

*Courtesy translation*

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**INFORMATION DOCUMENT RELATING TO THE INCENTIVE PLAN OF BFF  
BANKING GROUP "INCENTIVE PLAN 2022"**

*(DRAFTED PURSUANT TO ARTICLE 84-BIS OF THE REGULATION ADOPTED BY CONSOB WITH RESOLUTION  
NO. 11971 OF 14 MAY 1999, AS AMENDED AND SUPPLEMENTED)*

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## INTRODUCTION

This information document (the "**Information Document**"), prepared in accordance with the provisions of Article 114-*bis* of Legislative Decree no. 58 of February 24, 1998 (the "**TUF**"), as well as in accordance with Article 84-*bis* and Schedule 7 of Annex 3A of the Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999 and subsequent amendments and additions (the "**Issuers' Regulation**"), concerns the incentive plan of the group headed by BFF Bank S.p.A. (the "**Company**" or "**Bank**") known as "*Incentive Plan 2022*" (the "**Plan**") and was prepared in view of the Shareholders' Meeting of the Company, convened by the Board of Directors of March 1, 2022, in single call on March 31, 2022, to resolve, *inter alia*, upon the approval of the Plan.

The purpose of this Information Document is to provide shareholders with the information necessary to exercise their right to vote at the Shareholders' Meeting in an informed manner.

It should be noted that the Plan is to be considered of "particular relevance" pursuant to Article 114-*bis*, paragraph 3 of the TUF and Article 84-*bis*, paragraph 2, of the Issuers' Regulation, as it is addressed, *inter alia*, to the Chief Executive Officer and executives with strategic responsibilities of the Company and its subsidiaries pursuant to Article 93 of the TUF.

This Information Document is made available to the public at the Company's registered office in Milan, Via Domenichino 5, as well as on the Company's website [investor.bff.com](http://investor.bff.com), section "Governance/Shareholders' Meetings Documentation". The Information Document will also be made available on the authorized storage mechanism "info".

## DEFINITIONS

Terms with capital letters shall have the meaning indicated below in this Information Document:

<b><i>Accrued Options:</i></b>	means the number of Options, of type (A) or (B), that may actually be exercised by the Beneficiary and which will be determined on the basis of the achievement of the performances indicated in paragraph 2.2.A.(b).
<b><i>Bank or Company:</i></b>	means BFF Bank S.p.A.
<b><i>Beneficiaries:</i></b>	means the persons identified at the unquestionable discretion of the Body, within the limits and on the basis of the principles provided for by the applicable regulation and the Plan, among the employees and/or Directors with executive responsibilities of the Company and/or its subsidiaries, to whom the Options will be granted.
<b><i>Board of Directors or BoD:</i></b>	means the Board of Directors of the Bank.
<b><i>Bonus:</i></b>	means the gross cash amount granted to each Beneficiary as a result of the conversion of the Opted Phantom Shares pursuant to the Regulation, according to the terms, conditions and procedures set forth in the Regulation.
<b><i>Business Day:</i></b>	means each calendar day, with the exception of Saturdays, Sundays and days on which ordinary credit banks are not normally open for business in Milano.
<b><i>C/I:</i></b>	means a KPI represented by the ratio referred to in the following formula "OPEX and D&A / Net Banking Income and Other operating income".
<b><i>Capital Increase:</i></b>	means the share capital increase pursuant to Article 2349 of the Italian Civil Code, approved by the Extraordinary Shareholders' Meeting of April 2, 2020 and/or any further Bank's capital increase which could be approved by the Shareholders' Meeting on a proposal of the Board of Directors to service the Plan.
<b><i>Carbon Footprint:</i></b>	means a KPI represented by the decrease of Direct CO <sub>2</sub> emissions calculated as the proportion of "Direct CO <sub>2</sub> Emissions in the last year of the Performance Period / (Direct CO <sub>2</sub> Emissions Look Back Period - 1%)", as per

	the information provided within the Sustainability Report/Non-Financial Statement.
<b>Claw Back Events:</b>	means the claw back conditions provided for in the Policy for the return of the Variable Remuneration.
<b>Code of Corporate Governance:</b>	means the code of corporate governance for listed companies, prepared by the Committee for the Corporate Governance of Listed Companies, promoted by Borsa Italiana S.p.A.
<b>Consolidated Banking Act or TUB:</b>	the Consolidated Act on Banking and Credit referred to in Legislative Decree no. 385 of 1 September 1993, as subsequently amended.
<b>Customer Satisfaction:</b>	means a KPI represented by the indicator resulting from a survey conducted with the support of an external consultant, which interprets the "Degree of Satisfaction" of the Bank's customers.
<b>Date of Conversion into Bonus:</b>	has the meaning given to that term in the formula for calculating the Bonus due to the Beneficiary upon exercise of Options B.
<b>Deferral Period:</b>	<p>means, considering that all Options are subject to deferral:</p> <ul style="list-style-type: none"><li>(a) for non-Risk Takers personnel, the 3-year period following the Option Grant Date; and</li><li>(b) for Risk Takers the 6-year period following the Option Grant Date, as set forth in paragraph 2.1.</li></ul>
<b>Directors:</b>	means the persons who hold the position of member of the Board of Directors with executive positions or, in any case, of the administrative body of the Bank or other Group company on the date on which they are identified as Beneficiaries.
<b>EBTDA Risk Adjusted (EBTDA RA):</b>	means the Group's EBTDA adjusted on the basis of a adjustment mechanism that considers the risks assumed, consistently with the capital targets defined in the RAF (Risk Appetite Framework) defined on the basis of the strategic plan/budget approved by the Board of Directors, based on the following formula $EBTDA\ RA = EBTDA - (RWA\ M * TCR\ Target * Ke)^1$ .

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<sup>1</sup> Namely:

<b>EPS:</b>	means a KPI represented by adjusted consolidated net income divided by share outstanding.
<b>Euronext Milan:</b>	means the regulated market organized and managed by Borsa Italiana S.p.A. on which the ordinary shares of the Company are traded.
<b>Events:</b>	means Malus Events and Claw Back Events.
<b>Executive:</b>	has the meaning referred to in the Policy.
<b>Exercise Date:</b>	means each date, in the Exercise Period, on which the Beneficiary exercises the Accrued Options by sending the Exercise Notice. It is understood that whether the Exercise Date is a day on which the Milan Stock Exchange is not open, the Exercise Date will be considered, for all purposes, as the previous trading day.
<b>Exercise Notice:</b>	means the communication with which the Beneficiary exercises the Options.
<b>Exercise Period:</b>	means the 24-month period during which the Options may be exercised in accordance with the Regulation which starts (i) for Options that are not subject to further deferral, from the First Deferral Date, and (ii) for Options that are subject to further deferral, from the end of the Deferral Period or the relevant annual <i>pro-rata</i> as set forth in paragraph 2.1.
<b>First Deferral Date:</b>	means the date 3 years after the Grant Date of the Options on which the First Exercise Condition referred to in paragraph 2.2.A.(a) will be met.
<b>First Exercise Condition:</b>	means the condition to which the exercise of the Options is subject, in accordance with paragraph 2.2.A.(a).

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**EBTDA:** profit from current operations before tax (Item 290), with the exclusion of net adjustments to tangible fixed assets (Item 210), net adjustments to intangible fixed assets (Item 220) and income statement items that are offset by corresponding changes in shareholders' equity (e.g., exchange rate losses and costs relating to stock option plans). This accounting item is also considered to include or exclude any extraordinary accounting items provided for in the budget (for example, in the event of extraordinary transactions) and/or unexpected items generated by the Bank or the Group that could not be foreseen in the budget. This follows a specific resolution of the Board of Directors;

**RWAM:** average over the year of the total, actual and Group risk weighted asset, determined with respect to the average RWA at the end of the month, calculated by the Planning, Administration and Control Department on the basis of the monthly accounting records and through the replication of the prudential reporting activities required for quarterly supervisory reports;

**TCR Target:** in the absence of instruments eligible for the purposes of calculating Own Funds, it is made up of the risk appetite threshold defined for the Total Capital Ratio in the RAF. In the case of the existence of eligible instruments for the purposes of calculating the Own Funds, the TCR Target value to be applied in the formula is equal to the difference between 15% and the percentage incidence of said instruments on the Group's TCR Target;

**Ke:** the Group's cost of own capital, defined as 10%.

<b><i>Grant Date:</i></b>	Means, for each Beneficiary, the date indicated in the Grant Letter, from which the granting of the Options takes effect.
<b><i>Grant Letter:</i></b>	means the letter with which the Bank notifies the Beneficiary of the granting of Options.
<b><i>Group:</i></b>	means the Bank and the companies controlled by it, directly or indirectly, in accordance with current legal provisions.
<b><i>Information Document:</i></b>	this information document, prepared in accordance with the requirements of Article 114- <i>bis</i> of the TUF.
<b><i>Internal Dealing Procedure:</i></b>	means the "Internal Dealing Procedure" adopted by the Bank, from time to time in force.
<b><i>Just Cause:</i></b>	<p>means (i) with reference to Beneficiaries who are employees of the Company, dismissal for disciplinary reasons; (ii) with reference to Beneficiaries who are directors of the Company, (a) any cause justifying removal from the office of director pursuant to Article 2383, third paragraph, of the Italian Civil Code, or (b) the committing by the Beneficiary of a crime involving moral turpitude or fraud, or (c) the occurrence of a cause of ineligibility or forfeiture pursuant to Article 2382 of the Italian Civil Code.</p> <p>It is understood that the references to the provisions of the Italian Civil Code for Beneficiary Directors of foreign companies in the Group are intended to refer to similar or overlapping provisions in the reference legislation.</p>
<b><i>KPI:</i></b>	means the corporate performance indicators for the evaluation of the Second Exercise Condition set forth in paragraph 2.2.A.(b).
<b><i>Look Back Period:</i></b>	means, in relation to the allocation of each Option Tranche, the year before the Grant Date ( <i>e.g.</i> , 2021, for the first Option Tranche to be allocated in 2022) in relation to which the individual performance of the Beneficiary and the Bank is assessed, as indicated in paragraph 2.3
<b><i>Lock-up:</i></b>	means for Risk Takers only, the period of 1 year starting from the First Deferral Date or, for Options subject to further deferral, from the end of the Deferral Period or of

the relevant annual *pro-rata* as indicated in paragraph 2.1, during which:

- (i) the Risk Taker Beneficiary who has exercised Options A cannot dispose of the Shares received following the exercise of such Options A;
- (ii) for a Risk Taker Beneficiary who has exercised Options B, the value of the Opted Phantom Shares due following the exercise of such Options B may not be converted into Bonuses.

***Malus Events:***

means for Risk Takers, the failure to comply with the conditions envisaged for the start of the Exercise Period of the Accrued Options subject to further deferral as set forth in paragraph 2.2.B.

***Market Value:***

has the meaning given to that term in the formulas for calculating the Shares and Bonus due to the Beneficiary upon exercise of the Options.

***Maximum Limit:***

has the meaning attributed to this term in the formula for the calculation of the Shares owed to the Beneficiary when exercising the Options pursuant to paragraph 4.5.

***Operating Conditions:***

means the conditions governing the exercise of the Options as set out in paragraphs 2.2.A.(a) e 2.2.A.(b).

***Opted Shares:***

has the meaning attributed to this term in the formula for calculating the Shares accruing to the Beneficiary when exercising the Options A pursuant to paragraph 4.5.

***Options:***

means indifferently Options A and Options B.

***Options A:***

means the free and non-transferable options, each of which will entitles the holder to receive a number of Shares determined pursuant to the Regulation, within the conditions, terms and in the manner established by the Regulation **and described in paragraph 4.5.**

***Options B:***

means the free and non-transferable options, each of which entitles the holder to receive a number of Phantom Shares that will be converted into Bonuses pursuant to the Regulation, under the conditions, terms and procedures set out in the Regulation **and described in paragraph 4.5.**

<b><i>Period of Performance:</i></b>	means, in relation to the granting of each Option Tranche, the three-year period starting from the year of the Grant Date (and therefore for the first Option Tranche the years 2022-2024, for the second Option Tranche the years 2023-2025, for the third Option Tranche the years 2024-2026).
<b><i>Personnel under Board of Directors' responsibility:</i></b>	<p>means the personnel whose remuneration and incentive systems, annual objectives and related assessment are determined by the Board of Directors in accordance with the Policy, <i>i.e.</i>:</p> <ul style="list-style-type: none"><li>(i) the Chief Executive Officer;</li><li>(ii) Directors holding special offices;</li><li>(iii) Senior Executives of the Group;</li><li>(iv) Executives who report directly to the Chief Executive Officer; and</li><li>(v) the Heads of the Company's Control Functions.</li></ul>
<b><i>Phantom Share:</i></b>	means a unit representing the value of a Share which, pursuant to the Regulation, within the terms and conditions set forth in the Regulation, will be converted into a Bonus.
<b><i>Opted Phantom Shares:</i></b>	has the meaning given in the formula for calculating the Bonus due to the Beneficiary upon exercise of Options B pursuant to paragraph 4.5.
<b><i>Plan:</i></b>	means the incentive plan shown in this Information Document.
<b><i>Plan Management Body:</i></b>	<p>Means:</p> <ul style="list-style-type: none"><li>(a) with reference to the Personnel falling under Board of Directors' responsibility, is the Board of Directors; or</li><li>(b) with reference to other employees and/or executive directors of the Group whose remuneration falls within the scope of its responsibilities, the Chief Executive Officer of the Bank.</li></ul>
<b><i>Policy:</i></b>	means the remuneration and incentive policy in favour of the members of the strategic supervision,



	management and control bodies and the personnel of the Group from time to time in force.
<b><i>Price of Exercise:</i></b>	has the meaning given in the formulas for calculating the Shares and Bonus due to the Beneficiary upon exercise of the Options pursuant to paragraph 4.5.
<b><i>Regulation:</i></b>	means the regulation governing the terms and conditions of the Plan.
<b><i>Remuneration Committee:</i></b>	means the committee established by the Board of Directors of the Bank pursuant to and for the purposes of paragraph 2.3.4 of Section IV, Chapter 1 ("Corporate Governance"), Title IV, Part One of Bank of Italy Circular No. 285, as subsequently amended, and Articles 3 and 5 of the Code of Corporate Governance.
<b><i>Risk Takers:</i></b>	means persons whose professional activity has or may have a significant impact on the Group's risk profile, as identified according to the criteria set out in the Policy.
<b><i>Second Exercise Condition:</i></b>	means the condition governing the exercise of the Options, in accordance with paragraph 2.2.A.(b).
<b><i>Senior Executive:</i></b>	has the meaning referred to in the Policy.
<b><i>Shares:</i></b>	means the Bank's ordinary shares.
<b><i>Tranche:</i></b>	means each of the three tranches (First Tranche, Second Tranche and Third Tranche) into which the maximum number of Options that can be granted under the Plan is divided, for the years 2022, 2023 and 2024 respectively.
<b><i>Unit Market Value:</i></b>	has the meaning given to such term in the formulas for calculating the Shares upon exercise of the Options A.
<b><i>Variable Remuneration:</i></b>	(i) any form of payment or benefit whose recognition or disbursement depends on performance, however measured (income objectives, volumes, etc.), or other parameters (e.g., length of stay), excluding severance indemnities established by general employment regulation and the indemnity for lack of notice; (ii) discretionary pension benefits and agreements on compensation for early termination of employment or office (so-called golden parachute); (iii) the so-called carried interest; and (iv) any other form that cannot be unequivocally qualified as fixed remuneration.

***Withholding:***

has the meaning given in the formula for calculating the Shares to which the Beneficiary is entitled upon exercise of Options A pursuant to paragraph 4.5.

## 1. RECIPIENTS

The Plan is reserved to Beneficiaries that will be identified among employees and executive directors of the Company and/or its subsidiaries, identified at the unquestionable discretion of the Plan Management Body, taking into account the Policy and after consulting – for the Personnel falling under Board of Directors' responsibility – the Remuneration Committee.

The Plan consists of three Tranches and provides for the granting of a maximum of 9,700,000 Options. The Options may be of two types: Options A, which grant the right to receive Shares in the quantity, under the terms and conditions set out in the Regulation; and Options B, which grant the right to receive Phantom Shares in the quantity, under the terms and conditions set out in the Regulation; these Phantom Shares will then be converted into Bonuses.

Beneficiaries may receive, alternatively, Options A or Options B, it being understood that a Beneficiary who has received one type of Option (*e.g.*, Options A) may continue to receive only that type of Option for the entire duration of the Plan (and therefore also in subsequent Tranche of granting).

By accepting Options, each Beneficiary agrees (i) that any increased value of the Shares received upon exercise of the Options, the Bonus, and more generally any benefit received under the Plan shall not be considered part of normal compensation and (ii) that the grant of Options from one or more Tranche:

- a) shall not result in any right of the Beneficiaries to receive Options under any other Tranche;
- b) shall not, under any circumstances, be considered as an integral part of normal remuneration;
- c) may not constitute the basis for the recognition of similar or further benefits, under the Plan or otherwise;
- d) shall not entitle the Beneficiaries, upon expiry of the Plan, to participate in any further incentive schemes, howsoever implemented, or to any kind of remuneration.

### 1.1 **Name of the recipients who are members of the Board of Directors or the Management Board of the issuer of the financial instruments, of the issuer's parent companies and of the companies directly or indirectly controlled by the latter**

At the date of preparation of this Information Document, the information relating to the names of the members of the Board of Directors of the Bank and of the companies directly or indirectly controlled by the Bank, which benefit from the Plan, is not available as the Plan shall, at its sole discretion, identify the Beneficiaries of each Tranche.

Therefore, the information required by paragraph 1 of Schedule 7 of Annex 3A to the Issuers' Regulation shall be provided in accordance with the procedures and within the terms set out in Article 84-bis, paragraph 5, of the Issuers' Regulation.

It should be noted that executive Directors of the Companies or its subsidiaries, including the Chief Executive Officer of the Company, could also be among the Beneficiaries of the Plan.

**1.2 Categories of employees or associates of the issuer of the financial instruments and the parent or subsidiary companies of that issuer**

In addition to the executive directors of the Company and/or its subsidiaries, the Plan is addressed to the Group's employees identified at the unquestionable discretion of the Plan's Management Body.

**1.3 Names of the persons who benefit from the Plan, belonging to the following groups as indicated in point 1.3, letters a), b), c) of Annex 3A, Schedule 7 of the Issuers' Regulation.**

*(a) General managers of the Company:*

Not applicable, as the Company has not appointed any general managers;

*(b) Other executives with strategic responsibilities of the Company which is not a "small size" company, pursuant to Article 3, paragraph 1 (f) of the Related Party Regulation, if they received during the financial year total fees (obtained by adding monetary remuneration and remuneration based on financial instruments) higher than the highest overall remuneration from among the remunerations attributed to members of the Board of Directors, or Management Board, and the general managers of the Company;*

It should be noted that, at the date of preparation of the Information Document, information relating to the names of the other executives with strategic responsibilities who benefit from the Plan is not available as the Plan Management Body will determine the names of the Beneficiaries at its sole discretion.

Therefore, this information will be communicated at a later date, pursuant to Article 84-bis, paragraph 5, of the Issuers' Regulation;

*(c) Natural persons controlling the Company, who are employees or who work with the Company:*

Not applicable.

**1.4 Description and numerical indication, for each of the following categories:**

*(a) Of executives with strategic responsibilities other than those specified in paragraph 1.3, letter b);*

It should be noted that, at the date of preparation of the Information Document, the information relating to the names of the other executives with strategic responsibilities other than those indicated in letter b) of paragraph 1.3, who benefit from the Plan is not available as it will be the Plan Management Body that will determine the names of the Beneficiaries at its sole discretion.

Therefore, this information will be communicated at a later date in accordance with Article 84-bis, paragraph 5, of the Issuers' Regulation;

- (b) *For "small size" companies pursuant to Article 3, paragraph 1 (f) of the Related Party Regulation, the aggregate indication of all executives with strategic responsibilities of the Company;*

Not applicable, as the Company is not a "small size" company;

- (c) *Other possible categories of employees or collaborators for whom different provisions have been set out in the Plan (for example, managers, middle managers, employees, etc.);*

There are no categories of employees or consultants for whom the Plan provides for different features.

## **2. REASONS FOR ADOPTING THE PLAN**

### **2.1 Objectives to be achieved through the attribution of the Plan**

The aims of the Plan are as follows:

- a) encourage the integration of personnel, making it share in the company's results;
- b) make personnel aware of the creation of value for the Bank and its shareholders;
- c) increase the ability of personnel retention (retention of key resources) by decreasing the tendency of valuable professionals to resign from the Group;
- d) improving the Group's competitiveness and good governance in the labour market, making it more attractive to the best talents in the market, with professionalism and skills appropriate to the needs of the Bank and the Group; and
- e) promoting the Bank's sustainability in the medium to long term, and ensuring that remuneration is based on the results actually achieved.

The Plan is developed over a long-term time horizon, with the Options granted in three Tranche, as described in more detail in paragraph 4 below. The Options granted are subject to a Deferral Period, equal to (i) 3 years from each Grant Date for personnel other than Risk Takers (i.e., First Deferral Date) and (ii) 6 years from each Grant Date for Risk Takers.

The Options may be exercised by the Beneficiaries in arrears within a period of 24 months starting (i) for Accrued Options are not subject to further deferment, from the First Deferral Date, and (ii) for Options that are subject to further deferment, from the end of the Deferral Period or the relevant annual pro-rata. In particular, it should be noted that the Options granted to the Risk Takers may be exercised:

- for 70% as of the First Deferral Date, in the Exercise Period communicated to the Beneficiaries;

- for 30% in three separate Exercise Periods, each for the same number of Options (10% of the total), starting respectively from one year after the First Deferral Date (for the 1<sup>st</sup> annual *pro-rata*), from two years after the First Deferral Date (for the 2<sup>nd</sup> annual *pro-rata*) and from three years after the First Deferral Date (for the 3<sup>rd</sup> annual *pro-rata*), subject to the Board of Directors verifying the absence of any Malus Events.

The above terms are deemed to help achieve the incentive and loyalty objectives of the Plan for personnel.

## **2.2 Key variables, including in terms of performance indicators, considered for the Plan allocation**

The following are the key variables considered for Plan allocation purposes:

### **A. Accrued Options**

It is possible to exercise the Options granted under each Tranche after 3 years from the relevant Grant Date.

The exercise of the Options is subject to the satisfaction of the Exercise Conditions.

#### **(a) First Exercise Condition**

Permanence of an employment relationship with the Bank or other Group companies, and/or a position on the Board of Directors of the Bank or other Group companies until the First Deferral Date. The Beneficiaries shall also not be in a period of notice for resignation or dismissal.

In any case of termination of the employment relationship or the office of director before the First Deferral Date, the Beneficiary - unless otherwise determined by the Plan Management Body (which, in cases of termination of the relationship of employment or of the office of director for any reason other than dismissal for Just Cause or revocation for Just Cause shall have the right to determine as verified the First Exercise Condition in relation to Options granted which have not yet accrued at the date of termination of the relationship or office) - shall forfeit all rights. In this case, the granting of all the Options granted to him/her under the Plan, and not yet accrued at the date of termination of the employment and/or directorship relationship, shall be considered immediately revoked.

#### **(b) Second Exercise Condition**

In addition to the fulfilment of the First Exercise Condition, the right to exercise the Options is also subject to the achievement of the KPIs relating to the Performance Period, which will also determine the number of Accrued Options.

The KPIs taken into account for the purposes of the Plan (and the related impact on the total number of Options that can be accrued) are as follows: (i) EBTDA RA (50%), (ii) EPS (20%), (iii) C/I (20%), (iv) ESG (Carbon Footprint) (5%), (v) ESG (Customer Satisfaction).

In any case, after assessing the performance achieved in relation to all the KPIs, the Accrued Options may never exceed the number of Options granted to the individual Beneficiary.

The Board of Directors will verify the performance and the achievement of the KPIs for the achievement of the Second Exercise Condition when it approves the draft financial statements for the year ended December 31, 2024 for the Options granted in 2022, December 31, 2025 for the Options granted in 2023 and December 31, 2026 for the Options granted in 2024.

#### B. Malus and Claw Back

The Plan provides for Malus Events and Claw Back Events, which result in the withdrawal of the rights granted by the Plan.

##### *Claw Back events*

Without prejudice to the right of the Bank to compensation for any damages, the Beneficiary loses the rights provided for in the Plan (which will be revoked) in the event of individual conduct, in the context of the Bank's activity or in any case of its professional activity, attributable to one or more of the claw back conditions set out in the Policy (*i.e.*, a Claw Back Events).

##### *Malus Events*

For Beneficiaries classified as Risk Takers, the beginning of the Exercise Period of the Accrued Options and subject to further deferral is subject to the following conditions being verified by the Board of Directors: (i) profitability greater than zero, net of risk; (ii) compliance with risk tolerance levels of the capital (TCR) and the liquidity (LCR), as defined in the RAF (Risk Appetite Framework) in place at the end of the previous financial year (*e.g.*, for the Accrued Options subject to further deferment granted to a Risk Taker in 2022, to be exercised after December 31, 2024, there are three annual *pro-rata* starting, respectively, after December 31, 2025, after December 31, 2026 and after December 31, 2027, and therefore the verification shall be carried out with reference to the outcomes of December 31, 2025, December 31, 2026 and December 31, 2027, respectively).

Failure to comply with any of the above conditions constitutes a Malus Event.

#### C. Delisting

In the event of a takeover bid and/or exchange of the Company's capital that may result in the delisting of the Bank, the Board of Directors will make the amendments to the Plan that are necessary in order to pay the Beneficiaries, in compliance with the applicable regulation, an economic benefit substantially equivalent to that which would have been due to the Beneficiaries on the basis of the Options not yet exercised, if they had been exercised on the

date of communication to the market of the results of the public tender offer that would result in sell out / squeeze out rights or equivalent (e.g., following the conclusion of a public tender offer after which the control of the Bank was acquired and which was followed by an extraordinary transaction whose effects include the delisting of the Bank, the date immediately preceding that of the issue by Borsa Italiana S.p.A. of the delisting measure).

## 2.3 Factors underlying the determination of the amount of compensation based on financial instruments, or the criteria for determining it

On an annual basis, the Board of Directors shall determine (i) the maximum number of Options that may be granted for each Tranche, and (ii) within each Tranche, the number of Options A and Options B that can be granted.

The Options not granted in a Tranche, for any reason whatsoever (including negative evaluation of the performance in the Look Back Period) or returned to the Bank's disposal, may be granted by the Plan Management Body until December 31, 2024, provided that Options of one type (e.g., Options A) cannot be granted to Beneficiaries who have already received Options of the other type (e.g., Options B), even if in relation to the previous Tranche.

The granting of each Option Tranche to the Beneficiary is subject to prior verification by the Plan Management Body of the positive assessment of the performance (both at a collective level, with reference to the Bank, and at an individual level, for the potential Beneficiary) with regard to the Look Back Period, i.e., the year prior to the granting of the Options.

The verification of performance in the Look Back Period is carried out as follows:

- with regard to the Bank's performance, it is ensured that, in the Look Back Period, with a view to business continuity and the sustainability of long-term results, the entry gates required for all Personnel to access the Variable Remuneration defined as "MBO" are respected, namely

INDICATOR	ENTRY GATE
<b>Liquidity Coverage Ratio LCR (LCR)</b>	> <i>risk tolerance</i> approved by the Board of Directors, and defined within the RAF (Risk Appetite Framework) in place at the closing date of the Look Back Period
<b>Total Capital Ratio (TCR)</b>	> <i>risk tolerance</i> approved by the Board of Directors, and defined within the RAF (Risk Appetite Framework) in place at the closing date of the Look Back Period
<b>EBTDA<sup>RA</sup></b>	positive

- with regard to individual performance, it is verified that the potential Beneficiary in the Look Back Period has achieved the individual targets for the right to be granted the MBO (or other equivalent treatment in foreign legal systems), without considering for the



purposes of this assessment any negative impact on the MBO deriving from the application of the so-called “multipliers” referred to in the Policy.

Once the conditions for a positive performance in the Look Back Period have been ascertained, in determining the total number of Options that can be granted to each Beneficiary, the Plan Management Body will act with discretion, in accordance with the Policy. This discretion shall, however, be exercised:

- having regard to the interests of the Bank and the Group; and
- to ensure that the granting of the Options is consistent with the Bank’s overall choices in terms of risk assumption, strategies, long-term objectives, corporate governance structure and internal controls,

taking into account, among other things, the importance of the resource for the results of the Bank and the Group, the strategic importance of the position, the potential of the resource and any other useful element, within the limits established by the laws and regulation in force from time to time.

It is also possible that the Options initially granted to the Beneficiaries may be reallocated.

The Options granted to Beneficiaries whose employment relationship with the Bank or other Group companies and/or position on the Board of Directors of the Bank or other Group company terminates before the First Deferral Date, as well as the Options that have been subject to revocation due to the occurrence of a Malus Event and a Claw Back Event, remain in fact at the disposal of the Bank. The Options that were not granted to the Beneficiaries due to the negative performance evaluation in the Look Back Period also remain in the availability of the Bank.

The Options that have returned and/or remain available to the Bank, in accordance with the paragraph above, may be re-allocated by the Plan Management Body until December 31, 2024, following a positive assessment of performance in the Look Back Period. These Options - even if initially granted within a Tranche and within the maximum limit of that Tranche (e.g., First Tranche) - may be re-allocated within subsequent Tranche without affecting the relative maximum number of Options of those subsequent Tranche (e.g., Third Tranche).

The Plan Management Body, may reallocate the Options also to individuals who were not yet part of the Beneficiaries (e.g., newly hired employees).

**2.4 Reasons for any decision to allocate compensation plans based on financial instruments not issued by the Company, such as financial instruments issued by subsidiaries or, parent companies or third party companies with respect to the Group; if the aforesaid instruments are not traded on regulated markets, information on the criteria used to determine the value attributable to them**

Not applicable.

## **2.5 Assessments of significant tax and accounting implications that affected the preparation of the Plan**

The preparation of the Plan was not influenced by significant tax or accounting assessments.

## **2.6 Possible support of the Plan by the Special Fund for the encouragement of workers' participation in undertakings, as referred to in Article 4, paragraph 112, of Law no. 350 of 24 December 2003**

The Plan does not receive support from the "Special Fund for the encouragement of workers' participation in undertakings", as provided for by Law 350 of 24 December 2003.

# **3. APPROVAL PROCESS AND TIMING FOR GRANTING THE SHARES**

## **3.1 Scope of the powers and duties entrusted by the Shareholders' Meeting to the Board of Directors for the purpose of implementing the Plan**

On March 1, 2022, the Board of Directors approved the Plan Regulation and, on the same date, the Board of Directors resolved, *inter alia*, to submit the approval of the Plan to the Shareholders' Meeting of the Company, convened in single call on March 31, 2022.

The Shareholders' Meeting will be asked to grant the Board of Directors, with the power to sub-delegate to one or more of its members, any power necessary or appropriate to implement the Plan.

## **3.2 Indication of the persons responsible for the administration of the Plan and their duties and powers**

The management of the Plan is entrusted to the Board of Directors of the Company, which establishes the management criteria on the proposal of the Remuneration Committee, always within the scope of the remuneration and incentive policies of the Bank. In this regard, in addition to reporting to the Shareholders' Meeting on the progress of the Plan within the limits and according to the procedures set out by applicable regulation, with particular reference to the Options granted or, from time to time, exercised, the Board of Directors is responsible, *inter alia*, for the following tasks:

- a) approve the Regulation implementing the Plan and any amendments thereto;
- b) submit to the Shareholders' Meeting any substantial amendments to the Regulation for implementing the Plan and/or the Plan itself;
- c) determine any changes and/or exceptions to the Bank's and the Beneficiary's performance conditions in the Look Back Period, in relation to which the granting of the Options is conditional;
- d) determine, at the beginning of each Tranche, the "minimum", the "target" and the "maximum" value of the KPIs in relation to the relevant Performance Period, provide for

all the changes and/or exceptions to the values ("minimum", "target" and "maximum") of the KPIs that are necessary to preserve the purposes of the Plan in the face of extraordinary and/or unforeseeable circumstances, provide for the changes to the performance conditions in the Look Back Period and the KPIs that may be necessary to ensure that the Corporate Control Functions may also participate in the Plan, retaining the discretion to waive, in whole or in part, the achievement of the values ("minimum", "target" and "maximum") of the KPIs for the purposes of considering the Second Exercise Condition and the possibility of exercising the Options as fulfilled, as well as the power, in the face of extraordinary and/or exceptional circumstances, to adjust and/or modify the EBITDA RA formula and the related parameters;

- a) verify the fulfilment of the Second Exercise Condition and the absence of Malus Events;
- b) determine the maximum number of Options to be granted for each Tranche, by determining, for each Tranche, the number of Options A and Options B;
- c) upon proposal of the Risk Manager, approve the model for determining the fair market value of the Options, which will be calculated also with reference to the value of the Shares at the date of approval of the Plan based on the valuation techniques and parameters commonly used and recognized by the financial community;
- d) determine the value of the Options at the time of grant on the basis of the model referred to in point g) above;
- e) regulate the rights of the Beneficiaries and/or to adjust the grant conditions in the cases and in accordance with the Regulation (e.g., with reference to the Delisting and extraordinary transactions and consequent amendments to the Plan);
- f) provide, also by delegating powers to the Chief Executive Officer, with the right to sub-delegate to the Bank's departments, for all the obligations relating to the execution of the Plan.

The Plan Management Body, *i.e.*, (a) with reference to the Personnel falling within the competence of the Board of Directors, the Board of Directors; or (b) with reference to other employees and/or executive directors of the Group whose remuneration falls within its competence, the Chief Executive Officer of the Bank:

- a) pursuant to the terms and conditions set forth in the Regulation and in the Plan, identify the Beneficiaries;
- b) verifies that, during the Look Back Period, the performance conditions of the Bank and the individual Beneficiaries, upon which the granting of the Options is conditional, have been met;
- c) determines the Options due to each Beneficiary and grant them, in accordance with the procedures set forth in the regulation and in the Plan, without prejudice to the fact that, for each Tranche, the Chief Executive Officer, within the limits of his powers, may grant only those Options that are not reserved by the Board of Directors to the Personnel falling under Board of Directors' responsibility;

- d) may grant an extension of the Exercise Period of up to 6 months, to allow any heirs or legatees of the Beneficiary to exercise the Options, according to the procedures provided for in the regulation and in the Plan;
- e) determines the cases in which the exercise of the Options must be carried out with payment of withholding tax;
- f) may recognize exceptions to the rules of maintenance of the Options in the event of termination of the Beneficiaries' employment or directorship before the First Deferral Date, according to the procedures provided for in the regulation and in the Plan.

### **3.3 Any existing procedures for the revision of the Plan, including in relation to any changes in the underlying goals**

Without prejudice to the competence of the Shareholders' Meeting to resolve any changes of a substantial nature with regard to the Plan, the Board of Directors is the body responsible for making changes to the Plan.

### **3.4 Description of methods for determining the availability and allotment of the financial instruments underlying the Plan (i.e.: bonus allotment of shares, capital increases excluding pre-emption rights, purchase and sale of treasury shares)**

The Plan provides the free granting of Options A which entitle the beneficiary to receive Shares, as well as Options B, that entitle the holder to receive Phantom Shares (to be subsequently converted into Bonuses).

The Shares that may be granted upon exercise of the Options A may be:

- newly issued, based on the Capital Increase; or
- already issued and in the Company's portfolio on the Exercise Date of the Options A.

### **3.5 Role played by each director in determining the characteristics of the Plan; possible occurrence of conflicts of interest for the directors concerned**

The characteristics of the Plan were determined collectively by the Board of Directors of the Company.

With regard to the occurrence of any situations of conflict of interest for the directors concerned, it should be noted that in addition to the Chief Executive Officer from time to time in office, the executive directors of the Company or other Group companies could potentially be included among the Beneficiaries. In this regard, it should be noted that any decision relating to and/or pertaining to the granting of the Options to the Chief Executive Officer, Directors holding special offices, Senior Executives of the Group, Executives reporting directly to the Chief Executive Officer, or Heads of Corporate Control Functions (like any other decision relating to and/or pertaining to the management and/or implementation of the plan

with regard to them or in relation to which the Chief Executive Officer has a conflict of interest), will remain the exclusive responsibility of the Board of Directors.

**3.6 For the purposes of the requirements of Article 84-bis, paragraph 1, of the Issuers' Regulation, the date of the decision taken by the body responsible for submitting the plans for approval to the shareholders' meeting and the proposal of the remuneration and appointments committee, if any**

The Remuneration Committee approved the Plan at its meeting on February 28, 2022 and the Board of Directors approved the Plan at its meeting on March 1, 2022.

**3.7 For the purposes of the requirements of Article 84-bis, paragraph 5, letter a) of the Issuers' Regulation, the date of the decision taken by the competent body regarding the allocation of the instruments and any proposal to the aforementioned body submitted by the remuneration and appointments committee, if any**

On March 1, 2022, the Company's Board of Directors approved the Regulation and resolved, among other things, to submit the approval of the Plan to the Shareholders' Meeting, convened on March 31, 2022 in a single call.

In the event of approval of the Plan, the Board of Directors will meet to take the decisions relevant to its implementation, and, in particular, will determine the number of Options that can be granted for each Tranche and, specifically, the number of Options A and Options B that can be granted for each Tranche.

**3.8 Market price, recorded on the aforementioned dates, for the financial instruments on which the plans are based, if traded on regulated markets**

On February 28, 2022, when the Remuneration Committee met to determine the proposal regarding the Plan to be submitted to the Board of Directors, the closing stock market price of the Shares was Euro 6.46.

On March 1, 2022, when the Board of Directors met to determine the proposal regarding the Plan to be submitted to the Shareholders' Meeting, the closing stock market price of the Shares was Euro 6.36.

The official price of the Shares that will be recorded at the time of approval by the Shareholders' Meeting will be communicated pursuant to Article 84-bis, paragraph 5, of the Issuers' Regulation.

The official price of the Shares that will be recorded at the time of the Granting of the Options by the Board of Directors will be notified pursuant to Article 84-bis, paragraph 5, of the Issuers' Regulation.

**3.9 In the case of plans based on financial instruments traded on regulated markets, in what terms and in what manner the Company takes into account, in identifying the timing of the grant of the instruments pursuant to the Plan, the possible concurrence in time between: (i) this grant or any decisions taken in this regard by the Remuneration and Appointments Committee, and (ii) the dissemination of any relevant information pursuant to Article 17 of Regulation (EU) No 596/2014; for example, if such information is: (a) not already public and capable of positively influencing market prices, or (b) already published and capable of negatively influencing market prices**

The structure of the Plan, the conditions, the duration and the procedures for granting the Options do not at present suggest that the grant may be significantly influenced by any disclosure of relevant information pursuant to Article 17 of Regulation (EU) No 596/2014.

Directors and managers will in any case be required to comply with the applicable regulation, with particular reference to the regulation on market abuse and in relation to the exercise of the Options and the disposal of the Shares resulting from the exercise of the Options granted in exchange for participation in the Plan.

#### **4. CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS GRANTED**

**4.1 Description of the forms in which the Plan is structured; for example, specify if the plan is based on the granting of: financial instruments (so-called assignment of restricted stock); the increase in value of such instruments (so-called phantom stock); option rights that allow the subsequent purchase of financial instruments (so-called option grant) with settlement by physical delivery (so-called stock options) or cash on the basis of a differential (so-called stock appreciation right)**

The Plan provides for the assignment to the Beneficiaries of

- Options A, the exercise of which, in accordance with the terms and conditions of the Plan, entitles the Beneficiary to receive Shares; and
- Options B, which entitle the Beneficiary to receive Phantom Shares (to be converted into Bonuses),

to the extent that can be determined on the basis of the formulas described in paragraph 4.5 below.

The Shares purchased during the exercise of the Options A have regular dividend entitlement and, therefore, the related rights can be exercised by each Beneficiary from the moment in which each of them becomes the holder of the Shares.

#### **4.2 Specify the Plan effective implementation period, also with reference to any different cycles envisaged**

The Plan provides for the Options to be granted in three Tranche for the years 2022, 2023 and 2024.

A. The Options relating to the First Tranche, granted during 2022:

- (i) will reach the First Exercise Condition in 2025 (upon reaching the First Deferral Date); and
- (ii) may be exercised (a) if not subject to further deferral, within 24 months following the relevant First Deferral Date (and, therefore, within 2027), or (b) if subject to further deferral, within 24 months following the end of each of the three annual *pro-rata* periods following the First Deferral Date (and, therefore, within 2028, 2029 and 2030, respectively).

B. The Options related to the Second Tranche, granted during 2023:

- (i) will reach the First Exercise Condition in 2026 (upon reaching the First Deferral Date); and
- (ii) may be exercised (a) if not subject to further deferral, within the 24 months following the relevant First Deferral Date (and therefore within 2028), or (b) if subject to further deferral, within the 24 months following the end of each of the three annual *pro-rata* periods following the First Deferral Date (and therefore within 2029, 2030 and 2031 respectively).

C. The Options related to the Third Tranche, granted during 2024:

- (i) shall reach the First Exercise Condition in 2027; and
- (ii) may be exercised (a) if not subject to deferral, within 24 months of the relevant First Deferral Date (and therefore within 2029), or (b) if subject to further deferral, within 24 months of the end of each of the three annual *pro-rata* periods following the First Deferral Date (and therefore within 2030, 2031 and 2032 respectively).

#### **4.3 End of the Plan**

Subject to the provisions of paragraph 4.2 above and taking into account the Plan provisions on Deferral Period for Risk Takers (6 years) and the Exercise Period (24 months), the Options may be exercised by the Beneficiaries, under the terms and conditions of the Plan, until 2032, which is the last date available for exercising the Options that can be granted until December 31, 2024.

#### **4.4 Maximum number of financial instruments, including in the form of options, granted in each fiscal year in relation to the persons identified by name or the specified categories**

The Plan consists of three Tranches and provides for the free allocation of Options. In accordance with the total amount of the Options that can be assigned (i.e., 9,700,000). In particular, it envisages that:

- within the scope of the First Tranche, up to 7,000,000 Options may be granted by December 31, 2022;
- in the context of the Second Tranche, up to 4,000,000 Options may be granted by December 31, 2023; and
- under the Third Tranche, up to 4,000,000 Options may be granted that may be granted through December 31, 2024.

In the event certain Options are not assigned in a Tranche, such Options can be assigned by the Plan Management Body, in compliance with the provisions of the Regulation until December 31, 2024, without affecting the relevant maximum number of the subsequent Tranches.

For each Tranche of Options, the number of Options A entitling to receive Shares, as well as the number of Options B entitling to receive Phantom Shares (to be then converted into Bonuses), always in the quantities and in the manner set out pursuant to paragraph 4.5, shall be determined by the Board of Directors in its sole discretion.

#### **4.5 Methods and clauses for the implementation of the Plan, specifying whether the actual allocation of the instruments is subject to the fulfilment of conditions or the achievement of certain results, including performance; descriptions of these conditions and results**

##### ***Grant Letter***

Each Beneficiary will be informed by written notice of their inclusion in the Plan, by means of a Grant Letter specifying, inter alia:

- (i) the number of Options granted and their type (Option A or Option B);
- (ii) the KPIs, the relative “minimum”, “target” and “maximum” performance values, the percentage of Options that may be accrued on reaching these values, and an indication that the Accrued Options may not in any event exceed the Options allocated;
- (iii) the Exercise Period envisaged for the Options allocated;
- (iv) the contents of these Regulation by attaching a copy thereof.

##### ***Exercise Period***

Without prejudice to the provisions of paragraph 2.2 above on the Conditions for the Exercise of Options, Malus Events and Claw Back Events, Accrued Options may be exercised under the terms and conditions described below.

After the First Deferral Date, the Bank will notify, also via platform, each Beneficiary of the start of the Exercise Period as well as the number of Accrued Options that can be exercised by the individual Beneficiary, it being understood that the Options can be exercised:

- by Beneficiaries who do not qualify as Risk Takers, after the First Deferral Date, within the Exercise Period relating to each Option Tranche allocated;



- by Beneficiaries qualified as Risk Takers:
  - for 70% as of the First Deferral Date and, within the Exercise Period communicated to the Beneficiaries; and
  - for 30% in three separate Exercise Periods, each for an identical number of Options (10% of the total), beginning, respectively, one year from the First Deferral Date (for the 1st annual *pro-rata*), two years from the First Deferral Date (for the 2nd annual *pro-rata*) and three years from the First Deferral Date (for the 3rd annual *pro-rata*), subject to verification by the Board of Directors of the absence of Malus Events.

Each Exercise Period shall be for a period of 24 months from the date on which the Accrued Options may be exercised, as set forth above.

During the Exercise Period, the Accrued Options may be exercised, by sending the Notice of Exercise, as better described below, throughout the year, with the exception, for Beneficiaries subject to the Internal Dealing Procedure, of each period during which they will refrain from carrying out transactions on financial instruments of the Bank (so-called *black-out* periods) pursuant to said procedure.

If the 24-month Exercise Period ends during one of the *black-out* periods referred to in the preceding paragraph, the Beneficiaries will have the opportunity to exercise their Accrued Options on the three Business Days following the end of the aforementioned black-out period.

The Accrued Options and have not been exercised within the relevant Exercise Period (as may be extended pursuant to the Regulation) shall lapse and, consequently, shall no longer grant any rights to the Beneficiary.

In the event of the death of the Beneficiary during the Exercise Period, the heirs and legatees retain the right to exercise the Accrued Options, subject to the heirs' compliance with the obligation to submit a declaration of inheritance and compliance with the tax provisions in force, as applicable. The Plan Management Body may grant an extension of up to 6 months of the Exercise Period, in order to allow any heirs or legatees to exercise the Accrued Options and carry out the related obligations.

The Beneficiary who intends to exercise all or part of the Accrued Options shall give written and irrevocable notice thereof to the Bank.

Within three Business Days of the Exercise Date, the Bank shall notify the Beneficiary of the Exercise Price.

Within each Tranche, each Beneficiary may exercise fewer Options than the number of Accrued Options.

#### ***Procedures for the Exercise of the Options A***

All costs relating to the issue and transfer of Shares to Beneficiaries arising from the exercise of Accrued Options (A) shall be borne solely by the Bank, which shall also act as withholding agent (*sostituto di imposta*) for Beneficiaries who are employees or directors.

Except as provided below in (b), the Plan provides that Beneficiaries may exercise their Options, by sending an Exercise Notice, on a cashless basis (*i.e.*, without payment of the Exercise Price) and without paying of Withholding by the Beneficiary. In this case the Options will entitle the Beneficiary to receive the Shares according to the formula described in paragraph (a) below.

In the interest of the Bank, the Plan Management Body may determine, at its sole discretion, with reference to individual cases or to a number of situations, that the Accrued Options (A) that can be exercised may be exercised in cash-less mode with payment of the Withholding Tax by the Beneficiary; in this case, the Options exercised will entitle the Beneficiary to receive Shares according to the formula and conditions set out in the following paragraph (b).

(a) *Cash-less **without** payment of withholding tax by the Beneficiary (normal method)*:

the Beneficiary, upon exercise of the Options A, will receive, without having to pay the Exercise Price or the amount of the Withholding Tax, a number of Shares, in any case not exceeding the Maximum Limit, determined on the basis of the following formula:

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

(b) *Cash-less **with** payment of withholding tax by the Beneficiary (alternative method as determined by the Plan Management Body)*:

the Beneficiary, upon exercise of the Options, will receive, without having to pay the Exercise Price but advancing the Withholding Tax, a number of Shares not exceeding the Maximum Limit, determined on the basis of the following formula:

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

\*\*\*

For the purposes of the above formulas:

- *Opted Shares* means the Shares that would be due to the Beneficiary against payment of the Exercise Price, if the Plan were exercisable in ordinary mode (*i.e.*, with payment of the Exercise Price) on the basis of the ratio 1 Share for each Accrued Option (A) exercised;
- *Exercise Price* means the exercise price of the Accrued Options (A) determined according to the following formula:

$$- \quad Reference\ Price - D\ distributed\ from\ the\ Grant\ Date\ until\ the\ Exercise\ Date$$

Where:

- a. *D* is the amount of the dividend per Share resolved by the Shareholders' Meeting of the Bank in relation to the financial year;

- b. *Reference Price* is the average price of the Shares recorded on Euronext Milan (or other regulated market on which the Shares are then traded) during the 30 days preceding the Grant Date, net of dividends paid during the same 30 days (*i.e.*, by subtracting the amount of dividends from the stock market value of the Shares for the days prior to the payment of such dividends).
- *Withholding tax* is the amount of the IRPEF withholding tax determined on the basis of the Normal Value of the Opted Shares;
  - *Market Value* is the official price of the Opted Shares at the close of the trading day preceding the Exercise Date;
  - *Normal Value of Opted Shares* is the value established pursuant to Article 9 of Presidential Decree No. 917 of 22 December 1986 (TUIR);
  - *Unit Market Value* is the volume-weighted average price of a Share during the 30 days prior to the Exercise Date;
  - *Maximum Limit* means the maximum number of Shares that may be granted for each financial year, calculated on the basis of a theoretical market value of BFF shares determined by the Board of Directors of the Bank and communicated to the Beneficiaries during the grant process.

Any decimals resulting from the application of the aforementioned formulas shall not determine the right to adjustments in favor of the Beneficiary.

In the event of exercise by Beneficiaries not resident in Italy, the above formulas shall be modified to take into account the differences in the specific tax regulation of the Beneficiary's country of residence in order to allow for substantial equality of treatment with resident Beneficiaries.

#### ***Method of exercising Options B***

Following the exercise of the Accrued Options (B), the Beneficiary will be entitled to receive a number of Phantom Shares corresponding to the Accrued (B) Options that he/she has actually exercised (Opted Phantom Shares).

The Opted Phantom Shares are converted into Bonuses, without having to pay the Exercise Price, effective on the Bonus Conversion Date, for a monetary amount calculated on the basis of the following formula:

$$\text{Total Market Value of the Opted Phantom Shares} - \text{Total Exercise Price of the Opted Phantom Shares.}$$

The Bonus, after application of applicable withholding taxes and contributions, will be paid with the first coupon following the Bonus Conversion Date.

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For purposes of the preceding formula:

- *Opted Phantom Shares* means the Phantom Shares that would be accrued based on the ratio of 1 Phantom Share for each Accrued Option (B) exercised;
- *Exercise Price* means the exercise price of the Accrued Options determined according to the following formula:

*Reference Price - D distributed from the Grant Date to the Bonus Conversion Date*

Where:

- a. *D* is the amount of dividend per Share resolved by the Shareholders' Meeting of the Bank relating to the financial year;
- b. *Reference Price* is the average price of the Shares recorded on Euronext Milan (or other regulated market on which the Shares were traded at that time) during the 30 days prior to the Grant Date net of dividends paid (if any) during the same 30 days (*i.e.*, by subtracting the amount of dividends from the stock market value of the Shares for the days prior to the payment of such dividends).
- *Market Value* is the value of the Opted Phantom Shares, which is identical to the value of a number of Shares equal to the Opted Phantom Shares, during the 30 days prior to the stock exchange closing on the day preceding the Bonus Conversion Date.
- *Bonus Conversion Date* corresponds, alternatively, (i) to the Exercise Date of the Accrued Options (B) if the same transformed into Opted Phantom Shares are not subject to Lock-Up or if the relevant Lock-Up period has already expired, or (ii) to the expiry of the Lock-Up period if it is still in progress when the Accrued Options (B) have been exercised and transformed into Opted Phantom Shares.

Any decimals resulting from the application of the aforementioned formula shall not determine the right to adjustments in favour of the Beneficiary.

Without prejudice to the provisions regarding Exercise Conditions, Malus Events, and Claw Back and Delisting Events, Beneficiaries may exercise their Accrued Options under the following conditions.

(a) *Bad leaver*: if, on the Exercise Date, the employment relationship has been terminated or the position of Director has been revoked for Just Cause, all Accrued Options shall be deemed immediately revoked, without any right to compensation or indemnity in favor of the Beneficiary.

(b) *Good leaver*: in the event of termination of the employment relationship or of the office of Director for any reason other than dismissal or revocation of the office for Just Cause (including, therefore, by way of example, death and permanent disability), occurring after the First Deferral Date.

After the Deferral Date, the Beneficiary shall have the right to exercise all or part of the Accrued Options, without prejudice to the other conditions provided for by the Plan.

**4.6 Indication of any availability restrictions on the instruments granted or on the instruments resulting from the exercise of the Options, with particular reference to the terms within which subsequent transfer to the same company or to third parties is allowed or prohibited**

The Options are granted to the Beneficiaries on a personal basis, and may not be transferred by deed between living persons or be subject to restrictions or be the object of other acts of disposal of any kind.

Furthermore, once possible, the Options may be exercised during the Exercise Period, and therefore within the 24 months starting (i) for Accrued Options not subject to further deferment, from the First Deferral Date and (ii) for Accrued Options granted to Risk Takers subject to further deferment, from the end of the Deferment Period or the related annual *pro-rata* as indicated in paragraph 4.5.

Without prejudice to the provisions of the following paragraph, with particular reference to Option A, each Beneficiary shall be entitled to sell, at any time, all or part of the Shares resulting from the exercise thereof.

However, only Beneficiaries identified as Risk Takers and beneficiaries of Option A are prohibited from disposing of the Shares received following the exercise of Option A during the relevant Lock-up period of one year starting from the First Deferral Date or, for Options subject to further deferment, from the end of the relevant Deferment Period or the relevant annual *pro-rata* as indicated in paragraph 4.5.

During such Lock-Up Period, the Risk Takers:

- who have exercised Options A, agree to hold the Shares received upon any exercise of Options A that may have been exercised and not to dispose of them in any way. The Beneficiaries will enjoy, during the Lock-up Period, any dividends that may be distributable and may exercise their voting rights; and
- who have exercised Options B, will not be able to convert the value of the Opted Phantom Shares due to them following the exercise of such Options B into Bonuses.

**4.7 Description of any termination conditions in relation to the allocation of the plans in the event that the beneficiaries carry out hedging transactions that make it possible to reverse any prohibitions on the sale of the financial instruments allocated, including in the form of options, or of the financial instruments resulting from the exercise of such options**

Beneficiaries are prohibited from carrying out hedging transactions that modify or affect the alignment with the risk inherent in this Plan. Any violation of this prohibition shall result in the forfeiture of the right to grant the Options, as well as the application of the provisions of the previous paragraph 2.2 B. (Malus and Claw Back).

#### **4.8 Description of the effects of termination of employment or directorship**

Please refer to paragraphs 2.2 e 4.5 of this Information Document.

#### **4.9 Indication of any other causes of cancellation of the Plan**

Except as indicated in other paragraphs of this Information Document, there are no other causes for cancellation of the Plan.

#### **4.10 Reasons relating to the possible provision of a “redemption”, by the Company, of the financial instruments covered by the Plan, pursuant to Articles 2357 *et seq.* of the Italian Civil Code; the beneficiaries of the redemption, indicating whether it is intended only for particular categories of employees; the effects of the termination of the employment relationship on such redemption**

The Plan does not provide for redemption clauses by the Company. However, the Plan Regulation provide for a claw back clause, so please refer to paragraph 2.2 B above.

#### **4.11 Any loans or other facilities intended to be granted for the purchase of the shares pursuant to Article 2358 of the Italian Civil Code**

Not applicable.

#### **4.12 Specify the expected estimated cost for the Company at the grant date, as determinable on the basis of terms and conditions already defined, for the total amount and in relation to each instrument of the Plan**

The expected cost for the Company cannot be determined at this stage as it will depend:

- for Options A, on the method of allotment of Shares following the exercise of the Options by the Beneficiaries, which, as stated in paragraph 3.4, may take place through (i) Capital Increase; (ii) purchase of treasury shares;
- for Options B, by the Market Value of the Shares and the Exercise Price of the Opted Phantom Shares, as better described in paragraph 4.5 above.

#### **4.13 Indication of any dilutive effects on capital resulting from the Plan**

At the date of this Document, the maximum number of Shares serving (*i.e.*, to be assigned pursuant to) the Plan represents 2.29% of the share capitale, assuming the exercise of all the Options on an equity settled basis. The total number of Shares serving the Plan, aggregated with the total maximum number of Shares servicing the Bank's stock option plan known as “SOP 2016” adopted in 2016 (as subsequently amended) and the “2020 SOP”, adopted in 2020, considering the options still exercisable, assigned or assignable, as of the date hereof,

2022, corresponding to the 4.88 of the share capital on a fully diluted basis. For further information on the stock options plan "SOP 2016" and "SOP 2020", please refer to the Company's website [investor.bff.com](http://investor.bff.com), section "Governance/Shareholders' Meetings Documentation".

**4.14 Restrictions (if any) on the exercise of voting rights and on the granting of property rights**

There is no limit for the exercise of voting rights and for the allocation of the property rights inherent to the Shares subscribed following the exercise of the Options A. This item is not applicable with respect to Options B.

**4.15 In the event that the shares are not traded on regulated markets, any information relevant to a full appraisal of the value attributable to them**

Not applicable, as the Shares are traded on Euronext Milan.

**4.16 Number of financial instruments underlying each Option**

Each Option granted incorporates the right to receive (i) Shares, if Option A, or (ii) Phantom Shares if Option B, to be converted into Bonuses, in both cases in the quantity, under the terms and conditions set forth in the Regulation and described in paragraph 4.5 above.

**4.17 Expiry of Options**

Please refer to paragraph 4.2 above.

**4.18 Exercise modes (American/European), timing (e.g., periods valid for exercise) and clauses (e.g., knock-in and knock-out clauses)**

Without prejudice to the provisions in paragraph 2.2 with reference to the Events, once the Options can be exercised, the same can be exercised in arrears, during the Exercise Period and therefore during the 24 months from (i) the First Deferral Date for Accrued Options not subject to further deferral, and (ii) the end of the triennial Deferral Period or the relevant annual pro rata as set forth in paragraph 4.5, for Options granted to Risk Takers that can be exercised and are subject to deferral.

During the Exercise Period, the Options may be exercised by sending a notice of exercise during the year, except for Beneficiaries subject to the *Internal Dealing* Procedure, for each period during which they refrain from carrying out transactions on the Bank's financial instruments (so-called *black-out* periods) pursuant to the said procedure. If the 24-month Exercise Period ends during one of the aforementioned *black-out* periods, the Beneficiaries

will exceptionally have the possibility to exercise the Accrued Options during the three Working Days following the end of the aforementioned black-out period.

Options granted and not exercised within the Exercise Period shall lapse and, consequently, no longer grant any rights to the Beneficiary.

In the event of the Beneficiary's death during the Exercise Period, the heirs and legatees retain the right to exercise the Accrued Options, subject to the heirs' compliance with the obligation to submit the declaration of inheritance and to comply with the tax provisions in force, insofar as they are applicable. The Plan Management Body may grant an extension of 6 months for the Exercise Period, to allow any heirs or legatees to exercise the Accrued Options and fulfil the related obligations.

**4.19 Exercise Price of the Option or methods and criteria for its determination, with particular regard to: (a) the formula for the calculation of the exercise price in relation to a certain market price (fair market value) (for example: exercise price equal to 90%, 100% or 110% of the market price), and (b) the methods for the determination of the market price taken as reference for the determination of the exercise price (for example: last price of the day before the grant, average of the day, average of the last 30 days, etc.)**

The Exercise Price for the Options assigned is calculated as described in detail in paragraph 4.5 above.

**4.20 Reasons for the difference between the exercise price and the market price determined in accordance with paragraph 4.19 (fair market value)**

Not applicable.

**4.21 Criteria on the basis of which different exercise prices are expected between different entities or different categories of entities**

Not applicable, as there are no different exercise prices between different entities or different categories of entities.

**4.22 In the event that the financial instruments underlying the options are not traded on regulated markets, an indication of the value attributable to the underlying instruments or the criteria for determining that value**

Not applicable as the Shares underlying the Options are traded on Euronext Milan.

**4.23 Criteria for adjustments required as a result of extraordinary capital and other transactions involving changes in the number of underlying instruments (capital**



**increases, extraordinary dividends, grouping and splitting of underlying shares, mergers and demergers, conversion into other share classes, etc.)**

The Board of Directors, at its sole discretion, shall have the power to adjust the KPIs (and the related performance levels), the Exercise Conditions and the formulas provided for in the Regulation in such a way as to ensure a situation that is substantially equivalent to the one previously in place in the event of the occurrence of extraordinary and/or unforeseeable situations or circumstances that may significantly affect the results and/or the share capital of the Bank, and this for the sole purpose of preserving the purposes of the Plan.

The Board of Directors may make such amendments to the Plan as it deems appropriate, at its sole discretion, in order to bring the Plan into line with laws and regulation, correct any inconsistencies, defects or omissions in the Regulation and/or the Plan.

#### **4.24 Table no. 1 of Schedule 7 of Annex 3A of the Issuers' Regulation**

Table no. 1 referred to in paragraph 4.24 of Schedule 7 of Annex 3A of the Issuers' Regulation will be provided in the manner and within the terms indicated in Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation.