



1985 | 2025 a bank like no other

# Off-Season Engagement with Shareholders

## *Remuneration Framework*

*December 2025*

## INDEX

- Engagement with Stakeholders
- Management's skin in the game
- Responsiveness and Improvements
- Looking ahead
- Takeaways

Slide 3

Slide 4

Slide 5

Slide 7

Slide 8

## ANNEX

- STI 2025
- LTI 2025
- Employee Stock Grant
- Termination Agreement

Slide 10

Slide 15

Slide 17

Slide 18

# BFF constantly engages in a transparent dialogue with its shareholders

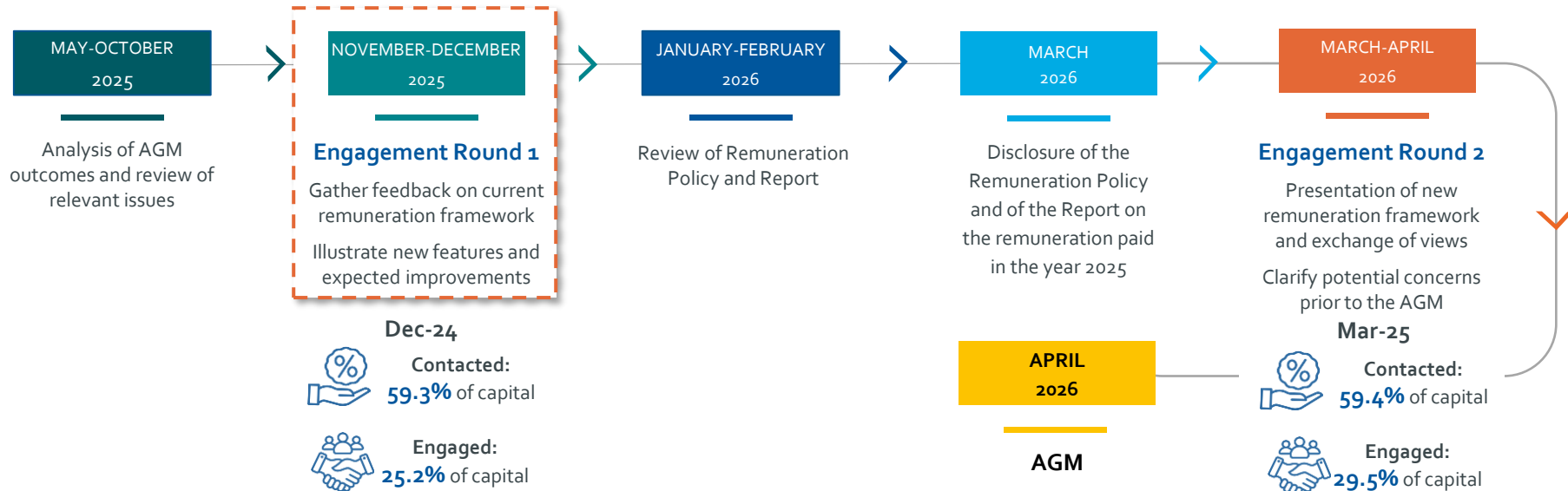
In continuity with previous years, BFF is conducting an extensive engagement with its shareholders to obtain feedback and, at the same time, illustrate the directions of change of next remuneration policy.

1985 | 2025

## OBJECTIVE

The dialogue with BFF's investors and proxy advisors aims at enhancing awareness on Group's remuneration practices and receiving feedback, a useful input for the continuous internal evaluation and review process.

## TIMELINE OF EVENTS

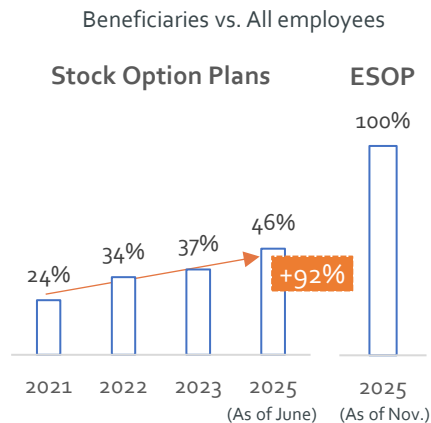


# Strong management ownership reinforcing long-term alignment

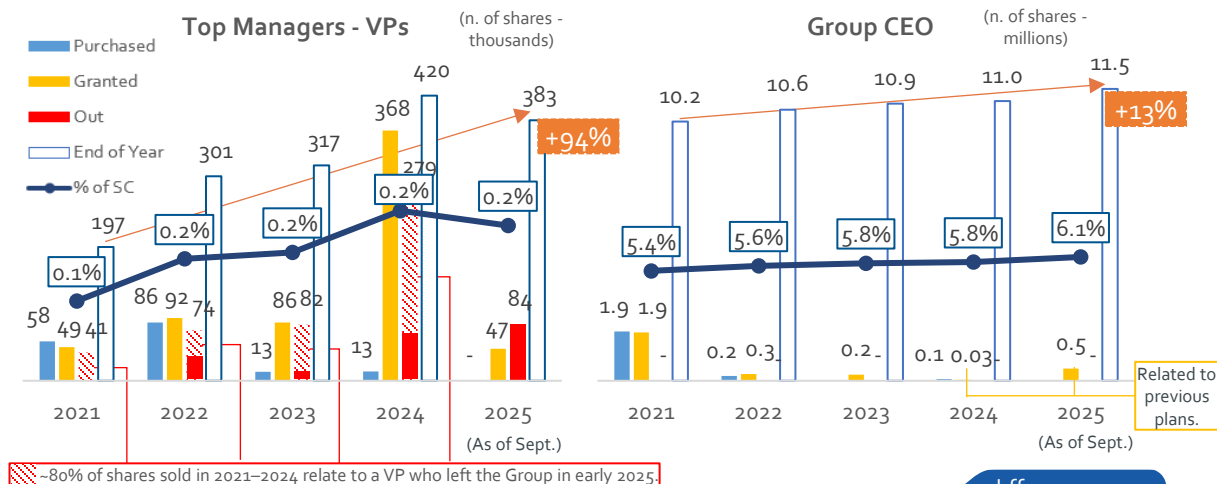
Stable and growing shareholding positions confirm management's long-term commitment under the incentive plans.

- ✓ **Skin in the game:** Among employees and in addition to the CEO, managers with strategic responsibilities are actively investing in BFF shares, increasing holdings year-on-year.
- ✓ **Long-term alignment:** Equity positions retained as of Sept. 30<sup>th</sup> 2025, represent a tangible commitment to long-term performance.
- ✓ **Share ownership compliance:** All members of the management team subject to minimum shareholding requirements are currently compliant, exceeding the mandated levels.
- ✓ **No "quick gain" approach:** Shares are accumulated and maintained over time, consistent with incentive plan design.

## Strong participation in equity plans



## Management ownership<sup>(1)</sup> through the years



(1) % of share capital and number of shares held by the beneficiary (and persons closely related) at the end of each period. Detail of shares purchased, granted via incentives and sold is also provided.

# Responsive governance in action: turning feedback into improvements

In order to foster a clear understanding of the 2025 Remuneration Policy, we believe it is important to provide transparency on a few key areas of discussion:

Topic	Comments
STI AND LTI BALANCE	The Short-Term Incentive (STI) and Long-Term Incentive (LTI) are designed as <b>distinct, non-interchangeable components</b> . The overall structure fully complies with the <b>2:1 cap between variable and fixed pay</b> , as previously approved by shareholders.
DEDICATED KPIS	The STI has evolved into a <b>balanced framework</b> combining four financial KPIs and ESG metrics, promoting <b>sustainable business growth</b> rather than short-term results. <b>No KPI overlap</b> exists between STI and LTI.
OVERPERFORMANCE	The increase of the maximum STI opportunity to <b>130%</b> is strictly performance-driven and applies only in cases of <b>over-achievement</b> . This change is aligned with market practice and ensures competitiveness while maintaining discipline and <b>compliance with the overall cap</b> .
CEO FIXED REMUNERATION	The <b>CEO's fixed remuneration has remained unchanged since 2023</b> , reinforcing <b>pay moderation and responsibility</b> . Full transparency is provided on his pay levels in the Remuneration Report.
RISK MITIGATION	<b>Malus and clawback provisions remain fully in force</b> and aligned with regulatory best practices. Recent updates <b>simplified wording</b> for ensuring better clarity.
PAY FOR PERFORMANCE	The Policy <b>does not provide guaranteed or discretionary remuneration</b> . All variable pay is <b>strictly tied to measurable performance</b> against predefined targets.

# A stronger remuneration framework to drive performance thanks to an extensive dialogue with all stakeholders

Topic		2022	2023	2024	2025
STI	• Multiple financial KPIs	×	×	×	✓ NEW
	• Multiple ESG KPIs	×	✓	✓	✓
	• Full disclosure on ESG targets	×	×	×	✓ NEW
	• Minimum, Target and Maximum thresholds available	×	✓	✓	✓
	• Over-performance	×	×	×	✓ NEW
	• Cumulative weight of KPIs limited to 100%	×	×	×	✓ NEW
	• 60% deferred for 5 years	✓	✓	✓	✓
LTI	• Exercise price setting in line with market practice	✓	✓	✓	✓
	• 3 years deferral period	✓	✓	✓	✓
	• Multiple performance criteria (financial & ESG)	✓	✓	✓	✓
	• Depart from EBTDA RA to avoid overlap with STI	×	×	×	✓ NEW
Variable Incentives	• 200% Cap (Fixed Remuneration)	✓	✓	✓	✓
	• Employee Stock Grant Plan	×	×	×	✓ NEW
	• Share Ownership Guidelines	×	×	✓	✓
Severance	• Calculated based on effective performance	✓	✓	✓	✓
	• Not triggered in case of change in regulation impacting CEO rem	×	✓	✓	✓
	• Not triggered in case of non-renewal of the CEO	×	×	✓	✓
Other	• Pay Mix and Pay Ratios available	×	✓	✓	✓
	• Pay-for-Performance model available	×	✓	✓	✓
	• Double materiality	×	✓	✓	✓

# Looking ahead: further steps to strengthen transparency and alignment

The new Remuneration Framework is currently under discussion. It will be approved by the Board at the beginning of 2026 and submitted to the next AGM.

We are presenting below key preliminary aspects and areas of discussion:

## Clarifying the interaction between STI and LTI

- Further refinement to clearly explain the absence of any compensatory effect between the short- and long-term incentive systems, ensuring full transparency and alignment with shareholder-approved limits.

## Clarifying Fixed Pay in the Executive Summary of the Remuneration Policy

- In line with investors' feedback, the CEO's fixed remuneration will be explicitly included in the Executive Summary of the Remuneration Policy, improving ex ante disclosure and readability of CEO pay levels.

## Enhanced LTI Disclosure Commitment

- Broader ex-post disclosure of financial and ESG performance metrics, including targets and achievement levels for the LTI plan at vesting, reinforcing transparency and the pay-for-performance alignment.

BFF is also initiating a benchmarking activity on directors' remuneration to ensure alignment with market best practices.

# Takeaways of the 2025 Remuneration Policy

Through constructive engagement with investors and proxy advisors, the 2025 Remuneration Policy enhances clarity, reinforces pay-for-performance discipline and supports long-term shareholder value.

## Governance

- Proactive investor dialogue, and responsiveness to stakeholder feedback have reinforced strategic oversight.

## STI

- Under the revised STI plan, a leaner gate structure and scorecard paired with new financial targets, which along with the CEO's proactive waiver of STI 2024, reinforce a culture of accountability.

## LTI

- The new 2025-2027 Stock Option Plan incentivizes key personnel with strengthened financial KPIs and rigorous vesting conditions to secure long-term retention and performance.

## ESOP

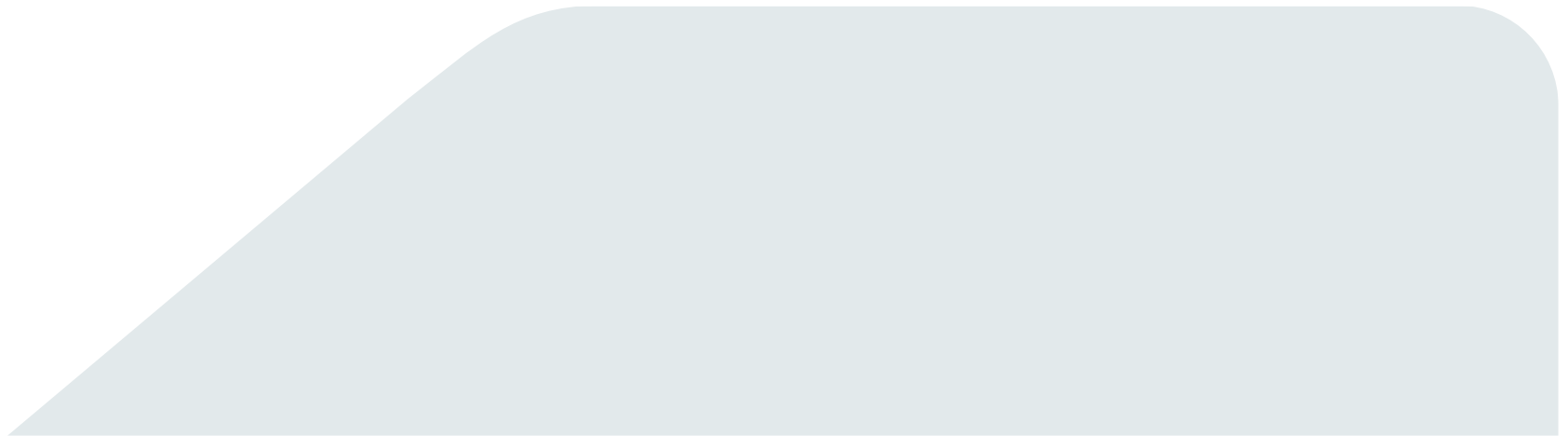
- Designed for broad participation, enhancing employee engagement and loyalty, with a limited dilution impact of 0.1%, well below of what initially estimated and anticipated to the market (0,2%).

## Termination Pay

- CEO termination pay is lower than market practice, with performance-linked severance and clawback mechanisms.



# Appendix



# 2025 STI of CEO: leaner gate structure and strategic KPIs fully aligned with Risk Appetite Framework

- Streamlined and simplified CEO gate structure:  $EBTDA^{RA}$  / target  $EBTDA^{RA}$  ratio of at least 100% has been cancelled taking into account investors' requests and to further rely on *pay-for-performance*.
- Introduced 3 new financial KPIs, in addition to  $EBTDA^{RA}$ : **Past Due, Loans and Deposits**; fully coherent with the **Bank's Risk Appetite Framework**, and with the long-term sustainability of the profit generation model.
  - $EBTDA^{RA}$ : key metric to assess profitability adjusted for risk and therefore capital generation;
  - Past Due reduction: to protect capital ratios through RWAs deflation;
  - Loans: to lock in growth and profitability;
  - Deposits: to underpin growth and LCR.
- Reprioritized the number and weight of ESG KPIs within the CEO's MBO, in line with investor expectations.

## CEO 2025 Gate KPIs

## Minimum Requirements

<i>Liquidity Coverage Ratio (LCR)</i>	$\geq$ risk tolerance (as per RAF)
<i>Total Capital Ratio (TCR)</i>	$\geq$ risk tolerance (as per RAF)
$EBTDA^{RA}$	$> 0$

**NEW** The additional gate  $EBTDA^{RA}$  / Target  $EBTDA^{RA} \geq 100\%$  has been removed, based on investors feedback

## **NEW** CEO 2025 Performance Criteria

Type	KPIs	Weight	Minimum	Target	Maximum
Financial	$EBTDA^{RA}$	50%	= 90% Budget	= Budget	= 110% Budget
	PAST DUE	20%	110%	100%	90%
	LOANS	10%	90%	100%	110%
	DEPOSITS	10%	90%	100%	110%
ESG	CUSTOMER SATISFACTION/ ESG PLAN 2025	10%	90%	100%	110%

**Cap:** maximum 130% of base salary in case of overperformance. Overall cap of 200% of base salary on variable remuneration

# 2025 STI of CEO: streamlined weights and payoff mix, in line with market best practice

- Weights sum up 100% vs. previous >100% depending on the scenario.
- Increased maximum variability of the payout, enabling the achievement of overperformance.
- Performance drivers with threshold of 90% (allowing a payout of 50%), a target and maximum in line with the most common practices.

## 2024 SCORECARD

Criteria KPIs	Minimum Requirements
Liquidity Coverage Ratio (LCR)	≥ risk tolerance (as per RAF)
Total Capital Ratio (TCR)	≥ risk tolerance (as per RAF)
EBTDA <sup>RA</sup>	> 0
Additional gate EBTDA <sup>RA</sup> / Target EBTDA <sup>RA</sup>	≥ 100%

### Performance criteria

Type	KPIs	Weight (at target)	Minimum	Payout	Target	Payout	Maximum	Payout
Financial	EBTDA <sup>RA</sup>	70%	< Budget	No MBO payout	= Budget	70% of base salary	= 110% Budget	90% of base salary
	ESG RATING	20%	Maintain current	50%	Increase by 1	100%	Increase by 2	130%
ESG	GENDER PAY GAP	15%	Reach the target in 1/3 of the cluster at least 80% of the overall population	50%	Reach the target in 2/3 of the cluster at least 80% of the overall population	100%	Reach the target in the cluster at least 80% of the overall population	130%
	SOCIAL BONDS	15%	€ 250 m	50%	€ 300 m	100%	€ 350 m	130%

Σ=120%

## 2025 SCORECARD

Criteria KPIs	Minimum Requirements
Liquidity Coverage Ratio (LCR)	≥ risk tolerance (as per RAF)
Total Capital Ratio (TCR)	≥ risk tolerance (as per RAF)
EBTDA <sup>RA</sup>	> 0

**NEW** The additional gate has been removed, based on investors feedback.

### Performance criteria

Type	KPIs	Weight	Minimum	Payout	Target	Payout	Maximum	Payout
	EBTDA <sup>RA</sup>	50%	= 90% Budget	50%	= Budget	100%	= 110% Budget	130%
	<b>NEW</b> PAST DUE	20%	110%	50%	100%	100%	90%	130%
Financial	<b>NEW</b> LOANS	10%	90%	50%	100%	100%	110%	130%
	<b>NEW</b> DEPOSITS	10%	90%	50%	100%	100%	110%	130%
ESG	<b>NEW</b> CUSTOMER SATISFACTION/ ESG PLAN 2025	10%	90%	50%	100%	100%	110%	130%

Σ=100%  
**NEW**

# 2025 STI: ESG KPIs are inner part of our strategy

KPIs	Minimum	Target	Maximum
CUSTOMER SATISFACTION <sup>(1)</sup>	92%	Between 92% and 97%	≥ 97%
ESG PLAN 2025	Completion of at least 4 of the activities outlined in the ESG 2025 plan, within the scheduled timeline and in full compliance with regulatory obligations and corporate commitments.	Timely execution of all activities planned in the ESG 2025 plan, ensuring full adherence to deadlines and the established objectives.	Early completion of at least 2 activities compared to the timeline outlined in the ESG plan, while maintaining compliance with all other deadlines and achieving particularly positive results.

## PROGRAM PLAN

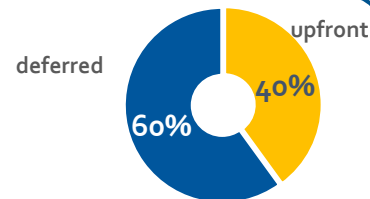
2025 objectives	Description	End Date	Certification Source	Activity Owner	Notes
Integration of Climate and Environmental Risks	Incorporation of climate and environmental risks into the bank's Risk Framework, in line with Bank of Italy's expectations.	31/12/2025	Sustainability Report Bank of Italy Plan – Climate & Environmental Risks	Risk Management Group ESG All functions involved	This is considered a key activity for 2025.
PRB (Principles for Responsible Banking)	Completion of the Gap Analysis for PRB adoption.	31/12/2025	Sustainability Report PRB Adherence	Group ESG All functions involved	This activity represents only the first step toward the achievement of the overall 2028 target.
Netting Strategy	Update of Decarbonization Plan.	31/12/2025	Sustainability Report	Group ESG Chief of Staff Chief of Countries	This activity represents only the first step toward the achievement of the overall 2026 target.
Climate Reporting Plan	Creation of the first Climate Report, ensuring alignment with TCFD.	30/11/2025	Climate Report	Group ESG Risk Management	This activity represents only the first step toward the achievement of the overall 2026 target.
ESG Procurement Process	Update of the procurement process under ESG criteria and valuation of first suppliers under ESG criteria.	31/12/2025	New Procurement Process Sustainability Report	Group ESG Procurement	The objective is to integrate ESG criteria into procurement processes.

(1) Calculated in the same manner as the rest of the Personnel in Factoring & Lending for the Italy Perimeter. In 2024, the result was 92.01%. The same scale used in 2023 applies.

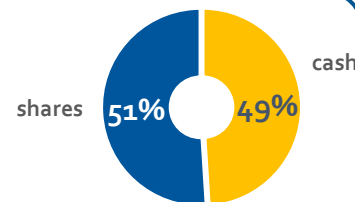
# 2025 STI: strengthened by deferral and equity-based rewards

CEO annual bonus is subject to significant deferral and other safeguards, as follows:

- The up-front portion is 40%, paid following the approval of the Group's financial statements, while the remaining 60% is deferred in equal annual instalments over 5 financial years, beginning 12 months after the payment of the up-front portion.



- 51% of both the up-front and deferred portion is paid through financial instruments, subject to a one-year retention period.



- The bonus is subject to malus and clawback clauses.

Malus



Clawback



# 2025 STI of other personnel: leveraging the EBTDA<sup>RA</sup> multiplier for balanced performance

For all remaining personnel, the EBTDA<sup>RA</sup>/ EBTDA<sup>RA</sup> Target ratio is set at a 70% threshold to foster balanced risk management while ensuring a sustainable incentive aligned with corporate goals.

Each participant has individual targets, and the ratio is **applied only after assessing individual performance**.

This ratio acts as **both a multiplier and a de-multiplier**:

- If the ratio exceeds 100%, it boosts the individual payout;
- if it falls below 100%, it reduces it.

## EXAMPLE

If EBTDA<sup>RA</sup> / EBTDA<sup>RA</sup> Target ratio is:

Below 70%	Payout is zero.
Between 70% and 100%	Total scorecard payout is adjusted linearly from 50% to 100%.
Above 100%	Acts as a multiplier, increasing payouts up to 40% for Senior Executives, Executives and other managers, and up to 30% for all other employees.

**NB: the multiplier mechanism is not applicable to employees working in control functions.**

### Gate criteria

KPIs	Minimum Requirements
<i>Liquidity Coverage Ratio (LCR)</i>	≥ risk tolerance (as per RAF)
<i>Total Capital Ratio (TCR)</i>	≥ risk tolerance (as per RAF)
<i>EBTDA<sup>RA</sup></i>	> 0

### Performance criteria

Type	Weight	Minimum	Target	Maximum
Quantitative	<b>70%</b>	50%	100%	130%
Qualitative	<b>30%</b>	50%	100%	130%

### Multipliers NEW

- EBTDA<sup>RA</sup>/ EBTDA<sup>RA</sup> Target
- Customer Satisfaction<sup>(1)</sup>

(1) The Customer Satisfaction multiplier remains unchanged and only yields a positive effect, with no possibility of lowering the target.

# LTi 2025-27: rewarding performance, driving success with stronger financial KPIs

BFF new 2025-2027 stock option plan, introduced following the termination of the previous plan, aims at incentivizing key personnel, including the CEO, based on strengthened financial KPIs, **avoiding overlapping with STI**.

It represents a strong retention tool, both for the CEO and the banking population, in a situation where **the CEO waived the right to receive the 2024 STI** and no variable remuneration was granted to managers for 2024.

## 2022

### Gate Criteria KPIs

### Minimum Requirements

Liquidity Coverage Ratio (LCR)	≥ risk tolerance (as per RAF)
Total Capital Ratio (TCR)	≥ risk tolerance (as per RAF)
EBTDA <sup>RA</sup>	> 0

### Recipients:

Employees and executive directors, including the CEO subject to 2:1 variable remuneration cap.

### Performance criteria

Type	KPIs	Weight	Minimum	Vesting	Target	Vesting	Maximum	Vesting
Financial	EBTDA <sup>RA</sup>	50%	90%	50%	100%	100%	110%	150%
	EPS	20%	90%	50%	100%	100%	110%	150%
	COST/INCOME	20%	110%	50%	100%	100%	90%	150%
ESG	CARBON FOOTPRINT	5%	46.7% vs. 2022	50%	32.4% vs. 2022	100%	18.1% vs. 2022	150%
	CUSTOMER SATISFACTION	5%	90%	50%	95%	100%	100%	150%

## 2025 SCORECARD

### Minimum Requirements

Liquidity Coverage Ratio (LCR)	≥ risk tolerance (as per RAF)
Total Capital Ratio (TCR)	≥ risk tolerance (as per RAF)
EBTDA <sup>RA</sup>	> 0

### Recipients:

Employees and executive directors, including the CEO subject to 2:1 variable remuneration cap.

subject to 2:1 variable remuneration cap together with STI

### Performance criteria

Type	KPIs	Weight	Minimum	Vesting	Target	Vesting	Maximum	Vesting
Financial	ROTE <sup>NEW</sup>	35%	90%	50%	100%	100%	110%	150%
	ADJ. EPS	35%	90%	50%	100%	100%	110%	150%
	COST/INCOME	20%	110%	50%	100%	100%	90%	150%
ESG	CARBON FOOTPRINT	10%	Minimum <sup>(1)</sup>	50%	Target <sup>(1)</sup>	100%	Maximum <sup>(1)</sup>	150%

(1) ESG targets will be defined by the Board of Directors at the beginning of the first cycle.

# LTI 2025-27: unlocking long-term value with rigorous vesting conditions

## ▪ Equity impact

Up to 12mln options available across three tranches. **Maximum dilution: 3%<sup>(1)</sup>**. Total dilution, including past unexercised plans: 4%.

## ▪ Type of award: Like in the past, the plan provides for two types of options.

**Options A:** "Equity-settled". Upon exercise, the Beneficiary receives a number of ordinary shares as per the following formula:

$$(Total\ Market\ Value\ of\ the\ Opted\ Shares - Total\ Exercise\ Price\ of\ the\ Opted\ Shares - Withholding\ Tax) / Unit\ Market\ Value$$

**Options B:** "Cash-settled". Upon exercise, the beneficiary is entitled to receive a cash bonus equal to the value of the phantom shares, calculated as:

$$Total\ Market\ Value\ of\ the\ Opted\ Phantom\ Shares - Total\ Exercise\ Price\ of\ the\ Opted\ Phantom\ Shares$$

## ▪ Vesting

For Risk Takers:

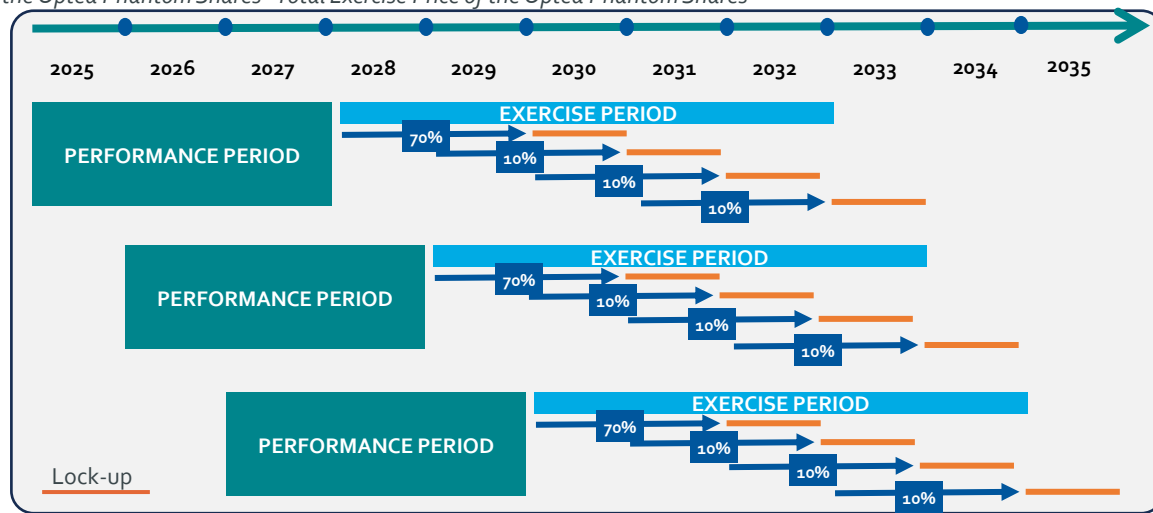
- 70% of vested options can be exercised after 3 years.
- 30% is deferred over the following 3 years.
- 1-year lock-up on selling shares post-exercise.

## ▪ Exercise price

Calculated based on the average share price during the 30 days preceding the Grant Date, adjusted for dividends paid in the same period.

## ▪ Recovery Provision

Malus and clawback clauses, potentially resulting in the withdrawal of the rights granted by the Plan.



<sup>(1)</sup> Assuming that 100% of the assignable options of the plan are Options A (equity-settled). All three tranches envisage the cashless formula as the only mode to exercise the options; hence, the option-share ratio is always less than 1 and, in any case, the formula provides for a maximum limit (maximum theoretical market value) determined by the board, which, in fact, constitutes an additional cap to the number of issuable shares.



# ESOP: Celebrating 40 years of growth through employee ownership

- A milestone initiative to strengthen employee commitment and drive sustainable growth.

## Introducing the 2025 Employee Stock Grant Plan:

In the context of BFF's 40th anniversary, a new Employee Stock Grant Plan has been approved by shareholders at the 2025 AGM.



This initiative aims at enhancing employees' engagement and retention, reinforcing a culture of ownership at all levels within the Bank.

## Key Features of the Plan:

- Broad Employee Participation – Designed for all employees across the BFF Group (max. 900), **except for Senior Management members**.
- Tax-Optimized Structure – Meets Italian legal requirements, with a maximum share allocation per employee equivalent to €2,065.
- 3-Year Retention Period – Strengthening long-term alignment and commitment.
- Enhancing Engagement & Loyalty – Encouraging employees to share in the company's success.
- Limited Dilution Impact – A maximum of 300,000 shares will be allocated to the plan, resulting in an additional dilution of only 0.1% of the share capital.

# CEO's termination pay unchanged and lower than market practice

The CEO's termination pay has not changed vs. previous years. **BFF CEO is a Director of the Company and not an employee**: his termination package has no hidden costs and no further payments due to law and collective bargaining agreements.

## SEVERANCE<sup>(1)</sup>

Equal to the lower of:

- 1.8 times the sum of the fixed pay (excluding benefits) and the average variable remuneration of the previous three years
- the amount of €4,500,000 (cap approved by the 2021 AGM)

In addition:

- ✓ 51% of severance paid in shares
- ✓ 40% upfront, 60% deferred over a six-year period
- ✓ linked to performance and subject to claw back mechanisms

## NON COMPETE

Duration: 3 years

Annual amount: 100% of the fixed pay

Penalty:

In the event of breach of the non-compete obligation:

- 150% of the fixed pay within the first year/100% after one year

In the event certain types of conduct:

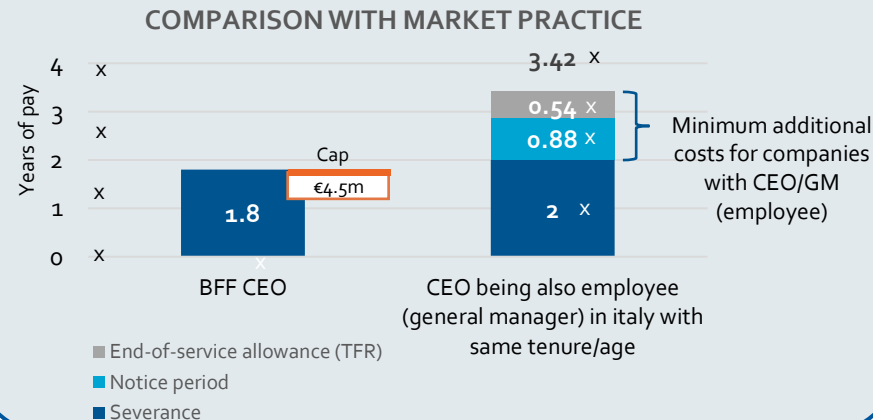
- 35% of the fixed pay

unchanged

unchanged

**NB:** BFF CEO, not being an employee of the company, does not receive additional payments related to the notice period, other contractual indemnities and end-of-service allowance (TFR), unlike the majority of Italian CEOs, who as employees, have access to additional contractual provisions.

**Example:** Should a Group CEO have also the General Manager role, the whole termination package would amount to nearly 3.5 years' total pay (see graph below for comparison).



(1) Activated only in case of (i) removal from office as a director before expiry of the mandate – other than on bad leaver grounds – and (ii) reduction of the pay package during any term of office – except for legal purposes.



Head Office  
Viale Lodovico Scarampo, 15, 20148 Milano  
[info@bff.com](mailto:info@bff.com)

---