g. internal fraud).

  Within the operational risk management framework, the Group monitors and oversees conduct risk, evaluating it as part of the RSA process.

  The Group's processes and internal regulations are drawn up to discourage, among other things, improper business practices, and to avoid market abuse and insider trading or internal wrongdoings by employees.

  The design of new products or entry into a new market is overseen within the RAF by a specific process involving the corporate control functions.

In addition, 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, information security and payment services.

With the entry into force of CRR III on January 1, 2025, the basic approach was replaced by the business indicator component calculated in accordance with Article 313 of Regulation (EU) No 575/2013. In particular, the BI – expressed in € billion – is calculated as the sum of the three-year average of the following three components:

- 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.

Depending on the size of the Business Indicator, step-specific coefficients are applied in order to obtain the Business Indicator Component (BIC), which forms the basis for determining the capital requirement.

$$BIC = \begin{cases} 0.12 \times BI, & \text{if } BI \leq 1 \\ 0.12 + 0.15 \times (BI - 1), & \text{if } 1 < BI \leq 30 \\ 4.47 + 0.18 \times (BI - 30), & \text{if } BI > 30 \end{cases}$$

Quantitative disclosure

Based on the above methodology, the capital requirement for operational risk for the Group, as at December 31, 2025, was equal to €53,897 thousand.

TEMPLATE EU OR2: BUSINESS INDICATOR, COMPONENTS AND SUBCOMPONENTS

BI and its subcomponents		a	b	c	d
		12/31/2025	12/31/2024	12/31/2023	Average value
1	Interest, lease and dividend component (ILDC)				263,312
EU 1	ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(3)				263,312
1a	Interest and lease income				
1b	Interest and lease expense				
1c	Total assets/asset component				
1d	Dividend income/dividend component				
2	Services component (SC)				167,368
2a	Fee and commission income				
2b	Fee and commission expense				
2c	Other operating income				
2d	Other operating expenses				
3	Financial component (FC)				18,461
3a	Net profit or net loss applicable to the trading book (TB)				
3b	Net profit or net loss applicable to the banking book (BB)				
EU 3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)				Accounting approach
4	Business indicator (BI)				449,142
5	Business indicator component (BIC)				53,897

BI disclosure:		a
6a	BI gross of excluded divested activities	449,142
6b	Reduction in the BI due to excluded divested activities	
EU 6c	Impact in BI of mergers/acquisitions	

TEMPLATE EU OR3 - OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK EXPOSURE AMOUNTS

		a
1	Business indicator component (BIC)	53,897
EU 1	Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)	
2	*Not applicable*	
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	53,897
4	Operational Risk Exposure Amounts (REA)	673,713

Section 12 – Exposures in equity instruments not included in the trading book (Article 447 CRR)

Qualitative information

At December 31, 2025, BFF Bank holds equity exposures in the following portfolios:

Financial assets subject to obligatory measurement at fair value through profit or loss

Financial assets with obligatory fair value measurement are 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 mandatorily measured at fair value through profit or loss are initially recognized at fair value, normally presented by the price of the transaction, without considering the costs or income of the transaction directly attributable to the instrument itself.
Subsequent to initial recognition, they are always measured at fair value. The effects of applying this measurement criterion are charged to the income statement.
Finally, they are derecognized if and only if disposal entails the substantial transfer of all the related risks and benefits.

This portfolio, in the prudential consolidation, mainly includes €174.8 million in closed UCI units reserved to professional investors. The value of these shares has been updated to the latest available NAV made available to these funds. This portfolio also includes the value of the notes issued by the securitization vehicle Dioniso SPV, which the Parent Company subscribed to in 2024, amounting to €5.1 million.

Financial assets measured at fair value through other comprehensive income

According to IFRS 9, a financial asset is included in the category if both of the following conditions are met:

a) 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

b) 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 instruments, which cannot be qualified as controlling, associated or jointly controlled and which are not held for trading, for which the option for designation at fair value through other comprehensive income has been exercised.

In addition, equity instruments for which the Bank has decided to use the FVOCI (Fair Value through Other Comprehensive Income) option are also measured at fair value through OCI. The FVOCI option provides for the recognition in OCI of all income components relating to these instruments, without any impact (even in the event of disposals) on profit or loss.

The initial recognition of these financial assets takes place on the date of settlement for debt and equity instruments.
On initial recognition, the assets are measured at fair value, including transaction costs or income directly attributable to the instrument.

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 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 recorded in Valuation reserves until the financial asset is disposed of, at which time the cumulative gains and losses are recorded in the Income statement under item 100 "Gains (losses) on disposal or repurchase of: b) financial assets measured at fair value through profit or loss".

Fair value changes recognized under item 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 information needed fair value measurement, are measured at the last reliably measured fair value.

Equity instruments that were classified in this category are measured 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.

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.

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.

Financial assets measured at fair value through other comprehensive income include:

- the investment in the Bank of Italy equal to €125 million acquired as it has all the characteristics of solidity and profitability consistent with the bank's long-term investment strategy;
- a share in the listed company "General Finance S.p.A." measured at fair value as at December 31, 2025 at €21,486 thousand;
- Visa Class C shares equal to €416 thousand, unlisted, the fair value of which is determined by comparison with Visa Series A listed shares (according to the conversion plan defined in 2016 on the occasion of the integration with Visa Europe);
- a share in the listed company "Analysis S.p.A." measured at fair value as at December 31, 2025 at €1,980 thousand;
- other minor investments worth approximately €2,837 thousand.

Equity investments

Investments in joint ventures and associates are recorded in the consolidated financial statements at cost, equal to the fair value of the consideration paid, adjusted for impairment.

This item includes interests in joint ventures and associates. Companies are considered joint ventures if control is shared between the Group and one or more other parties on a contractual basis or when the unanimous consent of all the parties who share control is necessary for decisions concerning significant activities. Companies in which the Parent 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.

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.

The equity investments include two law firms in which BFF Polska is a limited partner, and an associated law firm in Italy, in which BFF has a minority share of 33%, as well as the equity investment in Unione Fiduciaria equal to 24% of the voting rights. Note that the aforementioned investments are consolidated using the equity method (and not in full).

Quantitative information

Items	Figures at December 31, 2025				Impairment
	Carrying amount		Fair value		
	Level 1	Level 2/3	Level 1	Level 2/3	
20c Financial assets subject to mandatory fair value measurement		179,885		179,885	
30 Financial assets measured at fair value through other comprehensive income	21,931	129,787	21,931	129,787	
70 Equity investments		15,323		15,323	

Items	Figures at December 31, 2025					
	Realized profits/losses and impairment		Unrealized capital gains/losses recognized in the statement of financial position		Unrealized capital gains/losses included in Tier 1/Additional Tier 1 capital	
	Profits	Loss	Capital gains	Capital losses	Capital gains	Capital losses
20c Financial assets subject to mandatory fair value measurement				6,239		
30 Financial assets measured at fair value through other comprehensive income						
70 Equity investments						

Section 13 – Exposure to interest rate risk on positions not included in the trading book (Article 448 CRR)

Qualitative disclosure

General aspects, management procedures and measurement methods for interest rate 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 arising from options (integrated and explicit), in which the Bank or its counterparty can change the level and timing of its cash flows. This risk covers both so-called automatic integrated or explicit options, in which the option holder will exercise the option if this is in its financial interest, and so-called behavioral integrated options, in cases where changes in interest rates may affect the customer's behavior with respect to the exercise of the 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 (and, in particular, the net interest income). Specifically, it

- 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.

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).

To measure the Group's exposure to interest rate risk, the Bank has chosen to use the standardized approach (S-SA) as a basis, as described in Regulation (EU) 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 of Regulation (EU) 856/2023 to determine the internal capital, considering the worst-case scenario. 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 that which is set forth in the EBA Guidelines EBA/GL/2022/14, the Bank performs the appropriate analyses to quantify and monitor 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.

The CSRBB does not include the effect of changes in credit quality during the observation period (e.g. downgrading/ increasing the rating category of a specific counterparty or a specific instrument, considered as migration risk), as the deterioration of an institution's credit quality should not have any positive impact on the credit spread risk measure, and excludes impaired exposures.

The regulations stipulate that no type of instrument in the banking book should be excluded beforehand from the scope of asset and liability items to be included for CSRBB valuation, regardless of its accounting treatment. Any potential exclusion of instruments from the relevant scope should be adequately documented and justified.

The definition of the size and shape of the various spread shocks to be used for the internal calculations of the CSRBB is instead the responsibility of the Bank, based on the characteristics of its banking book assets and liabilities.

Fair value hedging activities

As at December 31, 2025, the BFF Banking Group had no interest rate swaps in place for interest rate risk hedging purposes, as the Group's interest rate risk mitigation is achieved through natural hedging.

Cash flow hedging activity

At December 31, 2025, the BFF Banking Group had no derivative contract in place intended to offset the potential losses associated with specific types of risks.

Quantitative information

The table below illustrates the interest rate risk exposure of the BFF Group, considering the shocks defined by the EBA, as at June 30 and December 31, 2025.

TEMPLATE EU IRRBB1 – INTEREST RATE RISKS OF NON-TRADING BOOK ACTIVITIES

Supervisory shock scenarios		a	b	c	d
		Changes in the economic value of own capital		Changes in net interest income	
		12/31/2025	06/30/2025	12/31/2025	06/30/2025
1	Parallel up	(42,226)	(38,748)	(21,599)	(27,379)
2	Parallel down	6,450	5,461	2,156	10,736
3	Steepener	4,205	1,619		
4	Flattener	(25,068)	(19,712)		
5	Short rates up	(35,881)	(30,747)		
6	Short rates down	5,214	2,846		

As at December 31, 2025 the greatest impact in relation to Tier 1 was obtained by applying the parallel up shock, with a value that reaches 5.40%, well below the regulatory threshold of 15%.

Section 14 – Exposure to securitization positions (Article 449 CRR)

Disclosure on the transaction with "TeamSystem S.p.A. – Invoice Trading PA."

Qualitative information

Strategies, processes and objectives

In 2023, the Parent Company BFF has initiated a project with its partner TeamSystem S.p.A. to extend its operations to small and medium-sized enterprises through a digital invoice trading platform.

The Parent 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 securities issued by the "SPV Project 2214 S.r.l." securitization vehicle, the underlying assets of which are represented by PA/NHS receivables acquired from assignor companies.

During the last quarter of 2025, 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.

Transaction details

BFF subscribed units of the fund on July 11, 2023; subsequently, its operations began, with the acquisition of the first invoice and the issue of notes by the vehicle in early September 2023.

The securitization transaction was carried out through the vehicle established by Zenith Service S.p.A., which acquires trade receivables owed from PA and NHS entities and issues notes on the basis of Italian legislation, Italian Legislative Decree 130/99, in partly paid mode. TeamSystem Capital at Work SGR S.p.A. has taken on the role of Portfolio Manager in the transaction structure, and in particular has been made responsible for verifying the consistency between the Fund Investment Policy and the individual PA Receivables that will be acquired as part of the securitization transaction.

At consolidated level, the vehicle falls within the accounting scope of consolidation of the BFF Banking Group, but not the prudential scope of consolidation, in accordance with the provisions of Article 19(1) CRR.

Description of the risk profile

Investment in the Fund entailed a degree of risk typical of investments in an AIF, primarily connected to possible changes in the value and profitability of the assets in which the Fund has invested.

To mitigate the risk connected to the investment, the fund's Investment Policy and the investment limits set forth in the Fund Regulation have been carefully assessed.

Quantitative information

Type of financial instruments held

During 2025, the BFF Banking Group had no direct exposures to securitization.

Disclosure of the transaction "Dioniso – Fire S.p.A."

The Parent Company BFF has a partnership with Fire S.p.A., for investment in a securitization aimed at purchasing portfolios of loans classified as defaulting.

The purchase concerns portfolios of loans classified as defaulting originated by banks or consumer credit companies arising from loans in any form granted by these entities or from the assignment of loans of this type made in the context of securitization transactions. Fire is the Special Servicer, while Centotrenta Servicing is the Master Servicer. The SPV ex lege 130 acquired the loans in question, placing them in a sub-fund called "NPLs". The notes issued were purchased by BFF and Fire as follows:

- BFF: 100% of senior notes and 5% of junior;
- Fire 95% of junior notes.

It should be noted that BFF acts as the sponsor of the transaction.

In general, purchased NPE loans meet the requirements of Article 269 bis of Regulation (EU) No 575/2013 (the "CRR"), regarding the weighting of loans, which allows for a 100% weighting of the Senior Note in the case that securitized loans are purchased at a discount of not less than 50%.

Quantitative information

EU SEC1 TEMPLATE: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK

		h	i	j	k
		The institution acts as Sponsor			
		Traditional		Synthetic	Partial total
		STS	Non-STS		
1	**Total exposures**		**5,104**		**5,104**
2	Retail (total)		4,216		4,216
3	Residential mortgage		1,158		1,158
4	Credit cards				-
5	Other retail exposures		3,058		3,058
6	Re-securitization				
7	Wholesale (total)		888		888
8	Loans to corporates				
9	Commercial mortgage		888		888
10	Lease and receivables				
11	Other wholesale				
12	Re-securitization				

EU SEC3 TEMPLATE - EXPOSURES TO SECURITIZATION POSITIONS IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS: INSTITUTION ACTING AS ORIGINATOR OR SPONSOR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values by RW bands/deductions					Exposure values (by regulatory method)				RWEA (by the regulatory method)				Capital requirement cap			
		≤20% RW	from >20% to 50% RW	from >50% to 100% RW	from >100% to <1250% RW	1250% RW / deduction	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1	**Total exposures**			5,019		85			5,019	85			**5,019**	**1,067**			**402**	**85**
2	Traditional transactions			5,019		85			5,019	85			5,019	1,067			402	85
3	Securitizations			5,019		85			5,019	85			5,019	1,067			402	85
4	Retail			4,146		71												
5	of which STS																	
6	Wholesale			873		15												
7	of which STS																	
8	Re-securitizations																	
9	Synthetic transactions																	
10	Securitizations																	
11	Retail underlying																	
12	Wholesale																	
13	Re-securitizations																	

Section 15 – Remuneration policy (Article 450 CRR)

Qualitative disclosure

The implementation of the 2025 Remuneration and Incentive Policy took into account the measures imposed by the Supervisory Authority on April 29, 2024, which provided for the suspension of variable remuneration until November 2, 2025.

While the ban was in place, Bank did not allocate or disburse variable components, without prejudice to previous years.

During the year, qualitative and quantitative performance drivers were defined for the MBO system, assigned exclusively for management and monitoring purposes, without resulting in variable remuneration rights or payment expectations.

Following the removal of the restrictions on November 2, 2025, the Bank proceeded, in accordance with the current Policy and after verifying the applicable regulatory conditions:

- to convert the performance drivers into relevant objectives for the purposes of the incentive systems;
- at the start of the variable remuneration systems, including the allocation of the first tranche of the Medium-Long-Term Incentive Plan (2025 LTI), also in favor of the previous Chief Executive Officer Massimiliano Belingheri.

With reference to the 2025 financial year, failure to pass the capital access condition (TCR) resulted in the absence of the accrual and payment of any component of variable remuneration, both up-front and deferred, for all personnel.

Therefore, no variable remuneration was recognized or paid for the 2025 financial year, in line with the quantitative information reported in the REM tables.

Definition of the Remuneration Policy

The Remuneration and Incentive Policy (also the "Policy") of the BFF Banking Group in force in 2025 was approved by the Shareholders' Meeting (also the "Meeting") on April 17, 2025.

The Remuneration Policy was defined and implemented with the aim of ensuring remuneration systems consistent with the Group's values, strategies and long-term objectives, linked to risk-adjusted results and capital and liquidity levels.

In defining its Remuneration and Incentive Policy, the Bank was assisted by external consultants such as Sodali (for engagement activities), Mercer (for benchmark analyses), as well as the PedersoliGattai Law Firm and PwC Italy for regulated aspects and for the drafting of the Policy.

The definitions contained in the 2025 Remuneration and Incentive Policy approved by the Shareholders' Meeting on April 17, 2025, available on the Bank's website, apply herein.

The Policy applies to the entire BFF Banking Group, including subsidiaries and any foreign branches, in compliance with applicable local regulations.

The Group identifies key Personnel (Risk Takers), whose activities have a significant impact on the risk profile of the institution, in accordance with the criteria established by the Supervisory Provisions.

Governance of the remuneration system

The Group has set up a governance process that involves the following bodies:

Board of Directors

The Board prepares, submits to the Shareholders' Meeting and reviews, at least annually, the Policy, and is responsible for its correct implementation, ensuring that it is adequately documented and accessible to Staff.

Approves, in line with the Policy, the remuneration and incentive systems, both short and medium-long term, for the BoD's Personnel. It also approves, on the proposal of the Remuneration Committee, the entire remuneration package of the Chief Executive Officer, including any allocation of stock options or other long-term incentive instruments.

Ensures that remuneration and incentive systems are consistent with the Group's overall choices in terms of risk-taking, strategies, long-term targets, governance structure and internal controls;

Remuneration Committee

This Committee has fact-finding, advisory and proposal functions supporting the Board of Directors in remuneration and staff incentive policies, as well as monitoring areas under its responsibility. It comprises three non-executive members of the Board of Directors, at least two of whom are independent.

For a detailed description of the assigned functions, see section 1.4 of the Remuneration Policy.

For a detailed description of the functions carried out during 2025 and the relative breakdown, please refer to section 2.9 of the Report on remuneration paid for 2025.

Control and Risks Committee

This Committee also has the function of ensuring that the incentives underlying the Group's remuneration system are consistent with the maximum levels of risk that the Group intends undertaking. Coordinating with the Remuneration Committee, and assisted by the Risk Management Function, it assesses whether the incentive systems are consistent with the RAF.

During the 2025 financial year, the Policy was reviewed in the light of the regulatory and prudential context, with particular reference to the measures imposed by the Supervisory Authority.

Identification of the "most significant personnel"

The Policy is based on a system of classification of company roles consistent with the definition of Key Personnel established by the Group. In particular, the Group identifies Risk Takers by means of an assessment process performed at least once a year – entrusted to the Board of Directors, with the support of the Human Resources and Organizational Development Function, the Regulation and Processes BU and the Risk Management Function – and conducted on the basis of the criteria laid down by the Supervisory Provisions. Therefore, taking into account the levels of autonomy among the various roles and their impact on the business, the Board of Directors identifies the Risk Takers by means of a specific resolution, subject to prior assessment by the Human Resources and Organizational Development Function with the support of the Risk Management, and Compliance and AML Functions, after hearing the opinion of the Remuneration Committee.

In addition, whenever the Bank or one of its Subsidiaries enters into a new employment and/or collaboration contract, the Human Resources and Organizational Development Function carries out an assessment to verify whether the person in question falls within the Risk Taker category.

Remuneration components

The remuneration structure consists of:

- Fixed remuneration, determined according to role, skills and experience;
- Variable remuneration, divided into:
  - the short-term component (MBO);
  - the medium-long term component (LTI).

The recognition of variable remuneration is subject to compliance with the access conditions relating to:

- LCR ≥ *risk tolerance*
- TCR ≥ *risk tolerance*
- Positive *Risk Adjusted* EBTDA

Failure to comply with even one condition will result in zero variable remuneration.

The variable components are also subject to:

- deferral mechanisms;
- a balance between monetary and financial instruments;
- retention periods;
- (ex-post correction mechanisms (Malus and Clawback);

The ratio between the fixed and variable components is defined in compliance with the regulations in force, with a maximum limit generally equal to 2:1 for Risk Takers, except for more restrictive limits for specific categories (in particular control functions).

Corporate Bodies

The Directors:

- receive the compensation set by the Shareholders' Meeting as well as a reimbursement of costs incurred during the performance of their duties;
- for persons holding the position of Chair of Committees and for the Committee members, additional remuneration may be determined by the Board of Directors pursuant to Article 2389, third paragraph, of the Italian Civil Code;
- have a civil liability insurance policy, the cost of which is paid by the Bank.

Except as provided for the Chief Executive Officer (and any executive directors), in no case are the Directors entitled to Variable Remuneration.

<u>The Chair of the Board of Directors</u> receives Fixed Remuneration established by the Board of Directors in accordance with Article 2389, paragraph 3 of the Italian Civil Code determined ex ante and consistent with the role assigned, the size and organizational complexity of the Bank and market practices and benchmarks.

<u>The Chief Executive Officer receives</u>:

- fixed remuneration, consisting of compensation in accordance with Article 2389, third paragraph, and a benefits package, determined by the Board of Directors;
- short-term variable remuneration ("MBO") whose maximum opportunity is equal to 130% of the Fixed Remuneration (excluding Benefits) and is linked to the achievement of quantitative and qualitative performance indicators, defined within an individual scorecard.
  Short-term variable remuneration is recognized exclusively upon the achievement of the access conditions (entry gate) and is determined according to the level of attainment of the performance objectives.
  The short-term variable remuneration for the Chief Executive Officer is also conditional on achieving an $EBTDA^{RA}$ / Target $EBTDA^{RA}$ ratio of at least 100%.
  For details, see Section 5.1 of the 2025 Remuneration Policy;
- medium-to-long term variable remuneration (so-called long-term incentive plan) (see section 5.2 *Variable medium-/long-term system (LTI)*).
  This plan is subject to the achievement of objectives, in terms of overall value creation and also having regard to non-financial objectives, which are determined in line with the sector best market practices.
  The maximum allocation to this plan is the difference between (i) twice the Fixed Remuneration and (ii) the annual value of the MBO received by the Chief Executive Officer, the maximum of which is 100% of the Fixed Remuneration.
  It should be noted that the possible assignment of LTI instruments does not imply in any case the automatic recognition of an economic benefit, neither to the Chief Executive Officer nor to the other Risk Takers, as this recognition is subject to the achievement of the conditions and objectives envisaged by the plan;
- a golden parachute potentially payable to the Chief Executive Officer upon termination of office. Details are given in Section 5.4 of the Remuneration Policy ("Golden Parachute");
- a non-compete agreement stipulated to safeguard the Bank's competitiveness and its interests and those of its stakeholders over the medium to long term.

The Chief Executive Officer may receive additional elements of Variable Remuneration if related to performance with respect to objectives defined ex ante; the following shall apply to the aforementioned variable component:

- the limits established in Circular No. 285 in terms of the ratio between the fixed component and the variable component and the balance between cash and financial instruments;
- *ex-post adjustment mechanisms (Malus and Clawback).*

The above, with reference to variable remuneration, must be understood in accordance with the indications in the qualitative reporting of this Section and in the context of the Bank in the reporting year.

Board of Statutory Auditors

Members of the Board of Statutory Auditors:

- receive a fee set by the Shareholders' Meeting as well as a reimbursement of costs incurred during the performance of their duties;
- do not receive any variable remuneration component or pay linked to the results of the Bank or the Group;
- have a "civil liability" insurance policy, the cost of which is paid by the Bank.

Furthermore, the Chairperson of the Board of Statutory Auditors receives a higher compensation than that paid to the Statutory Auditors, also established by the Shareholders' Meeting.

Supervisory Body

Members of the Supervisory Body who are not Employees receive Fixed Remuneration set by the Board of Directors. The amount of the Fixed Remuneration is set based on market conditions and the responsibilities undertaken, guaranteeing the independence and autonomy of the function, and diligent performance of the appointment. These individuals cannot receive Variable Remuneration but have D&O insurance cover, and are reimbursed for expenses actually incurred for the exercise of their functions.

On the other hand, members of the Supervisory Body who are Employees do not receive any fee for the position, but only have D&O insurance cover and are reimbursed for expenses actually incurred for the exercise of their functions.

Other staff

Remuneration is established, as the case may be, by the Board of Directors (with reference to Senior Executives, the Executives reporting directly to the Chief Executive Officer and the Heads of the Control Functions), by the Chief Executive Officer or by persons delegated by them, in accordance with the Group Remuneration Policy and with the applicable contractual regulations (in particular, on the basis of the National Collective Bargaining Agreement for management and personnel of the professional areas of credit, financial and instrumental companies, and the National Collective Bargaining Agreement for executives of foreign credit, financial and instrumental companies and their counterparts in collective agreements).

Fixed Remuneration

Fixed Remuneration is related to the experience and professional skills of the individuals who work in the company, also based on the roles held, and includes, by definition, benefits. The fixed component of remuneration is determined on the basis of principles of equity, competitiveness, meritocracy and consistency over time.

Variable Remuneration

General principles

Annual variable remuneration is awarded and a correlation between risks and performance is made through a process which remunerates personnel in compliance with the risk profile defined by the Risk Appetite Framework (RAF), and with a view to business continuity and the sustainability of long-term results.

In particular, Variable Remuneration is paid subject to the following conditions: (i) liquidity coverage ratio (LCR), (ii) total capital ratio (TCR), at least equal to the level of "risk tolerance" approved by the Board of Directors, and defined within the RAF in force at the end of the year to which the incentive system refers, and (iii) risk-adjusted and cost-of-capital-adjusted positive return (Risk-Adjusted EBTDA, or RA EBTDA).

Variable Remuneration is also linked to various parameters consistent with the function of the specific instrument for the payment of the Variable Remuneration adopted (e.g. individual and/or Bank/Group performance, however measured, period of service, etc.). Guaranteed forms of Variable Remuneration are not allowed, except in exceptional cases, for the hiring of new Staff and only for the first year of employment or office (e.g. entry bonus).

The following, with reference to variable remuneration, must be understood in accordance with the indications in the qualitative reporting of this Section and in the context of the Bank in the reporting year.

The variable remuneration component is divided into various components, including:

Short-term Variable Remuneration ("MBO")

The Employee MBO is a formalized incentive system that provides for the possible disbursement of an incentive set at the gross annual remuneration, for the attainment of company and individual qualitative-quantitative objectives. The mix between quantitative and qualitative objectives is appropriately balanced according to the roles and responsibilities of entitled Employees. Where applicable, the MBO provides for retention mechanisms for all Employees, namely payment which is subject to the beneficiary still being employed by the Group.

As for the determination of the MBO, a first phase is envisaged during which, depending on the achievement of the individual objectives, the basic amount of the bonus is determined. Subsequently, in order to ascertain the liquidity of the MBO, the economic, capital, liquidity and positive profitability "gates" adjusted for risk and for the cost of capital (Risk-Adjusted EBTDA (or RA EBTDA) are verified.

Once the 3 gates have been complied with, the MBO of the Bank's Employees is then also calculated on the basis of two different multiplier mechanisms.

The first multiplier is the RA EBITDA / Target RA EBITDA. This multiplier may increase the MBO by up to 40% for Senior Executives, Executives and other senior managers of the Bank and up to 30% for the Bank's middle managers, officer staff, coordinator managers and professionals (excluding the Greek branch, (also "BFG"), and Portuguese branch (also "BFP"). This multiplier may also be decremental in the case of results below the Target RA EBTDA and will still allow the MBO to be disbursed for the categories of middle managers and employees, even if the Target RA EBTDA has not been reached.

The objective and multiplier related to the RA EBTDA / Target RA EBTDA ratio do not apply to:

a) Corporate Control Functions;

b) The Financial Reporting Officer;

c) Human Resources and Organizational Development.

A second multiplier is linked to Customer Satisfaction. This business performance indicator is formulated on the basis of a survey conducted by an external consultant, which may increase the MBO by up to a maximum of 9%. This indicator applies as a multiplier only incrementally.

The deferred portion and the deferral periods:

<u>The following, with reference to the deferred portions of variable remuneration, must be understood in accordance with the indications in the qualitative reporting of this Section and in the context of the Bank in the reporting year.</u>

With reference to future deferrals, the non-applicability of the above is not affected, being conditional on the achievement of the provided access conditions planned for the year in question.

For the Chief Executive Officer and the remaining Risk Takers the time horizon and percentage of the stock component is determined as follows:

(i) the deferral rates are 40% and 60% in the event of particularly high Variable Remuneration, for the Chief Executive Officer and the remaining members of Senior Management (see Section 6.2.1.3.);

(ii) the deferral periods are 4 years (5 years for particularly high Variable Remuneration) on a linear pro-rata basis, (i.e., 10% one year after the payment of the up-front portion, 10% in the second year, 10% in the third year, 10% in the fourth year). For beneficiaries of particularly high amounts of Variable Remuneration, the deferral is 5 years on a pro-rata linear basis (i.e. 12% one year after the payment of the upfront fee, 12% in the second year, 12% in the third year, 12% in the fourth year, 12% in the fifth year). The payment of deferred portions for Employees is subject to the beneficiary remaining in service at the date of payment, it being understood that, after three years of deferment, the beneficiary's right to payment will also vest for the subsequent deferred portions, regardless of any termination of employment.

In cases where the annual Variable Remuneration does not exceed €50,000 and does not represent more than one third of the total annual Remuneration (moderate remuneration), the bonus is subject to:

(i) for Risk Takers and for Employees with a minimum qualification of QD3 (third level executive), regardless of their qualification as Risk Takers, and for remaining Employees whose MBO target is at least equal to 26% of the RAL, a deferral period of two years for 30% of the Variable Remuneration.

(ii) For Risk Takers, a 50% portion in financial instruments with a retention period of 6 months.

For all matters not specifically provided, the same rules apply to moderate Variable Remuneration as for variable remuneration, including the ex-post correction mechanisms (Malus and Clawback).

The disbursement of deferred amounts to Employees is subject to the beneficiary remaining on staff at the payment date, without prejudice to the fact that, after three years of deferral have passed, beneficiaries will accrue the right to the payment of the subsequent deferred amounts as well, irrespective of whether they still work for the bank.

Company bonus

For employees of the Parent Company to whom the National Collective Bargaining Agreement applies for middle mangers and staff of the professional areas of credit, financial and instrumental companies, with the exception of managers, a corporate bonus ("VAP") is contemplated which provides for economic recognition in relation to the achievement of specific performance objectives of the Group.

The company bonus my be paid in cash, through company welfare goods and services on the basis of related supplementary agreements or through financial instruments.

Incentive Plans with Financial Instruments

As part of its remuneration and incentive policy and in compliance with applicable regulations, the Group adopts Incentives Plans with Financial Instruments (including 'phantom' plans, based on options and shares of the Bank, and Stock Option Plans based on the allocation of options that entitle the beneficiary to receive ordinary shares of the Bank).

These plans aim to:

- encourage Staff integration, making them share in the company's results;
- make Staff more aware about creating value for the Group and for shareholders;
- increase the retention capacity (maintenance of key resources) of Staff by decreasing the inclination of valuable professionals to resign from the Group;

- improve the Group's competitiveness on the labor market, making it more attractive for the best talents with the professionalism and skills suitable for the Group's needs;
- promote the sustainability of the Group in the medium and long term, and ensure that Variable Remuneration is based on the results actually achieved.

Other components

Additional components of Variable Remuneration are provided for, with respect to MBO bonuses, within the limits of the Policy and regulations in force from time to time, including sales bonuses.

The Sales Bonuses allocate a sum, for the achievement of both individual and corporate qualitative/quantitative objects, that support the attainment of the Bank's commercial and financial/capital objectives, taking into account the actual needs of customers and in line with their risk profile.

Forms of Variable Remuneration linked to Staff being in office at a certain date or a certain event (retention bonus) may be envisaged, if there are justified, documented reasons, in situations where it is important for the Bank to guarantee the stability of the relationship.

Specifically, when assessing the award of a retention bonus, the following are analyzed:

1) the possible risks to the company in the event of termination of the employment relationship or office of a given member of Staff;
2) the reasons why it is important for the company to retain the Staff member in question;
3) whether the amount of the retention bonus granted is necessary and proportionate to retain the Staff member concerned.

Golden parachutes

The golden parachutes are approved by the Board of Directors for Board-managed Staff, and by the Chief Executive Officer for other Staff.

The following are *golden parachutes*[7]:

i. the amounts recognized under a non-competition agreement;
ii. the amounts recognized under an agreement to settle an existing or potential dispute relating to (or with a view to) termination of employment or office, wherever it is reached;
iii. the indemnity for failure to give notice limited to the part exceeding the amount established by law.

Discretionary pension benefits

To date, there are no discretionary pension benefits for Personnel. However, Group companies, subject to the approval of the Board of Directors, for Board-managed Staff, and the Chief Executive Officer, for the rest of the Personnel, have the right to grant discretionary pension benefits, as defined and provided for in the Supervisory Provisions on Remuneration.

Early termination of the relationship

The course of action to be taken in the event of the employment relationship being terminated is the one indicated by the relevant industry contracts. The Parent Company's Board of Directors may determine "golden parachutes" for "risk takers in the event of early termination of employment or termination of office, in compliance with the conditions provided for by current regulations and the criteria approved by the Shareholders' Meeting.

To determine these amounts, qualitative/quantitative indicators that reflect the performance achieved and the risks undertaken by the person and the bank, are applicable, as well as mechanisms (Malus and Clawback), within the limits allowed by the collective agreements applicable to the employment relationship, as envisaged by the Supervisory Provisions for Banks and, in any case, in compliance with the limits and requirements of relevant legislation.

Non-compete agreements

If the employee signs a "non-compete agreement" under which they may not be professionally linked to specific companies for a predetermined period starting from the date of termination of the employment relationship, the Group company they belong to will pay them a sum, with the fixed gross annual salary received in the last year used as the basis for the calculation.

Ex-post correction mechanisms (Malus and Clawback) are applicable to the amount for the non-compete agreement, where provided for by law, within the limits allowed by the collective agreements applicable to the employment relationship, as provided for by regulatory provisions and, in any case, in compliance with the limits and requirements of relevant legal provisions.

The payment for the non-competition agreement is made after the termination of the relationship. For Risk Takers, this fee is included, where provided for in legislation, in the calculation of the Variable Remuneration to Fixed Remuneration ratio limit.

Ex-post correction mechanisms (Malus and Clawback)

Variable Remuneration, including golden parachutes, is subject to ex-post correction mechanisms (Malus and Clawback), which may lead to an even significant reduction in the variable remuneration or to it being reset to zero. Correction mechanisms must be identified within the limits permitted by law and by the collective agreements applicable to employment relationships, suitable to reflect performance levels net of risks actually assumed or achieved and capital levels, as well as to take into account individual behaviors.

Assisted by company functions, the Board of Directors of the Parent Company checks the conditions for the activation of ex-post correction mechanisms with reference to Board-managed Staff, and decides on their application according to the procedures set out in the Policy. For the remaining Staff, the Chief Executive Officer is responsible, relying on the support of the competent company functions and, where necessary, the corporate boards of the Subsidiaries.

For details, see Section 6.2.3 of the Remuneration Policy ("Ex-post correction mechanisms (Malus and Clawback").

7 Note 16, of the Supervisory Provisions on Remuneration, Section III specifies that, for the purposes of the Supervisory Provisions, 'golden parachutes' are not only golden parachutes within the common meaning of the word (i.e. amounts paid in the context of an agreement for the settlement of a current or potential dispute, regardless of how the agreement takes place), but also include fees for non-compete agreements and an indemnity for failure to give notice, for the part that may exceed the amount established by law.

Quantitative information

TEMPLATE EU REM1: REMUNERATION AWARDED FOR THE FINANCIAL YEAR

			A	B	C	D
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	**8**	**1**	**6**	**29**
2		Total fixed remuneration	**1,007,000**	**1,452,061**	**2,209,784**	**4,402,218**
3		Of which cash-based	1,007,000	1,360,000	2,125,979 (1)	4,066,430
4		(Not applicable in EU)	--	--	--	--
EU-4a		Of which shares or equivalent ownership interests	--	--	--	--
5		Of which share-linked instruments or equivalent non-cash instruments	--	--	--	--
EU-5x		Of which other instruments	--	--	--	--
6		(Not applicable in EU)	--	--	--	--
7		Of which other forms	0	92,061	83,804	335,789
8		(Not applicable in EU)	--	--	--	--
9	Variable Remuneration	Number of identified staff		1	6	29
10		Total variable remuneration		**1,181,784**	**399,601**	**(108,621)**
11		Of which cash-based (3)	--			
12		Of which deferred	--			
EU-13a		Of which shares or equivalent ownership interests (2)	--	1,181,784	399,601	(108,621)
EU-14a		Of which deferred				
EU-13b		Of which share-linked instruments or equivalent non-cash instruments (3)				
EU-14b		Of which deferred				
EU-14x		Of which other instruments				
EU-14y		Of which deferred				
15		Of which other forms				
16		Of which deferred				
17	Total remuneration (2 + 10)		**1,007,000**	**2,633,845**	**2,609,384**	**4,293,597**

Notes to REM 1 Table:

(1) The amount of the indemnity in lieu of notice relating to the termination of a member of Senior Management as specified in Section II, paragraph 2.4.1.5 letter D

(2) Fair value is determined in accordance with IFRS 2 and reflects the accounting adjustments resulting from the market performance of the share; this value does not represent a direct economic effect for the beneficiaries. The effects deriving from the failure to meet the gates (TCR), which entails the forfeiture of the options whose vesting or deferral period would have started in 2026, are not included.

(3) Following the failure to meet, as at December 31, 2025, the access conditions ('gates'), with particular reference to the Total Capital Ratio (TCR), there is no accrued or payable variable remuneration relating to the 2025 financial year, nor are there deferred portions relating to previous financial years whose payment was expected in 2026.

TEMPLATE EU REM2: SPECIAL PAYMENTS TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

		A	B	C	D
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff				
7	Severance payments awarded during the financial year - Total amount			312,000 (1)	
8	Of which paid during the financial year			36,400	
9	Of which deferred			275,600	
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person				

Note to REM 2 Table:

(1) Amount relating to the NCP recognized at the end of office of a Key Manager during 2025.

TEMPLATE EU REM3: DEFERRED REMUNERATION

	Deferred and retained remuneration	A Total amount of deferred remuneration awarded for previous performance periods (Total columns B+C)	B Of which due to vest in the financial year	C Of which vesting in subsequent financial years	D Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	E Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in subsequent performance years	F Total amount of adjustments during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	G Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year. Deferrals paid in 2025	H Total amount of deferred remuneration awarded for the previous performance period that has vested but is subject to retention periods
1	MB Supervisory function								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	940,080		940,080				672,784	337,732
8	Cash-based	460,639		460,639				335,052	
9	Shares or equivalent ownership interests	479,441		479,441				337,732	337,732
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other senior management	145,765		145,765				244,216	122,108
14	Cash-based	72,883		72,883				122,108	--
15	Shares or equivalent ownership interests	72,883		72,883				122,108	122,108
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified staff	384,252		384,252				736,985	345,645
20	Cash-based	205,793		205,793				391,339	--
21	Shares or equivalent ownership interests	178,459		178,459				345,645	345,645
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	**Total amount**	**1,470,097**		**1,470,097**				**1,653,984**	**805,486**

TEMPLATE EU REM4: REMUNERATION OF 1 MILLION EUR OR MORE PER YEAR

Row	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
		a
1	1,000,000 To below 1,500,000	
2	1,500,000 To below 2,000,000	
3	2,000,000 To below 2,500,000	
4	2,500,000 To below 3,000,000	1
5	3,000,000 To below 3,500,000	
6	3,500,000 To below 4,000,000	
7	4,000,000 To below 4,500,000	
8	4,500,000 To below 5,000,000	
9	5,000,000 To below 6,000,000	
10	6,000,000 To below 7,000,000	
11	7,000,000 To below 8,000,000	
X	To be extended as appropriate, if further payment bands are needed.	

TEMPLATE EU REM5: INFORMATION ON REMUNERATION TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON THE INSTITUTION'S RISK PROFILE (IDENTIFIED STAFF)

Row		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		Management body - strategic oversight function (1)	Management body - management function	Total MB	Investment banking	Retail banking	Asset management	Company functions	Independent internal control functions	All others	Total
1	Total number of identified staff										
2	of which members of the MB	8	1	9							
3	of which other senior management										
4	Of which: other identified staff							6	6	23	35
5	Total remuneration of identified staff	**1,007,000**	**2,633,845**	**3,640,845**				**1,123,685**	**1,169,940**	**4,609,357**	**6,902,982**
6	Of which: variable remuneration		1,181,784	1,181,784				142,616	(7,804)	156,168	290,980
7	Of which: fixed remuneration	1,007,000	1,452,061	2,459,061				981,069	1,177,744	4,453,189	6,612,002

Note to REM 5 Table:

(1) Including directors who have ceased to hold office during the financial year.

The "Remuneration Report" includes all the information required under Article 450 of the CRR regarding the remuneration policy and practices, relating to the categories of personnel whose professional activities have a significant impact on the bank's risk profile.

Section 16 – Leverage (Article 451 CRR)

Qualitative disclosure

The Leverage ratio - introduced by 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"*, both dated December 17, 2013, which adopted Regulation (EU) No 575/2013 (CRR - Capital Requirement Regulation) as amended, relating to the new harmonized regulations for banks and investment companies, became an integral part of the Disclosure that Institutions are required to provide pursuant to Article 451 of the CRR.

Commission Implementing Regulation (EU) 2016/200 set out the technical standards for implementing Article 451, making it applicable from 1 January 2015 and providing the relevant specifications.

Description of the processes used to manage the risk of excessive leverage

The risk of excessive leverage is defined as "the risk that an institution's vulnerability due to leverage or contingent leverage makes it necessary to adopt corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets".

With regard to the risk of excessive leverage, the Group periodically calculates the leverage ratio, defined as the ratio between Tier 1 capital and total assets in the balance sheet and off-balance sheet items, the latter weighted according to specific factors defined by the Supervisory Provisions.

The Finance and Administration Department is responsible for current and prospective first-level monitoring of the leverage ratio, assisted by the Company Structures reporting directly to it.

The Risk Management Function, as a second-level Corporate Control Function, assesses the leverage ratio as part of the overall assessment of prospective capital adequacy. The Risk Management Function, within the ICAAP and in the strategic planning processes, verifies the level assumed by the prospective and stressed leverage ratio, as calculated by the Finance and Administration Department.

The leverage ratio is also monitored in the RAF.

Description of the factors that had an impact on the leverage ratio during the period which the published leverage ratio refers to

Leverage during 2025 was largely maintained within regulatory limits; therefore, the bank did not have to take any action to curb it.

Quantitative disclosure

TEMPLATE EU LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		Applicable amount
		a
1	Total assets as per published financial statements	12,278,709
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(10)
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	68,351
9	Adjustment for securities financing transactions (SFTs)	590,122
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	373,361
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	(472,278)
13	**Total exposure measure**	**12,838,255**

TEMPLATE EU LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

Rows		CRR leverage ratio exposures	
		12/31/2025	12/31/2024
	On-balance sheet exposures (excluding derivatives and SFTs)	10	20
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	11,580,698	11,605,922
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(101,745)	(83,561)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**11,478,953**	**11,522,361**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)		
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach		
EU-9b	Exposure determined under Original Exposure Method	69,707	53,084
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**69,707**	**53,084**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	595,073	460,130
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	590,122	406,201
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**	**1,185,195**	**866,331**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	585,131	511,184
20	(Adjustments for conversion to credit equivalent amounts)	(480,731)	(406,105)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	**Off-balance-sheet exposures**	**104,400**	**105,080**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded promotional loans of public development banks (or units) - Promotional loans)		

Rows		CRR leverage ratio exposures	
		12/31/2025	12/31/2024
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Excluded exposures to shareholders in accordance with point (d)(a) of Article 429a(1) CRR)		
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)		
EU-22m	**(Total exempted exposures)**	-	-
	Capital and total exposure measure		
23	**Tier 1 capital**	781,665	788,504
24	**Total exposure measure**	**12,838,255**	**12,546,856**
	Leverage ratio		
25	Leverage ratio (%)	6.089%	6.284%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.089%	6.284%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6.089%	6.284%
26	Regulatory minimum leverage ratio requirement (%)	3.000%	3.000%
EU-26a	Additional own funds requirements to address risks of excessive leverage (%)		
EU-26b	Of which consisting of CET1		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirements (%)	3.000%	3.000%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
	Disclosure of mean values		
28	Mean values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,185,195	866,331
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,653,060	11,680,525
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,653,060	11,680,525
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.708%	6.751%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.708%	6.751%

TEMPLATE EU LR3 - LRSPL: SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

Rows		CRR leverage ratio exposures
		a
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**11,580,698**
EU-2	Trading book exposures	268,961
EU-3	Banking book exposures, of which:	11,311,737
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	5,927,075
EU-6	Exposures to regional governments, MDB, international organizations and PSE, not treated as sovereigns	806,697
EU-7	Institutions	627,046
EU-8	Secured by mortgages on immovable property	
EU-9	Retail exposures	3,753
EU-10	Corporate	207,615
EU-11	Exposures in default	3,073,296
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	666,254

Section 17 – Use of credit risk mitigation techniques (Article 453 CRR)

The BFF Banking Group has a Credit Risk Mitigation framework in place. The objective of the framework is firstly to ensure a better process to manage the guarantees the Group holds to mitigate the risk positions assumed and secondly to evaluate possible effects and benefits in terms of capital requirements.

The exposure to this type of risk is broken down into two main evaluation and oversight areas:

- verification of the enforceability and effectiveness of the guarantees in terms of recovery of the problematic exposure, which entails an analysis of the main characteristics of the mitigation and control instruments with reference mainly to the process of the acquisition and administrative management of the guarantees, in accordance with the provisions of internal regulations of the Group and of the individual Group companies in this regard;
- measurement of exposure to risk for which credit risk mitigation techniques prove to be less effective or may not result in the expected benefit in terms of reducing RWAs; this measurement is carried out by the Risk Management Function as part of the ICAAP.

In particular the adequacy of collateral is evaluated according to different criteria based on collateral type:

- mortgage guarantee: the value of the asset is estimated by means of a specific appraisal carried out by an expert/expert company that complies with the requirements of independence and professionalism provided for by current legislation;
- personal guarantee: the value of the guarantee is determined starting from the estimate of the guarantor's assets (all assets that may be aggregated), highlighting any encumbrances/adverse effects on the same assets;
- insurance guarantee: issued by a leading insurance company and aimed at guaranteeing private debtor solvency;
- financial guarantee: the value of the asset/financial instrument subject to the guarantee is estimated based on the value expressed by the reference market in which the object of the guarantee is treated.

The Group verifies the quantitative and qualitative adequacy of the guarantees provided by the various counterparties and, in the event of a total or partial defect, promptly requests remedial action. In the absence of action, the risk position shall be immediately reviewed in order to adopt the correct decision in line with the risks identified. The guarantees acquired should not present particular encumbrances that may undermine their legal validity. In addition, for credit risk mitigation purposes, BFF enters into netting agreements (ISDA) and collateral management agreements (CSA) in line with the EMIR, with counterparties offered treasury and security services.

For repurchase agreements for which the Bank has signed specific GMRAs, credit risk is transferred from the counterparty to the issuer of the underlying security.

Please note that the Bank, at consolidated level, used the ratings issued by the ECAI S&P in order to calculate RWAs with companies, instead of weighting exposures to companies, consistent with the options provided by the CRR, with a coefficient of 100%. This change was made in order to benefit from a favorable weighting for insurance (20%) used to mitigate the actual credit risk with companies and will allow for a more timely calculation of capital requirements (so-called "Capital Relief" policy[8]).

Quantitative information

TEMPLATE EU CR3 – CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

		Unsecured carrying amount	Secured carrying amount	of which secured by collateral	of which secured by financial guarantees	of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	5,808,939	592,371	591,013	1,358	
2	Debt securities	4,552,314				
3	**Total**	**10,361,254**	**592,371**	**591,013**	**1,358**	
4	*of which non-performing exposures*	3,124,456	1	1		
EU-5	*of which defaulted*					

8 The Capital Relief project provides for the purchase of non-recourse receivables of assignors due from private borrowers, through so-called "active" factoring and through reverse factoring, backed by an insurance guarantee issued by leading insurance companies.

Section 18 – 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 regulations on prudential supervision issued by the Bank of Italy, the Group has adopted a Group Risk Management Policy and a system of rules based on governance 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.

The indications in the above-mentioned "Group Liquidity Risk Management Policy" are consistent with the indications 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 governance process (liquidity management and control of the relevant risks) of the BFF Group is centralized in the Parent Company. 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 Parent Company. The operational and structural liquidity risk governance and management system is based on the general principles that all Group companies must pursue, aligned with the indications of the Supervisory Authority.

Liquidity risk also includes the intraday risk deriving from the temporal mismatch between outflows (settled at daily cut-offs or when orders are received from customers) and inflows (settled at different intraday cut-offs), which may render it impossible for the Group to discharge its payment obligations when they are called in due to a temporary lack of funds. To hedge intraday liquidity risk, through changes in the cash pooling held at the Bank of Italy, the Parent determines the share of eligible securities deemed adequate to guarantee intraday credit, while managing to cover outgoing obligations on its own behalf and on behalf of its customers.

Liquidity monitoring, which is carried out in accordance with the maximum risk tolerance threshold, and therefore also with the nature, objectives and operational complexity of the Group, aims to ensure the ability to meet expected or unforeseen cash payment commitments.

The Bank 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/systemic (market driven) scenarios refer to stress events external to the Group, such as situations of uncertainty in financial and/or political markets that result in difficult market access;
- idiosyncratic (bank specific) scenarios, which involve stress events external to the Group typically related to a reputational loss with a possible deterioration in 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. In the fourth quarter of 2025, in keeping with the previous quarters, first- and second-level controls on the Group's liquidity position were initially carried out in an enhanced format. Following the communication from the Bank of Italy after the removal of the bans, starting from 30 October, with a specific notice, the Authority restored the ordinary weekly procedure. However, the enhanced monitoring format was reintroduced following the new communication to the market on 2 February 2026.

This monitoring in any event confirmed the substantial solidity of the Group's liquidity thanks to the maintenance of adequate liquid reserves deriving from funding.

As from the fourth quarter of 2025, the regulatory liquidity indicators have been affected, with varying intensity (lower for the short term Liquidity Coverage Ratio, or LCR, indicator, and more significant for the medium/long-term Net Stable Funding Ratio, or NSFR, indicator), by the reclassification of positions classified as past due, which in the calculation of said indicators have an unfavorable treatment with respect to the positions classified as performing. Despite this, the values recorded have consistently remained at a level above regulatory limits. As at December 31, 2025, in particular, the NSFR was down compared to previous data, standing at 113.62%, while the LCR came to 177.77%.

Note that the current macroeconomic landscape characterized by a high degree of uncertainty due to the continuation of the Russia-Ukraine conflict, the Israeli-Palestinian conflict, and general tensions at the international level with repercussions on the credit system has led the Group to focus attention on the safeguards necessary for monitoring its liquidity position, and specifically it:

- when deemed necessary, reserves the right to perform stress analyses that are more frequent and more detailed as well as with increasing and variable impacts;
- maintains a significant share of assets available to meet unforeseen liquidity needs;
- monitors the markets, including through continuous comparison with market operators and related banks;
- closely monitors collection trends, in particular of Public Administration debtors.

The funding of the Group is essentially in euros. As at December 31, 2025, and throughout the year, the relevant currency used for liquidity reporting at consolidated level was exclusively the euro, since – based on monthly monitoring – no other currency was equal to or greater than the threshold defined by legislation, i.e. 5% of the total liabilities held, .

BFF also enters into derivative contracts with banking counterparties, through currency swap instruments, in addition to forms of lending and funding in natural hedging, required for currencies other than the euro, in order to have the necessary liquidity for lending in different currencies. These operations do not call for the provision of collateral in the form of cash or other liquid collateral. Possible payment/receipt of margins from or to the counterparty in relation to the change in the underlying exchange rate over the duration of the contract are envisaged.

Finally, the margins placed against Secured Financing transactions contributed by the Bank to the Central Counterparty ("CCP") as collateral for exposures determined by transactions executed in regulated markets (e.g., Repos) constitute residual encumbered assets.

Quantitative disclosure

TEMPLATE EU LIQ1: QUANTITATIVE INFORMATION OF LCR

Row		a	b	c	d
		Total unweighted value (average)			
EU 1a	**Quarter ending on (DD Month YYYY)**	**12/31/2025**	**09/30/2025**	**06/30/2025**	**03/31/2025**
EU 1b	Number of data points used in the calculation of averages	-	-	-	-
	HIGH-QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA)				
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	1,332,026	1,526,951	1,741,011	2,254,351
3	*Stable deposits*				
4	*Less stable deposits*	643,630	722,866	864,385	1,046,940
5	Unsecured wholesale funding	6,735,858	6,708,954	6,866,811	6,376,859
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	6,565,264	6,474,154	6,741,822	6,256,528
7	*Non-operational deposits (all counterparties)*	169,125	234,800	123,520	113,850
8	*Unsecured debt*	1,469	-	1,469	6,481
9	*Secured wholesale funding*				
10	Additional requirements	153,745	155,864	163,899	170,734
11	*Outflows related to derivative exposures and other collateral requirements*				
12	*Outflows related to loss of funding on debt products*				
13	*Credit and liquidity facilities*	153,745	155,864	163,899	170,734
14	Other contractual funding obligations	98,025	98,504	96,547	100,359
15	Other contingent funding obligations				
16	TOTAL CASH OUTFLOWS				
	CASH - INFLOWS				
17	Secured lending (e.g. reverse repos)	697,114	681,883	528,495	653,145
18	Inflows from fully performing exposures	1,112,784	1,096,412	1,159,119	1,168,199
19	Other cash inflows	0	21	14	15
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
EU-19b	(Excess inflows from a related specialized credit institution)				
20	TOTAL CASH INFLOWS	1,809,899	1,778,315	1,687,628	1,821,359
EU-20a	*Fully exempt inflows*				
EU-20b	*Inflows subject to 90% cap*				
EU-20c	*Inflows subject to 75% cap*	1,809,899	1,778,315	1,687,628	1,821,359
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO				

Row		e	f	g	h
		Total weighted value (average)			
EU 1a	**Quarter ending on (DD Month YYYY)**	**12/31/2025**	**09/30/2025**	**06/30/2025**	**03/31/2025**
EU 1b	Number of data points used in the calculation of averages	-	-	-	-
	HIGH-QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61	3,048,617	3,423,558	3,456,038	3,632,629
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	83,404	94,206	109,737	130,816
3	*Stable deposits*	0	0	0	0
4	*Less stable deposits*	83,404	94,206	109,737	130,816
5	Unsecured wholesale funding	1,750,711	1,788,967	1,751,916	1,629,489
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	1,641,316	1,618,539	1,685,456	1,564,132
7	*Non-operational deposits (all counterparties)*	107,926	170,429	64,992	58,876
8	*Unsecured debt*	1,469	-	1,469	6,481
9	*Secured wholesale funding*	-	-	-	-
10	Additional requirements	23,849	25,548	31,739	39,481
11	*Outflows related to derivative exposures and other collateral requirements*	-	-	-	-
12	*Outflows related to loss of funding on debt products*	-	-	-	-
13	*Credit and liquidity facilities*	23,849	25,548	31,739	39,481
14	Other contractual funding obligations	98,025	98,504	96,547	100,359
15	Other contingent funding obligations	-	-	-	-
16	**TOTAL CASH OUTFLOWS**	**1,955,989**	**2,007,226**	**1,989,940**	**1,900,145**
	CASH - INFLOWS				
17	Secured lending (e.g. reverse repos)	-	1,573	-	-
18	Inflows from fully performing exposures	389,597	430,673	505,102	429,278
19	Other cash inflows	0	4	3	3
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
EU-19b	(Excess inflows from a related specialized credit institution)	-	-	-	-
20	**TOTAL CASH INFLOWS**	**389,597**	**432,250**	**505,105**	**429,281**
EU-20a	*Fully exempt inflows*	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	389,597	432,250	505,105	429,281
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER	3,048,617	3,423,558	3,456,038	3,632,629
22	TOTAL NET CASH OUTFLOWS	1,566,391	1,574,976	1,484,834	1,470,864
23	LIQUIDITY COVERAGE RATIO	194.38%	216.96%	234.95%	246.97%

TEMPLATE EU LIQ2: NET STABLE FUNDING RATIO

Row	(In currency amount)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items	a	b	c	d	e
1	Capital items and instruments	883,759	4,406			883,759
2	*Own funds*	883,759				883,759
3	*Other capital instruments*		4,406			
4	Retail deposits		1,133,356	70,933	46,599	1,130,460
5	*Stable deposits*					
6	*Less stable deposits*		1,133,356	70,933	46,599	1,130,460
7	Wholesale funding:		8,785,053		814,977	3,940,432
8	*Operational deposits*		5,988,841		-	2,994,421
9	*Other wholesale funding*		2,796,212		814,977	946,012
10	Interdependent liabilities					
11	Other liabilities:	-	462,623		76,992	76,992
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		462,623		76,992	76,992
14	**Total available stable funding (ASF)**					**6,031,643**

TEMPLATE EU LIQ2: NET STABLE FUNDING RATIO

Row	(In currency amount)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Required stable funding (RSF) Items	a	b	c	d	e
15	Total high-quality liquid assets (HQLA)					8,973
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes		57,218			28,609
17	Performing loans and securities:		2,045,389	286,464	778,101	1,090,645
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		566,058			
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		378,705		29,756	67,627
20	*Performing loans to non-financial company clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		203,979	72,553	363,494	447,236
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*					
22	*Performing residential mortgages, of which:*					
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*					
24	*Other loans and securities that are not in default and are not qualify as HQLAs, including exchange-traded equities and trade finance on-balance sheet products*		896,646	213,910	384,851	221,785
25	Interdependent assets					
26	Other assets:		3,260,661	89,501	1,070,073	4,154,367
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		165,840			140,964
29	*NSFR derivative assets*		394			394
30	*NSFR derivative liabilities before deduction of variation margin posted*		964			48
31	*All other assets not included in the above categories*		3,093,463	89,501	1,070,073	4,012,961
32	Off-balance sheet items		140,094			26,004
33	**Total RSF**					**5,308,598**
34	Net Stable Funding Ratio (%)					**113.620%**

Certification by the Financial Reporting Officer

The manager responsible for preparing the company's financial reports, Antonio Carnevale, declares, pursuant to paragraph 2, Article 154-bis of the Italian Consolidated Finance Act, that the accounting information contained in this document corresponds to the contents of accounting documents, books and records.

Antonio Carnevale
Financial Reporting Officer

Certification compliant with Article 431 (3) of the CRR (Regulation (EU) No 575/2013 as updated) on disclosure requirements pursuant to Part Eight of the CRR

The undersigned Giuseppe Sica, in his capacity as Chief Executive Officer and Chief Financial Officer,

HEREBY CERTIFIES

that, compliant with the provisions of Article 431, paragraph 3 of the CRR (Regulation (EU) no. 575/2013, as amended) on disclosure requirements pursuant to Part Eight of the CRR, the information provided pursuant to the above-mentioned Part Eight has been drafted in compliance with the formal policy and internal processes, systems and controls.

Giuseppe Sica
Chief Executive Officer
Chief Financial Officer

Giuseppe Sica