

*Courtesy translation*

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## **BOARD OF DIRECTORS REPORT ON ITEM EIGHTH ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING**

**(DRAFTED PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998  
AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS)  
(CONVENED FOR 18 APRIL 2024 IN A SINGLE CALL)**

**8. Appointment of the Board of Statutory Auditors. Related and consequent resolutions.**

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## REPORT OF THE BOARD OF DIRECTORS

### Introduction

Dear Shareholders,

We would like to remind you that, on the occasion of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2023, which will be held on 18 April 2024, at 11 a.m., conventionally at the registered office of BFF Bank S.p.A. (the "**Bank**" or the "**Company**") in Milan, Via Domenichino, no. 5 (the "**Registered Office**"), in a single call (the "**Shareholders' Meeting**"), the term of office of the Bank's Board of Statutory Auditors will expire and, therefore, you are called upon to appoint the new Board of Statutory Auditors in accordance with the terms of the Articles of Association and current regulations and to determine its remuneration.

The Board of Directors, therefore, called you to the Shareholders' Meeting to discuss and resolve, inter alia, on the:

8. ***Appointment of the Board of Auditors. Related and consequent resolutions.***
  - 8.1. ***Appointment of the members of the Board of Statutory Auditors.***
  - 8.2. ***Appointment of the Chairman of the Board of Statutory Auditors.***
  - 8.3. ***Determination of the remuneration of the members of the Board of Statutory Auditors.***

This report (the "**Report**") is prepared pursuant to Articles 125-ter of Legislative Decree No. 58 of 24 February 1998, as amended (the "**TUF**"), and 84-ter of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**"). Within the deadline for the publication of the notice of call of the Shareholders' Meeting, the Report will be made available to the public at the Company's registered office, on the Company's website and in accordance with the other modalities provided for by Consob regulations.

With reference to the aforementioned obligation, it should be noted that this Report:

- refers to the eighth item on the agenda of the Shareholders' Meeting concerning the "Appointment of the Board of Statutory Auditors. Related and consequent resolutions" and related sub-items;
- has been filed at the Company's registered office and at Borsa Italiana S.p.A. within the term set forth by Article 125-ter of the Consolidated Law on Financial Intermediation, with the right for Shareholders to request a copy;
- it is available in the "Investor/Governance/Attending Documents" section of the Bank's website (available at the web address [www.bffgroup.com](http://www.bffgroup.com), the "**Website**"), as well as at the centralised storage mechanism called "**1info**", managed by Computershare S.p.A., available at [www.1info.it](http://www.1info.it) ("**1Info**");
- was approved by the Board of Directors on 7 March 2024.

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## **8. Appointment of the Board of Auditors. Related and consequent resolutions**

### **8.1 Appointment of the members of the Board of Statutory Auditors**

The Board of Statutory Auditors is appointed pursuant to Article 22 of the Bank's Articles of Association (the "**Articles of Association**") and current legislation, which, inter alia, provides that the Board of Statutory Auditors shall be composed of 3 (three) Standing Auditors, including the Chairman, and 2 (two) Alternate Auditors. The Statutory Auditors appointed will remain in office for 3 (three) financial years and will expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their office, i.e. until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2026, and may be re-elected upon expiry of their term.

The appointment process follows the relevant applicable legislative and regulatory provisions, with particular reference to the prior identification, by the outgoing Board of Statutory Auditors, of its overall qualitative and quantitative composition deemed optimal, also identified pursuant to Articles 11 and 12 of the Decree of the Ministry of Economy and Finance no. 169 of 23 November 2020 (the **"Fit&Proper Regulation"**), issued in implementation, inter alia, of Article 26 of Legislative Decree No. 385/1993, identifying and justifying the theoretical profile (including the skills and characteristics of professionalism and independence) of the candidates deemed appropriate for these purposes, so that the choice of candidates to be presented may take into account the required professionalism and characteristics. In light of the significant responsibilities that the Statutory Auditors will have to assume, for the purposes of submitting lists, Shareholders are invited to consider with due attention the indications provided by the expiring Board of Statutory Auditors in the **"Guidelines to Shareholders on the Qualitative and Quantitative Composition of the Board of Statutory Auditors"** (the **"Guidelines"**) available on the Bank's website Investor/Governance/Shareholder Guidelines containing the outgoing Board of Statutory Auditors' assessments of the requirements for each of its members, as well as its collective composition, in terms of balance and complementarity between the experience and skills of its members.

The Board of Directors, considers it appropriate to emphasise the need to ensure: (i) adequate availability of time for the performance of the assignment as indicated in Article 16 of the Fit&Proper Regulation; (ii) compliance with the limits on the accumulation of offices provided for by current legislation; and (iii) the importance of a careful assessment of potential conflicts of interest that may affect the independence of Statutory Auditors.

On the basis of the information provided by the outgoing Board of Statutory Auditors, it should be noted that the average number of meetings of the Board of Statutory Auditors held in each financial year of the three-year period 2021/2023 was 49, with an average unit duration of approximately 2 hours and 31 minutes. In addition, the Board of Statutory Auditors attended the meetings of the Board of Directors, the Control and Risk Committee, the Appointments Committee, the Remuneration Committee and the Committee for the Evaluation of Transactions with Related Parties and Related Persons.

Moreover, attention is also drawn to the need for the members of the Board of Statutory Auditors to meet the eligibility requirements required of bank officers by the Articles of Association and the regulations in force from time to time, it being understood that the Board of Statutory Auditors is required to carry out its own checks on the elected candidates, for the purposes of the applicable regulations in force, of compliance with the eligibility requirements to hold office, as well as checks for the purposes of the so-called interlocking rule.

For the purposes of 'suitability', in addition to meeting the requirements of honourableness, professionalism and independence, the directors must: (i) meet the criteria of competence and fairness; (ii) be able to act with independence of judgement and awareness of the duties and rights connected to the office; and (iii) have adequate time available to carry out the office (for an estimate of the time to be dedicated to the office, see the Guidelines), in compliance with the limits on the accumulation of offices provided for by law.

With regard to the appointment procedure at the Shareholders' Meeting, it should be noted that the Board of Statutory Auditors is appointed on the basis of lists submitted by one or more Shareholders, each of which may contain a number of candidates not exceeding the number of Statutory Auditors to be elected, listed by means of a sequential number.

Shareholders who, alone or together with other Shareholders, hold a total of ordinary shares representing at least 1 % of the Bank's share capital are entitled to submit lists. Ownership of the minimum shareholding required to submit a list is determined by taking into account the shares registered in favour of the Shareholder on the day the lists are filed with the Company, by means of the deposit of the appropriate certificate issued by the depository intermediary. Ownership of the shareholding held on the day on which the lists are deposited with the Bank may also be attested after such deposit, provided that it is within the deadline for their publication (i.e. **by 28 March 2024**), by transmitting the aforementioned certification issued by the authorised intermediaries to the Company.

Each Shareholder (including through third parties or trust companies, as well as Shareholders who are parties to a Shareholders' Agreement pursuant to Article 122 of the Consolidated Law on Finance, Shareholders belonging to the same group, meaning the parent company, subsidiaries and companies subject to joint control pursuant to Article 93 of the Consolidated

Law on Finance) may submit - or participate in the submission of - and vote for only one list. Endorsements and votes cast in violation of this prohibition are not attributed to any list.

With specific regard to the preparation of the lists and the composition of the Board of Statutory Auditors, please note the following:

- each candidate may only be presented on one list under penalty of ineligibility, pursuant to the regulations in force;
- Each list must also comply with the following characteristics:
  - having regard to the content of the Fit&Proper, candidates who do not meet the requirements of good repute, professionalism and independence, as well as the additional requirements provided for by the Fit&Proper Rules<sup>1</sup>, as indicated above, may not be included in the lists;
  - Lists containing a number of candidates greater than one must be divided into two sections containing: (i) one the candidates for the office of Standing Auditor and (ii) the other the candidates for the office of Alternate Auditor listed with progressive numbering. **The first candidate in each section must be selected from among those listed in the Register of Statutory Auditors who have practised as statutory auditors;**
  - In compliance with the provisions of the regulations on gender balance, the lists that, when considering both sections, have a number of candidates equal to or greater than three, must include candidates of different gender both in the section of the list relating to Standing Auditors and in the section relating to Alternate Auditors.

Together with each list, the following documents must be deposited at the registered office by the deadline for its submission:

- information on the identity of the shareholders submitting the lists, with an indication of the total percentage of shareholding held <sup>2</sup>;

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<sup>1</sup> Respectively, Art. 3, Art. 9 and Art. 14 of the Fit&Proper Rules.

<sup>2</sup> The communication attesting the ownership of the aforementioned shareholding may be received by the Bank even after the filing of the lists, provided that it is received at least twenty-one days before the date of the Shareholders' Meeting (i.e. by 29 March 2024).

- exhaustive information on the personal and professional characteristics of the candidates (by way of example but not limited to: (i) a curriculum vitae - in Italian and English - ; and (ii) a copy of an identity document, certificate of residence or equivalent document and, if applicable, a certificate of registration with the Register of Auditors, indicating any administration and control positions held in other companies (also for the purposes of disclosure pursuant to Article 2400, paragraph 4, of the Italian Civil Code), and bearing in mind the limit on the accumulation of offices provided for by current legislation - Issuers' Regulations);
- the declarations with which the individual candidates accept the candidacy and certify, under their own responsibility, the non-existence of causes of ineligibility or incompatibility (also pursuant to Article 36 of Law 214/2011, the so-called "interlocking rule"), as well as the existence of the requirements prescribed by law or the Articles of Association for the office (professionalism, competence, time commitment, accumulation of offices, honourableness, fairness and independence);
- a declaration by the Shareholders other than those who hold, even jointly, a controlling or relative majority interest, certifying the absence of relations of connection pursuant to Articles 147-ter, paragraph 3, and 148, paragraph 2, of the Consolidated Law on Finance, and Article 144-quinquies of the Issuers' Regulation.

Any changes that may occur up to the actual day of the Shareholders' Meeting must be promptly notified to the Company.

Shareholders are also invited to take into account the recommendations expressed in Consob Communication DEM/9017893 of 26 February 2009<sup>3</sup>, recommending that the shareholders submitting a "minority list" provide additional information regarding the declaration on the absence of relations of connection, even indirect, pursuant to Articles 147-ter, paragraph 3, and 148, paragraph 2, of the Consolidated Law on Finance, and Article 144-quinquies of the Issuers' Regulation, with Shareholders who hold, even jointly, a controlling or relative majority interest, where identifiable on the basis of the shareholding disclosures relevant pursuant to

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<sup>3</sup> Available at: <http://www.consob.it/documents/46180/46181/c9017893.pdf/ddbgabda-gee8-4880-88f8-f9083da6f9d7>.

Article 120 of the Consolidated Law on Finance or the publication of shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance.

Lists submitted without complying with the above provisions shall be considered as not submitted.

If only one list is submitted, the Shareholders' Meeting shall vote on it. If the list obtains a relative majority, the candidates indicated in the respective section of the list shall be elected as Standing and Substitute Auditors. The Chairman of the Board of Statutory Auditors shall be the person indicated in first place in the aforementioned list.

In the event that, as of 24 March 2024, only one list has been filed, or only lists submitted by Shareholders who are connected with each other pursuant to Article 144-quinquies of the Issuers' Regulations, lists may be submitted up to the third day following that date (i.e. **by 27 March 2024**). In this case, the 1% threshold provided for the submission of lists is reduced by half and will therefore be equal to 0.5% of the Bank's share capital.

As regards the mechanism for the appointment of the Board of Statutory Auditors, please note that, pursuant to Article 22, paragraph 15 of the Articles of Association, the election of the members of the Board of Statutory Auditors will be carried out as follows:

- two Statutory Auditors and one Alternate Auditor are taken from the list obtaining the highest number of votes (the so-called 'majority list'), in the progressive order in which they are listed on the list;
- the remaining Statutory Auditor and the other Alternate Auditor are taken from the list obtaining the highest number of votes at the Shareholders' Meeting after the majority list, and which is not connected in any way, not even indirectly, with those who submitted or voted for the majority list (the so-called "minority list"), in the progressive order in which they are listed on the list.

In the event that several lists have obtained the same number of votes, a new ballot shall be held between those lists, by all those entitled to vote present at the meeting, with the candidates of the list obtaining a simple majority of the votes being elected.

For the appointment of Statutory Auditors for any reason not appointed pursuant to the procedure provided for herein, the Shareholders' Meeting shall decide by legal majority, subject, in any case, to compliance with the gender balance provided for by law.



If the application of the list voting mechanism does not ensure the minimum number of Auditors belonging to the least represented gender provided for by the law, considering separately the Standing Auditors and the Substitute Auditors, the candidate belonging to the most represented and elected gender, indicated as the last in progressive order in each section of the majority list, shall be replaced by the candidate belonging to the least represented and not elected gender, drawn from the same section of the same list according to the progressive order of presentation.

Please note that the lists, signed by the Shareholder(s) submitting them, must be filed by the Shareholders at the Company's registered office - to the attention of the Corporate Affairs Secretary - or by sending them to the certified e-mail address [assemblea@pec.bffgroup.com](mailto:assemblea@pec.bffgroup.com), together with the aforesaid documentation required by law and by the Articles of Association, under penalty of forfeiture by **24 March 2024**, coinciding with the twenty-fifth day prior to the date of the Shareholders' Meeting.

The lists duly submitted, together with the aforementioned accompanying documentation, will be made available to the public at the Company's registered office, Borsa Italiana S.p.A. and on the Bank's website in the "Investor Relations/Meeting Documents" section and on the website [www.1info.it](http://www.1info.it), no later than **28 March 2024**, coinciding with the twenty-first day prior to the date of the Shareholders' Meeting.

Further information on the presentation, filing and publication of the lists are contained in Article 22 of the Bylaws and in the notice of call of the Shareholders' Meeting, available on the Website, respectively, in the section "Governance/Corporate Documents" and in the section "Governance/Meeting Documents".

In light of the foregoing, Shareholders are invited to appoint the members of the Board of Statutory Auditors on the basis of the lists of candidates for the position of members of the Board of Statutory Auditors that will be presented and published in compliance with the regulatory and statutory provisions mentioned above.

## **8.2 Appointment of the Chairman of the Board of Auditors**

Pursuant to Article 22, Section 16, of the Articles of Association, the chairmanship of the Board of Statutory Auditors shall go to the statutory member indicated as the first candidate in the so-called 'minority list' (i.e. the list that came second by number of votes).

As mentioned above, if only one list is submitted, the Shareholders' Meeting shall vote on it. If the list obtains a relative majority, the Chairman of the Board of Statutory Auditors shall be the person indicated in first place on said list.

In the event of the replacement of the Chairman of the Board of Statutory Auditors, the chairmanship shall be assumed by the alternate auditor belonging to the same minority list as the outgoing chairman, according to the progressive order of the list itself, it being understood, in any case, that the person in possession of the requirements of the law and/or the Articles of Association to hold the office and the gender balance envisaged by the regulations must be respected.

### **8.3 Determining the Remuneration of the Members of the Board of Auditors**

In addition to the appointment of the Board of Statutory Auditors pursuant to Article 22, paragraph 2, of the Bylaws, the Shareholders' Meeting, with reference to item 8 on the agenda, is called upon to resolve on the determination of the annual remuneration due to the Statutory Auditors for the entire term of their office, i.e. until the date of the Shareholders' Meeting to be called to approve the financial statements as of 31 December 2026.

In this regard, we remind you that, the Shareholders' Meeting of 25 March 2021, which elected the Board of Statutory Auditors whose term of office was expiring (as supplemented by the Shareholders' Meeting of 22 June 2022), had resolved, for the Board of Statutory Auditors currently in office, a gross annual remuneration of Euro 85,000 for the Chairman and Euro 65,000 for each of the two Statutory Auditors.

It should be noted that, should the lists and/or slates submitted not be accompanied by no proposal regarding the remuneration of the Board of Statutory Auditors, the Board of Directors, - in order to safeguard the exercise of the shareholders' rights as to the determination of the remuneration of the control body pursuant to Article 2364, first paragraph, number 3, of the Italian Civil Code, - proposes, as of now, to the Shareholders' Meeting the confirmation of the current emolument of the effective members of the Board of Statutory Auditor.

We therefore submit the following proposed resolution for your approval:

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

***resolves***

- i) *to appoint the members of the Board of Statutory Auditors and the Chairman, for the financial years ending 31 December 2024, 2025, and 2026, according to the list voting procedures pursuant to the law and the Articles of Association;*
- ii) *to determine in Euro 85,000 gross per annum the amount of the remuneration due to the Chairman of the Board of Statutory Auditors and in Euro 65,000 that of the other effective members of the control body."*

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That being said, it is recommended that any proposals on this agenda item, and related sub-items, be submitted by Shareholders well in advance of the date of the Shareholders' Meeting.

Milan, 7 march 2024

For the Board of Directors  
THE CHAIRMAN  
(Salvatore Messina)