2024 Remuneration and Incentive Policy for the Members of the Strategic Supervision, Management and Control Bodies and the Personnel of the BFF Banking Group

Board of Directors meeting held on March 7, 2024

Ordinary Shareholders' Meeting of April 18, 2024

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

As Chair of the Remuneration Committee of BFF, I am pleased to present to you the Report on the 2024 Remuneration Policy and on the remuneration paid in 2023, approved by the Board of Directors on March 7, 2024, following the favorable opinion expressed by the Committee.

I would like to thank you for having renewed your trust in the Group at the last shareholders' meeting, as evidenced by the level of agreement reached on remuneration issues.

In order to ensure increasing transparency towards shareholders and the market during 2023 and the first months of 2024, the Committee further enhanced its activity of listening to and analyzing the suggestions coming from investors and proxy advisors, with whom it has maintained an open and constructive dialog.

The objective of this activity was to collect feedback with respect to the Report submitted to the Meeting on April 18, 2024, and to acquire the elements characterizing the related voting guidelines in order to take them into consideration when updating the 2024 Report on Remuneration Policy and on the remuneration paid.

Specifically, an "off-season" engagement was held with the two major proxy advisors (ISS and Glass Lewis) and twelve investors (representing approximately 19.4% of the share capital), of whom 42% voted in favor on the agenda items regarding remuneration, while the 50% voted against and the remaining 8% did not participate in the Meeting.

Investors were identified, based on the information available to the BFF Group, according to an approach on share ownership that includes investors up to 0.3% and, in the case of a negative vote at the last Shareholders' Meeting, up to 0.1%.

This Report has been prepared in line with the market context and the strategic guidelines that the BFF Group has outlined, taking into account the constant developments in the regulatory framework and the elements that emerged from the fruitful dialog with investors and the main proxy advisors, with a view to bringing the remuneration and incentive systems into line with the long-term interests of the Shareholders and other Stakeholders.

In this regard, the Remuneration Policy (the "Policy") includes a comprehensive description of the fixed and variable and annual and long-term remuneration systems.

In describing the principles and elements that make up remuneration and reporting what was done in the previous year, the Report confirms its respect for diversity and gender equality and the Group's commitment in terms of communication with the aim of offering more complete and transparent information, clearly responding to market and regulatory requests regarding its adopted remuneration practices. As part of this commitment, in the Report we would like to point out, in particular, the newly introduced elements regarding:

- Pay for Performance – new introductory section in which the Bank's financial results and ESG positioning in 2023 are analyzed, in connection with the founding principle of BFF's remuneration policy, i.e., the alignment between remuneration and effective, lasting, and sustainable performance.
- Enrichment of the section introduced last year regarding dialog with shareholders, including history of changes, greater detail regarding shareholders contacted, and timely analysis of policy elements introduced based on the feedback received.
- Update of the section on gender neutrality of the policies, with evidence of the actions taken after the adoption of the Diversity & Inclusion Policy, with renewed disclosure with respect to the results of the analysis on the gender pay gap.
- Short Term Incentive Plan - a new section that includes greater visibility of goals, making their connection to the strategy and their weights explicit.
- Share Ownership Guidelines - the adoption of specific guidelines on share ownership ("Share Ownership Guidelines") designed to ensure the maintenance of a minimum level of share ownership by the Chief Executive Officer and Executives with Strategic Responsibilities over time, in accordance with both domestic and international best practices and with the guidance provided by proxy advisors and institutional investors.

The Committee has therefore worked with a view to consolidation and improvement in order to make the Policy and the Report increasingly clear and transparent in terms of linking company performance and recognition of the contribution provided by top management to the achievement of annual and multi-year objectives, in a competitive and challenging market context.

In compliance with the provisions in force, the Report offers the market and Investors an immediately readable overview of remuneration aspects and their connection with company performance, sustainability, and the creation of value over time.

Confident that the Remuneration Policy is in line with Shareholders' expectations, I take this opportunity to sincerely thank the other members of the Committee and the corporate functions who have actively contributed to the definition of the Policy ensuring its alignment with national and international best practices and consistency with the business strategy.

The Report on the Remuneration Policy and on the remuneration paid was approved by the Board of Directors on March 7, 2024, following the favorable opinion expressed by the Remuneration Committee and will be submitted to the binding vote of the Shareholders'

Meeting as regards the 2024 Remuneration Policy and to an advisory vote with reference to the Remuneration Paid in 2023, in line with the provisions in the regulations in force.

In conclusion, I hope that the improvements made to the "Remuneration Policy Report" may again enjoy a positive response as evidence and recognition of the commitment of BFF Bank S.p.A.

Milan, March 07, 2024

The Chair of the Remuneration Committee

Giovanna Villa

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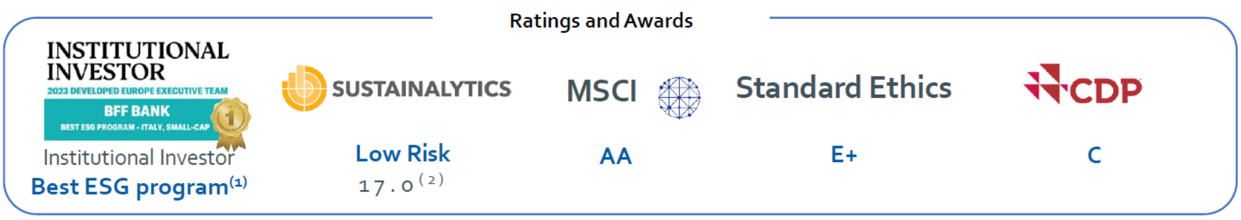
FOREWORD TO THE REPORT ON REMUNERATION AND COMPENSATION PAID

1. HIGHLIGHTS

1.1 KEY FINANCIAL RESULTS FOR 2023

2023 saw the Group confirm its market positioning, both in terms of solid financial results and excellent ESG-rated positioning, together with a CET1 ratio of 14.2%:



1) Best ESG program - Italy, small cap; 2) 2022 Rating 18.1, Low Risk.

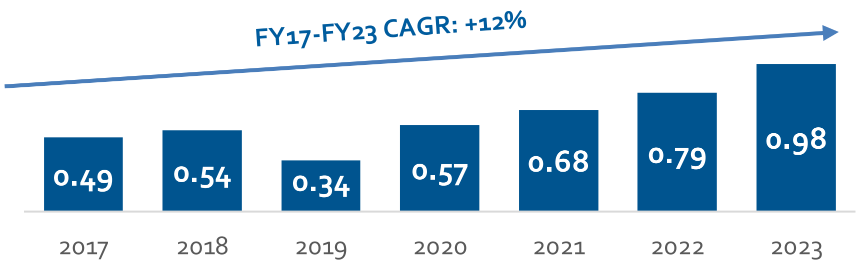
More in detail, adjusted net revenues in FY2023 net of finance charges were €437 million, with 53% (equivalent to €232 million) coming from the Factoring, Lending & Credit Management department.

Adjusted net profit rose to €183.2 million, up 25% year-on-year.

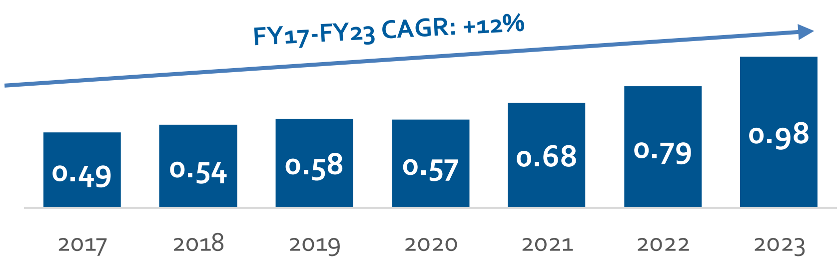
Profitability showed steady growth and high return to shareholders (+24% year-on-year growth), with full year 2023 dividends of €183.2 million, €0.979 per share including the first tranche paid in September 2023 (€0.438 per share) and the balance payable on April 24, 2024 (€0.541 per share).

Since listing, the Group has experienced steady revenue growth, reflecting a positive, stable performance over time and generating significant returns for shareholders, as shown by the key indicators below:

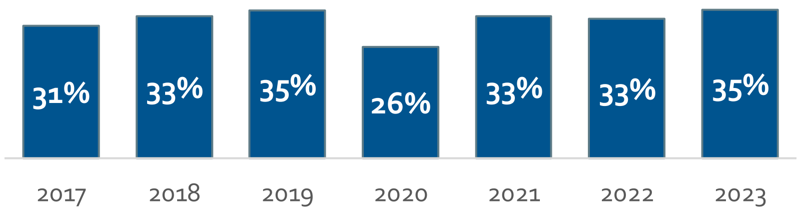
DPS[1] (€)



EPS[2] (€ per share)

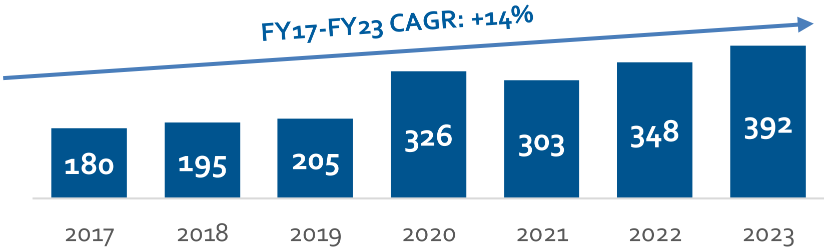


ROE[3] (%)

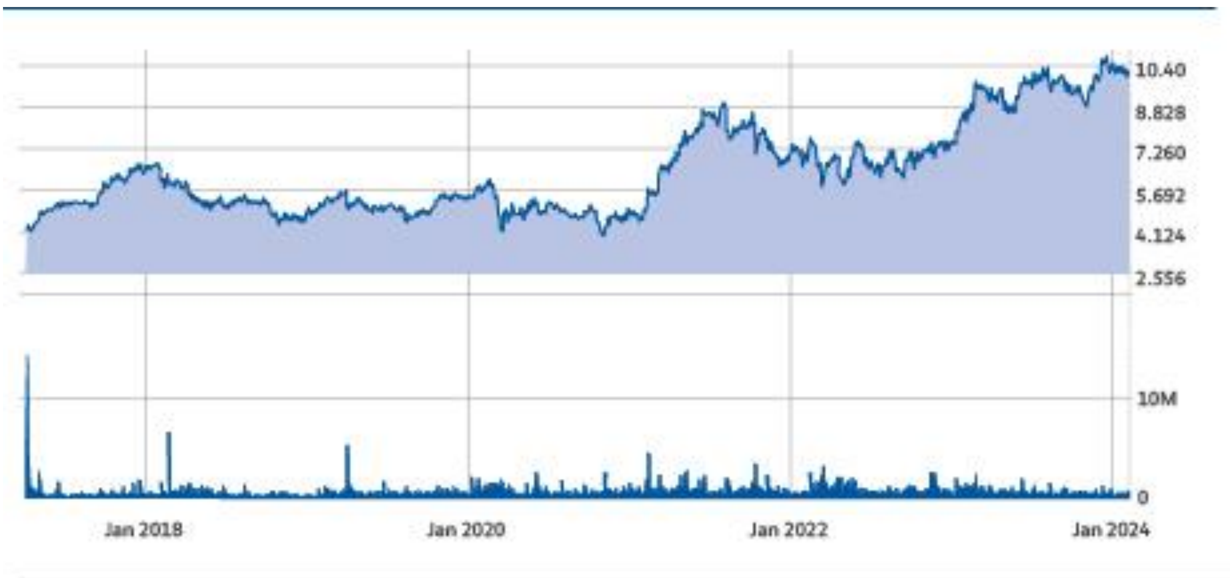


[1] 2019 and 2020 dividend paid in 2021.
[2] Adjusted.
[3] Adjusted Net Profit / (Year-end Equity book value – Reported Net Income + Interim dividend - AT1).

Adjusted Net Interest Margin [4] (EUR m)



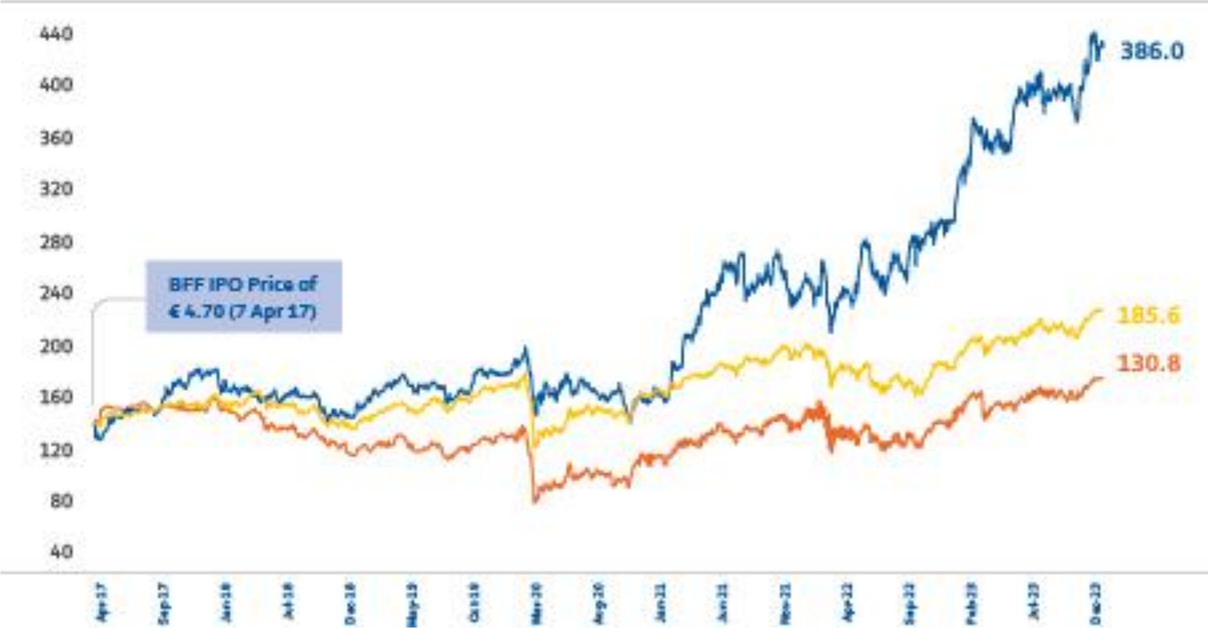
Since the listing on December 29, 2023, the share price has increased its value by 120% (from €4.70 at the time of the IPO to €10.32) with total dividends paid to shareholders amounting to around €800 million (including the balance of the 2023 dividend to be approved at the Annual General Meeting on April 18, 2024) and a market capitalization of €1.9 billion.



Based on the price on December 29, 2023, taking into consideration the distributed dividends, and assuming them to be reinvested in the BFF share on ex-date, total return for shareholders at December 29, 2023 compared to the IPO placement price was 286%, compared to the FTSE

[4] Net Banking Income Adjusted.

Italia All-Share Index total return of 86% and a Total Return of the FTSE Eurozone Banks index of 31%.



1.2 MEASURING THE VALUE GENERATED AND CONSISTENCY WITH PAY FOR PERFORMANCE

Pay for Performance

The founding principle of the BFF Remuneration Policy is to achieve alignment with effective, sustainable, and lasting performance.

A valid reference for assessing the adequacy of remuneration, as well as compliance with the expectations of all stakeholders, is "pay for performance", which measures the level of alignment between the Group's performance and the levels of remuneration paid to top management, also with respect to a reference sample which includes numerous companies, comparable in size, representative of the businesses in which BFF operates (high float percentage), as well as the relative complexity and specificity of governance.

In this regard, the chart shows the relative positioning of the Direct Annual Remuneration (also "Total Remuneration") of the Chief Executive Officer at December 31, 2023, defined as the sum of the fixed remuneration, of the short-term variable remuneration and of the medium-to-long term variable remuneration both calculated at its maximum level compared to the TSR measured over the three-year period of 2021-2023 and the average ROE over the period of 2021-2023 (most recently published data).

The graph shows BFF's high level of performance in relation to both ROE and TSR indicators; it also shows favorable positioning (top left pane), as performance positioning is significantly higher than pay positioning.

BFF CHIEF EXECUTIVE OFFICER PAY FOR PERFORMANCE

Elaborated with respect to the peer group Banca Popolare di Sondrio, Banco BPM, Banco de Sabadell, BPER Banca, Bankinter, Cembra Money Bank, International Personal Finance, FinecoBank, Nexi, Plus 500.
Compensation data: source Mercer
Financial data: elaboration Mercer from public source

The Chief Executive Officer's Fixed Remuneration is guided by the principle of "pay for performance," and therefore was increased during 2023 considering:

- the organizational responsibilities entrusted thereto - which have grown over the years as the Group's size and relative shareholder value have increased - also in light of the new five-year strategic plan for 2028 adopted by the Bank on June 29, 2023;
- the level of professional experience;
- the date of the last salary increase going back three years.

Furthermore, the CEO's Fixed Remuneration was also quantified considering the general market environment, which during 2022 and 2023 was characterized by a significant increase in the rate of inflation and remuneration in the credit sector.

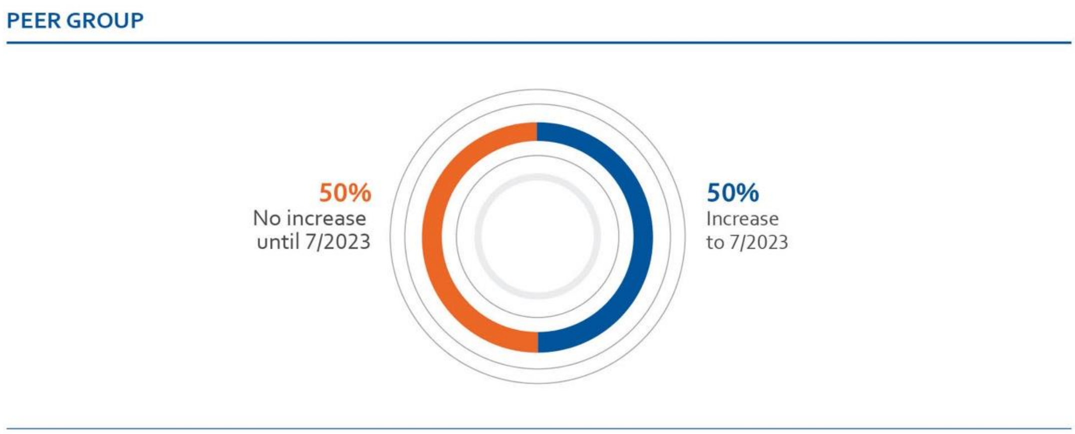
Likewise, during FY2023 the Bank updated the Fixed and Variable Remuneration of 53% of the Group staff. For Fixed Remuneration there were 220 changes with an average annual increase of 10.4%. Of these, 11% had an increase of up to 5%, 73% had an increase between 5% and 15%, while 16% - the top performers - had an annual average increase of 22.5%.

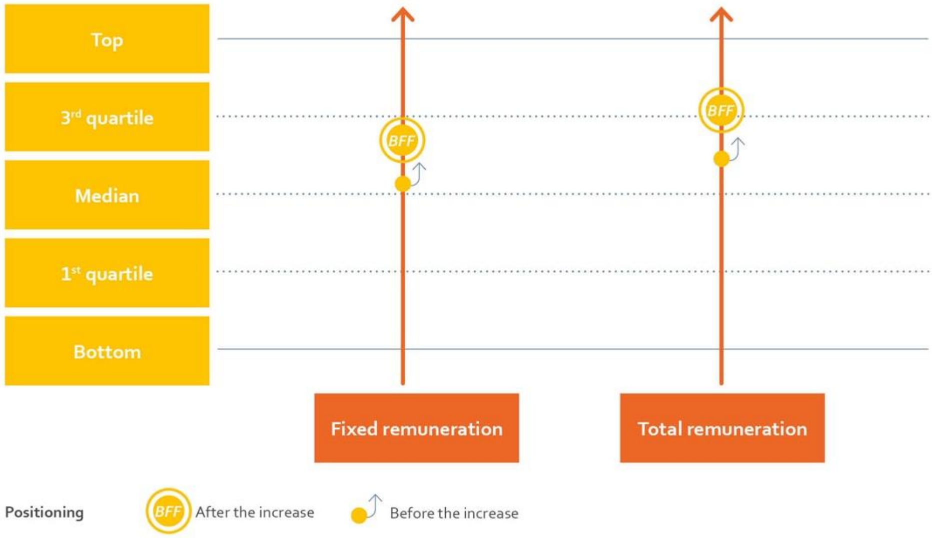
Given the above, the CEO's Fixed Remuneration was found to be aligned with the 3rd quartile of the Peer Group used for compensation comparisons. The benchmark was calculated based on a Peer Group defined in 2022 and used for pay comparison in the previous policy, composed of comparable local and international lending institutions: Banca Popolare di Sondrio, Banco BPM, Banco de Sabadell, Bankinter, BPER Banca, Cembra Money Bank, FinecoBank, International Personal Finance, Nexi and Plus 500.

Specifically, it should be noted that given the difficulty in identifying true peers, to determine this benchmark the Bank took into consideration numerous factors:

- Business sector
- Total assets
- Net Profit
- Employees
- Floating
- ROE

Among the members of the Peer Group thus composed, during the first seven months of 2023 50% approved a salary increase for the CEOs up to a maximum of 75%, whose current position is:





Source: Mercer

The following is a summary of the changes during 2023 to the Chief Executive Officer's contract (more details are provided in paragraph 5):

1	Freedom of decision for the BoD when its term expires	► Removal of the clause activating severance in case of failure to renew as CEO at the end of the term.
2	Extension of the duration of the non-compete agreement	► Duration increased from 2 to 3 years ► Annual amount limited to 100% of fixed salary
3	Salary increase before decision on reappointment	► +20% increase vs 2020 (CAGR 10%) ► No increase in severance as a result of the pay increase, which remains within the limits approved by the 2021 Shareholders' Meeting

1.3 DIALOG WITH INVESTORS

Active listening as part of stakeholders' engagement represents a structural element in the governance of the Remuneration Policy. During 2023, as in previous years, BFF continued to conduct extensive discussions with shareholders in order to incorporate their requests and to illustrate the directions of the changes in next year's compensation policy.

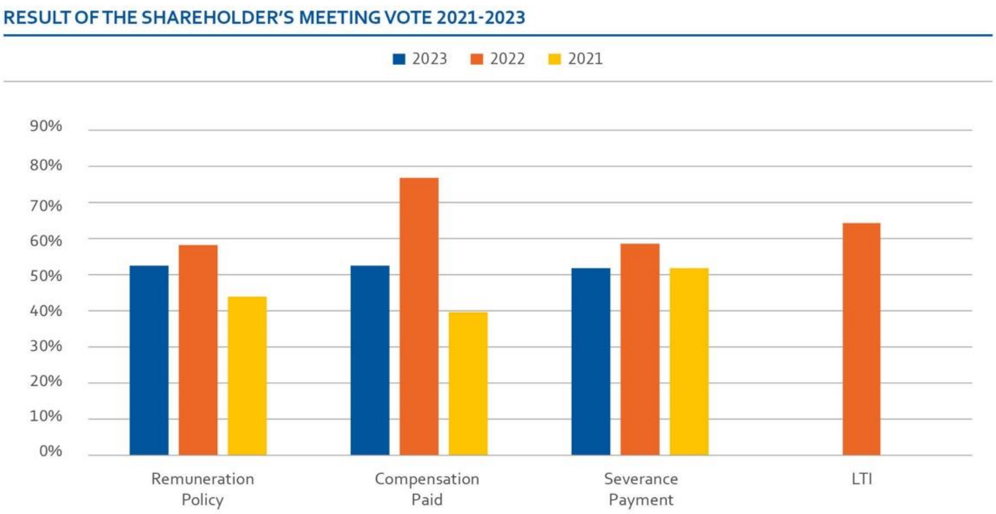
Specifically, an "off-season" engagement was held with the two major proxy advisors (ISS and Glass Lewis) and ten investors (representing approximately 19.4% of the share capital), of whom

42% voted in favor on the agenda items regarding remuneration, while the remaining 50% voted against and the remaining 8% did not participate in the assembly.

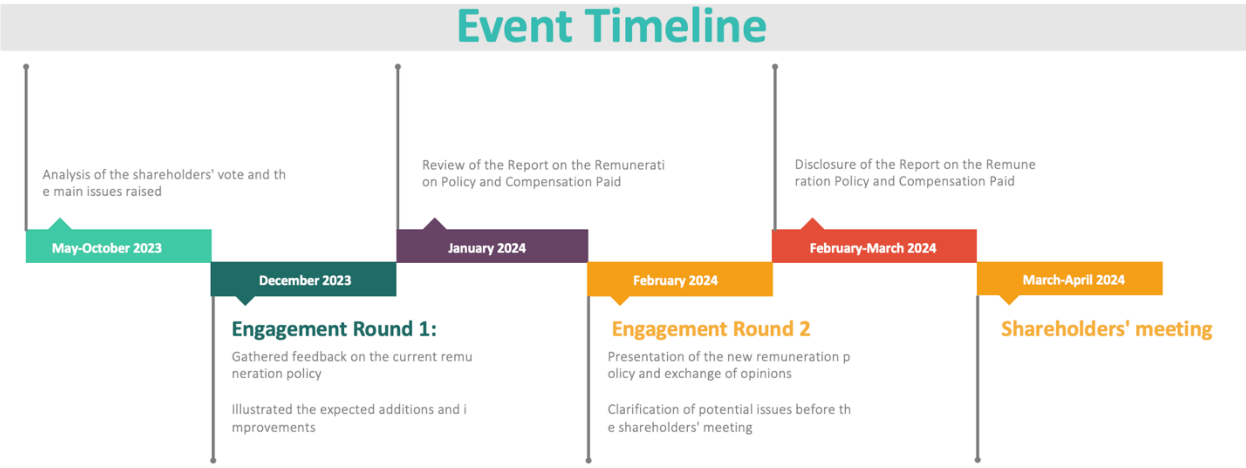
Investors were identified, based on information available to the BFF Group, according to an approach on share ownership that includes investors up to 0.3% and, in the case of a negative vote at the last Shareholders' Meeting, up to 0.1%.

Dialog with investors and BFF's proxy advisors aims to raise awareness about the Group's compensation practices and to receive feedback, as input useful for the ongoing internal evaluation and review process.

The adjustments made to the remuneration policy were positively received, with the consequent approval of all points relating to remuneration issues.



The great importance ascribed by the Bank to constructive dialog and discussions on the Policy with investors and proxy advisors led the Bank to engage with stakeholders during the year even outside the shareholders' meeting season with the aim of explaining the changes to its remuneration policy, monitoring and identifying possible areas for improvement - in alignment with market best practices with respect to remuneration - and addressing the rationale underlying any votes against.



The table below shows the path taken by the Bank in alignment with feedback from investors and proxy advisors in recent years.

Topic		2021	2022	2023	2024
STI	• Multiple performance criteria in addition to EBTDA RA	• Single metric	• ✓	• ✓	• ✓
	• ESG performance	• ×	• ✓	• ✓	• ✓
	• Multiple ESG performance criteria	• ×	• ×	• ✓	• ✓
	• Minimum, Target and Maximum thresholds available	• ×	• ×	• ✓	• ✓
	• Cap in terms of Fixed Remuneration	• 100%	• 100%	• 100%	• 100%
	• Disclosure of the performances of the financial KPIs ex post	• ×	• ×	• ×	• ✓ NEW
	• Disclosure of the targets of the ESG KPIs ex ante	• ×	• ×	• ×	• ✓ NEW
	• Deferred component	• 30%	• 60%	• 60%	• 60%
	• Deferral period	• 3 years	• 5 years	• 5 years	• 5 years
LTI	• Exercise price setting in line with market practice	• ×	• ✓	• ✓	• ✓
	• Deferral period	• 3 years + 18 months	• 3 years + 3 years	• 3 years + 3 years	• 3 years + 3 years
	• Cap in terms of Fixed Remuneration	• 100%	• 100%	• 100%	• 100%
	• Multiple performance criteria	• ×	• ✓	• ✓	• ✓
	• Disclosure of the targets of the ESG KPIs ex ante	• ×	• ×	• ×	• ✓
	• ESG performance	• ×	• ✓	• ✓	• ✓
Variable Incentive Schemes	• KPI distinti STI e LTI	• ×	• ×	• ×	• ✓ NEW
Other bonuses	• Integration Bonus	• Yes	• No	• No	• No
	• Granted only in case of performance to GCEO and top management	• ✓	• ✓	• ✓	• ✓
Severance	• Calculated based on effective performance	• ×	• ✓	• ✓	• ✓
	• Not triggered in case of change in regulation impacting GCEO rem	• ×	• ×	• ✓	• ✓ NEW
SoG	• Share Ownership Guidance	• X	• X	• X	• ✓ NEW

With reference to the 2024 fiscal year, it should be noted that disclosure was given of the ex-ante ESG targets of both the short-term incentive system and the long-term incentive system;

likewise, ex post disclosure was given on the performance of both financial and ESG targets (see Section II for more details).

The target related to Customer Satisfaction was eliminated from the CEO's short-term incentive system with the aim of avoiding KPI redundancy between short-term and long-term systems.

The trigger event related to the CEO's golden parachute, referring to non-renewal of term of office - as better detailed in Section II -, has been eliminated.

Finally, it should be noted that, accepting the suggestions of some investors, the Board of Directors approved and brought to the Shareholders' Meeting for approval the adoption of the Share Ownership Guideline.

Within the generally positive context surrounding the actions undertaken with respect to the previous year and the appreciation for the journey embarked upon, the feedback from investors and proxy advisors highlighted their expectation for a continued and intensified path of integration of ESG objectives in the incentive systems, greater transparency regarding the incentive criteria and, therefore, the definition of more stringent criteria with regard to the severance policy, as detailed in the following dedicated paragraphs.

The 2024 Remuneration Policy starts from the outcome of the dialog with investors and includes new elements aimed at integrating the feedback received through a robust governance process that has led the Remuneration Committee to perform a critical review of the elements in the Policy, analyzed with respect to market practices, consistency with the business strategy and sustainability in the medium and long term.

1.4 CHANGES IN THE POLICY WITH RESPECT TO THE PREVIOUS FISCAL YEAR

Below is a brief description of the main changes in the Policy:

1) Introduction of a section dedicated to pay for performance with summary tables and charts that facilitate the reading of the Policy and increase its transparency, especially with reference to its connection with pay for performance.

2) Greater disclosure in the description of the KPIs and the access thresholds relating to the MBO and LTI objectives and the levels of incentives corresponding to the maximum, target, and minimum levels of performance (paragraph 5.1 – *MBO*; paragraph 5.2 - *Medium-to-long term variable system (LTI)*; paragraph 6.2.2.1 – *MBO for Employees*; paragraph 6.2.2.3 – *Incentive Plans in Financial Instruments*).
3) Prior disclosure of ESG-related goals in both the 2024 MBO and the 2022 Long-Term Incentive Plan
4) Subsequent disclosure of financial and ESG objectives related to the 2023 MBO - Section II
5) Introduction of Share Ownership Guidelines for the CEO and top management.

2. PRINCIPLES AND PURSUIT OF LONG-TERM INTERESTS WITH A VIEW TO SUSTAINABILITY AND PERSONNEL MANAGEMENT POLICY[5]

The Group Remuneration and Incentive System aims to make the merit-based and pay-for performance values, on which the Bank is based, truly effective, drawing inspiration from the following principles:

i. ensure consistency with the bank's objectives, corporate culture, long-term strategies, prudent risk management policies and overall corporate structure;
ii. align the interests of senior management and all personnel with the long-term interests of shareholders as much as possible;
iii. avoid conflicts of interest;
iv. encourage control activities by the relevant Corporate Control Functions;
v. attract and retain individuals with the right professionalism and skills for the Group's needs, and get the most out of them by mapping out a path for professional growth;
vi. encourage the utmost diligence and propriety in professional relationships, in line with Group values;

[5] Regulatory references: Schedule 7-bis of Attachment 3A to the Issuers' Regulation, according to which the Report must indicate, among other things, "*the aims of the remuneration policy and its underlying principles*".

vii. identify and map out a path for achieving objectives that:

a) are linked to business results, appropriately adjusted to take risks into account;

b) are consistent with the levels of capital and liquidity needed to cope with the activities undertaken;

c) avoid distorted incentives that could lead to excessive risk-taking for the Group and the financial system as a whole.

When defining remuneration policies, the following have been taken into account:

i. the size and operational complexity of the Group;

ii. the Group's business model and the resulting levels of risk to which it may be exposed;

iii. domestic and international best remuneration practice;

iv. employee compensation and working conditions. In particular, the Variable Remuneration that the Bank provides for Significant Persons is calibrated to the characteristics of the different staff and business areas by way of a specific policy approved by the Board of Directors, in accordance with the rules and principles of this Policy.

2023-2028 Strategic Plan "*Ever more a bank like no other*" and sustainability

On June 27, 2023, the Board of Directors approved the Group's Business Plan ("Plan") for the five-year period 2023-2028 and the financial targets for the three-year period 2023-2026.

The Plan presented to the market is based on a few pillars:

Develop the core business, in which the Bank is a market leader:

- Factoring and Lending: continue to lead the purchase of public receivables in Europe in a growing and underpenetrated market, through:
  - - strong customer portfolio growth in currently covered markets and new regions, including through the opening of a subsidiary in France;

  - - consolidation of an operational competitive advantage, including through the new Factoring IT system and increased efficiency of the legal process related to collections;

- Transaction Services: further strengthen the role of "A bank oriented towards offering services to other banks " while generating a steady revenue stream and ample operating deposits to the Group:
  - - Payments: leading independent payments intermediary in Italy for banks and Payment Service Providers (PSPs), capitalizing on the shift to electronic payments;
  - - Securities Services: the only Italian bank that provides the full range of customized custodial banking and securities services to domestic banks and asset managers in a strong growing market.
- Invest further in the Bank's technological infrastructure to support growth opportunities, managing operational risks, and to benefit from further efficiencies.
- Continue to provide the Group's team with opportunities for growth and development while maintaining strong incentive alignment with our stakeholders.
- Further optimize funding and capital.
- Deliver market-leading returns on capital and dividends to shareholders, with 12% excess capital CET1 target distributed to shareholders.
- Maintain the Group's low risk profile by efficiently managing past due and calendar provisioning.

Further increase the positive impact socially, environmentally and for all stakeholders, along with net zero goals and doubling investment in social impact initiatives.

The new Plan saw the definition of new corporate values, among which particularly worthy of note is the meritocracy that underlies the pay-for-performance philosophy that the Group's incentive systems are based on, where the correlation of the variable component with performance allows for the implementation of a mechanism of differentiation and meritocracy while aligning the interests of management and employees with those of shareholders.

The remuneration policy for 2024 has been prepared in line with the priorities defined in the 2023-2028 Strategic Plan and taking into account the contribution to the achievement of the Sustainable Development Goals, as defined by the UN General Assembly as part of the 2030 Agenda.

Specifically:

- it includes a long-term incentive plan linked to performance targets set in line with the strategic plan and corporate social responsibility,
- in relation to the content and choice of the objectives, both in the short-term and long-term incentive components, it promotes performance objectives that are consistent with the Group's strategic objectives and aimed at promoting Sustainable Success, including, where relevant, also non-financial parameters.

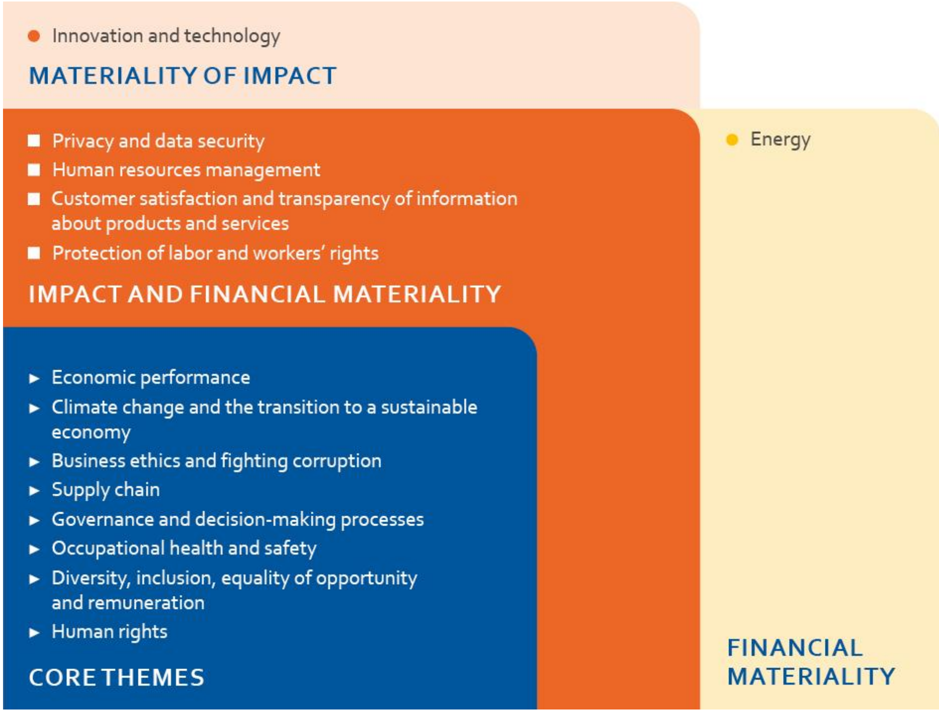
Specifically, with the MBO variable incentive system the Bank:

- also continues this year to keep the EBTDA ^{RA} parameter as the common goal for all company Personnel apart from the Control Functions, the Financial Reporting Officer and the Human Resources and Organizational Development Function; this parameter appropriately stresses a strong link with profitability while paying great attention to risk and capital absorption, ensuring the sustainable growth of the bank in the long term. This metric is essential because it also allows the alignment of the management with the shareholders in the long term, giving visibility to the market of the Bank's sustainable management. This objective also functions as the gate of the incentive system;
- includes three measurable ESG objectives for the MBO of the Chief Executive Officer;
- in line with 2023, includes among its individual objectives for the Employees under the BoD's remit, in support of the assessment of organizational conduct, a diversity driver (both by gender and nationality) for the selection of managerial positions, allowing for

an increased presence of women or foreigners in key Group positions, as it requires that at least 50% of the short lists for positions opened during the year includes women or people of a different nationality from the country for which the selection process is being run. This operational KPI is within the scope of Diversity & Inclusion and also finds strategic and programmatic correspondence with the approval of the new Diversity and Inclusion Policy by the Bank's Board of Directors;

- includes Customer Satisfaction as a non-financial quantitative indicator (multiplier) for the Bank's Employees, with the exception of the Chief Executive Officer as from the current fiscal year.

Moreover, the Group's focus on sustainability issues is consistent with the provisions of the new G20/OECD Principles of Corporate Governance approved by the G20 in September 2023.
Specifically, in point V.D.5 the Principles recall the relationship between remuneration and the performance of management, with the use of measurable indicators that prioritize the long-term interests of the company and shareholders over short-term interests. Among other things, these indicators include appropriate sustainability goals and metrics.
In fact, attention to sustainability parameters is considered a key and strategic element for the medium-to-long term development of the Group, thus raising awareness among its Personnel of a corporate culture that is increasingly inclusive, sustainable, and attentive to attracting, developing and retaining talent.
During 2023, the Group reviewed the materiality analysis process and results, aimed at identifying the most relevant sustainability issues for its business. This process led to the updating of the list of impacts identified using an "Inside-Out" perspective, considering the context in which BFF operates.
In light of the activities carried out, the categorization of impacts into the material topics identified in 2022 was confirmed. This process enabled the consolidation of a framework used to measure progress in the medium term and to build an increasingly quantitative approach to ESG metrics, as well as to establish initiatives for the creation of culture.



As in 2022, in consideration of the initiatives and attention given by the Group to "Local Communities" and to the use of "Materials," BFF has also included in its performance analyses - in addition to the above - the impacts connected with the aforementioned topics which, although not significant, are still of great interest to the Group.

Gender neutrality of policies

The Policy is neutral with respect to the Personnel's gender and contributes to the pursuit of equality among Personnel who occupy similar roles, perform similar functions, and work in the same geographical location. It ensures that, for the same job, in terms of the relevant responsibilities, activities and time required for its performance, the Remuneration of Personnel is the same, including in terms of conditions for its recognition and payment. In order to ensure this neutrality, in 2023 the Bank implemented:

i. the processes of hiring, development, career progression, and managerial succession with particular attention to supporting gender representation in the various career and/or professional levels.

ii. specific information regarding the operational plans prepared in order to reduce bias in management choices by gender, age, nationality, and disability;

iii. a diversity driver (both gender and nationality) among the individual objectives of the Employees under the BoD's remit for hiring to managerial positions. This facilitates more women or foreigners being appointed to key positions of the Group by requiring that at least 50% of the shortlists for posts becoming available during the year include women or people of a different nationality than that of the country for which the selection is being made;

iv. annual information to the Remuneration Committee and to the Board of Directors on the trend of the gender pay gap ("Average Pay Gap" and "Equity Pay Gap") and of the gender gaps as a whole, as part of a structured governance process that would assist with activating any corrective actions and therefore, if required, the integration of any additional safeguards in the Remuneration Policy of the following year. For more details on the gender pay gap, see Section II.

As part of the monitoring of the gender pay gap and in order to effectively ensure gender neutrality in its remuneration policies, the Bank is committed to:

- defining an action plan to prevent a gender pay gap for the same work performed;
- justifying any significant pay gaps and implementing appropriate corrective actions;
- ensuring equal opportunities for professional development and growth in line with merit-based principles.

In 2022 the Group adopted a Diversity & Inclusion Policy, approved by the Bank's Board of Directors, which defines:

- Roles and Responsibilities
- Principles and Commitments

In particular, at the base of the Group's Diversity & Inclusion Policy, there is the idea that the end objective to be pursued in order to support diversity is to ensure that every individual has access to the same opportunities and the same fair treatment. Therefore, finally, so that everyone has the opportunity to be assessed on the basis of their values, abilities and merits, regardless of their race, ethnicity, age, gender, disability or other characteristics (such as, for example, marital and/or parental status) which could represent a discriminating factor, allowing, at Group level, to welcome and develop the best talents for hiring on the basis of objective, nondiscriminatory and, of course, merit-based criteria. See Section II for more information.

In fact, the Bank operates within a multinational context in which people express a significant wealth of diversity, whose positive exploitation constitutes both a competitive advantage and an opportunity for growth and enrichment for the Group itself, in the belief that the most innovative ideas and the best solutions are the result of a work environment where people can express their own uniqueness.

In 2023 the Board of Directors approved an operational plan (the "Operational Plan") related to the Group's Diversity & Inclusion Policy that outlines the actions and steps necessary to achieve the goals set by such Policy, identified on four axes.

The Operational Plan that was finalized in July 2023 is closely aligned with the Business Plan for the "People and Culture" stream and the ESG Plan, concretely integrating the principles of diversity and inclusion into corporate policies and practices.

The Operational Plan originated through a process that, first of all, included the definition of specific objectives, accompanied by measurement indicators capable of assessing the actual impact of the planned actions. Based on these objectives, a detailed plan of activities was then developed.

It is worth noting that the Operational Plan also envisioned the establishment of an "Inclusion Board" in 2023, a committee dedicated to inclusion with the goal of providing diverse representation of perspectives and expertise to enable more inclusive decisions and bring new perspectives.

Furthermore, building on the Policy's definition of HR processes relevant to inclusion, in keeping with the Business Plan the Operational Plan envisions the revision of these processes through the lens of valuing diversity and creating an inclusive work environment.

Summary of the Chief Executive Officer's Remuneration

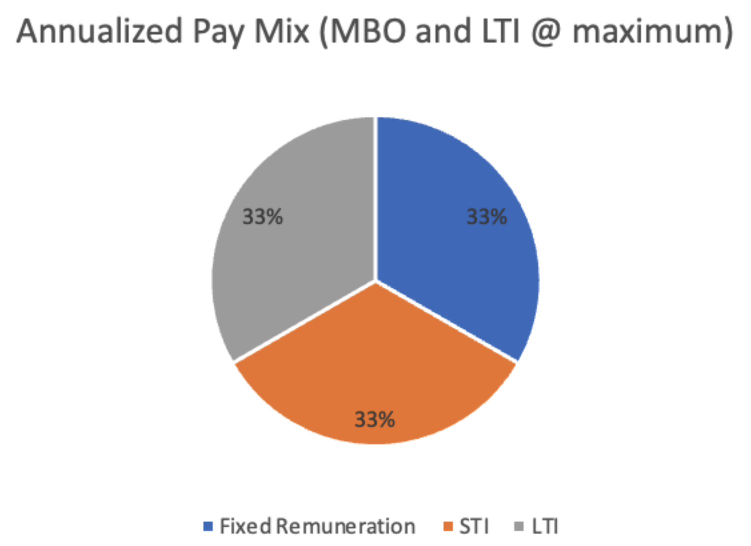
FIXED REMUNERATION	The amount, established within the scope of the relationship as director, is set at a fixed measure. Fixed remuneration (also "Fixed Remuneration") is set in line with the assigned powers, the experience and the skills required and taking account of market benchmarks. Total Fixed Remuneration ("Fixed Remuneration"): €1,300,000 for the position of CEO and €50,000 as a member of the Board of Directors
BENEFITS	Benefits are set in line with market practice and attributed by taking consideration of the role and assigned responsibilities.
2024 MBO	The MBO is structured with the aim of directly linking the remuneration and the financial and ESG performance results achieved. **Entry Gates**[6]: LCR, TCR, EBTDA^{RA}, EBTDA^{RA} to budget with on-off function. **Performance Objectives:** EBTDA^{RA}, *Reduction of the Gender equity pay gap, Social Bond, ESG rating* **Methods of payment:** deferral of 60% of the incentive over a time horizon of 5 years (pro rata); payment of the up-front portion and the deferred portion with 49% in cash and 51% in financial instruments, subject to a one-year retention obligation. Malus and Clawback mechanisms will be applied. **Level of incentive**: the award may reach a maximum of **100%** of Fixed Remuneration.
DISCRETIONARY BONUSES	It is the Company's policy not to award discretionary bonuses, such as for example One-Off bonuses, i.e., bonuses not related to ex-ante predefined objectives.

[6] Reference is made to what is outlined in the section 'Verification of the achievement of corporate objectives.

2022 LTI	The LTI Plan pursues the objective of alignment with investors/stakeholders and long-term sustainability. The LTI Plan in Stock Options, approved by the Meeting on 31 March 2022, is arranged into three tranches: 2022, 2023 and 2024. **Entry Gates**: LCR, TCR, $EBTDA^{RA}$ **Performance Objectives:** - **$EBITDA^{RA}$ (with weight of 50%)** - **EPS (with weight of 20%)** - **Cost/Income (with weight of 20%)** - **ESG (carbon footprint with weight of 5% and customer satisfaction with weight of 5%)** **Performance Period:** 3 years (2022-2024, 2023-2025 and 2024-2026) **Time horizon for each tranche:** 7 years (3 years for the assessment of performance, 3 years of additional deferral, subject to malus and clawback mechanisms, and 1 year of retention). **Level of incentive**: the award for each cycle may reach a maximum of 100% of Fixed Remuneration.
Non-competition agreement	To safeguard the Bank's competitiveness and its interests and those of its stakeholders over the medium-to-long term. **Annual fee:** 100% of the Fixed Remuneration (excluding Benefits) at the time of termination of office as Chief Executive Officer. **Duration:** 3 years from termination of office. **Penalty:** 150% of the Fixed Remuneration (excluding benefits) if the violation occurs in the first year following the termination of office, 100% of the Fixed Remuneration (excluding benefits) from the second year onwards.

TERMINATION OF OFFICE	The Golden Parachute provision serves to regulate the economic aspects related to the early termination of office, with the ultimate goal of preserving the economic value of the Bank and safeguarding the interests of investors and all stakeholders over the long term. Specifically, the golden parachute aims to mitigate the risk of current or future litigation and the associated legal disputes that could potentially lead to reputational and image implications for the Bank. **Lower amount between**: - 1.8 times the sum of the Fixed Remuneration (excluding benefits) and the average Variable Remuneration of the previous three-year period (excluding benefits); - the amount of € 4,500,000.00[7] In this regard, it is emphasized that the Chief Executive Officer, not being an Employee of the Bank, is not due any notice period or indemnity in lieu of notice in the event of dismissal by the Bank, nor any "additional" indemnity in the event of unjustified termination (which is due instead to executives) and/or employee severance indemnity or indemnity for termination of office.

[7] Equivalent to 23.5 monthly salaries, calculated as the sum of the Fixed Compensation and the MBO valued at the target.


Annualized Pay Mix (MBO and LTI @ maximum)
33%
33%
33%
Fixed Remuneration
STI
LTI

SECTION I

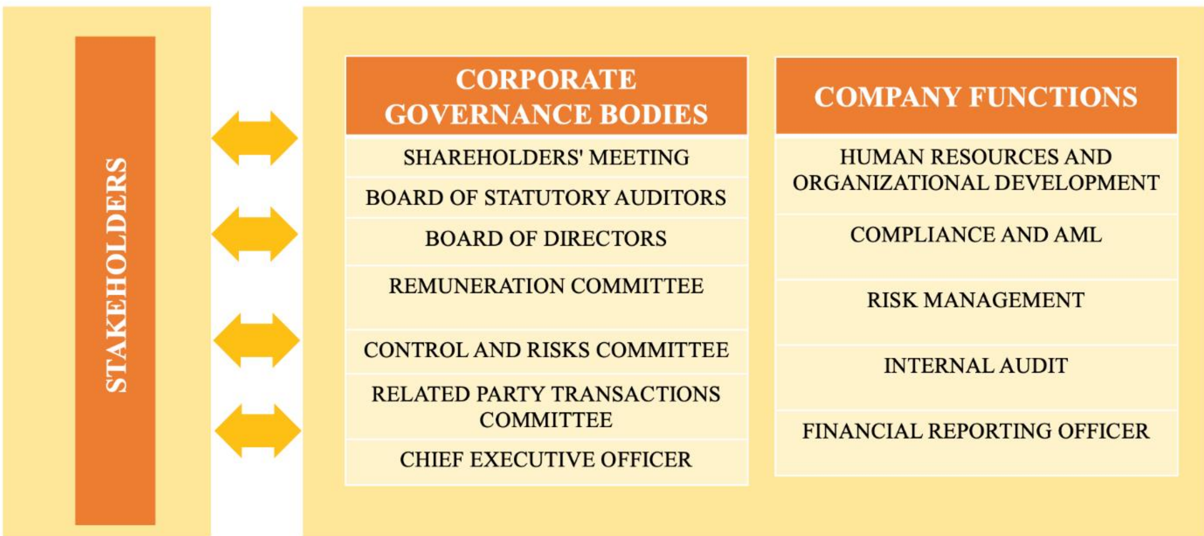
2024 REMUNERATION AND INCENTIVE POLICY

1. GOVERNANCE OF THE REMUNERATION AND INCENTIVE SYSTEM

The Policy is defined, implemented, and managed through a clear process that involves several corporate bodies and functions at various levels and according to specific roles and responsibilities.

The Policy is also defined as part of a dialog with the various stakeholders, including institutional investors and proxy advisors.

DEFINITION, APPLICATION AND CONTROL OF REMUNERATION AND INCENTIVE POLICIES



The role of the Bank's corporate bodies and the process for adopting, applying, and monitoring the Policy, as required by Supervisory Provisions, are described below.

1.1 SHAREHOLDERS' MEETING

With reference to remuneration and incentive policies, the Ordinary Shareholders' Meeting:

i. determines the amount of compensation to be paid to the Directors, the Statutory Auditors and the Independent Auditors responsible for auditing the accounts;

ii. approves the Policy;

iii. approves any securities-based remuneration plans;

iv. approves the criteria for determining the compensation to be granted in the event of early termination of the employment relationship or of the office, including the limits imposed on said compensation in terms of the annual Fixed Remuneration and the maximum amount deriving from their application;

v. at least once a year, expresses its opinion by means of advisory vote regarding the disclosure on the remuneration and incentive policies adopted by the Bank, and their implementation according to the procedures defined by Supervisory Provisions. That disclosure contains the same information regarding remuneration and incentive systems and practices provided to the public, in compliance with Supervisory Provisions.

vi. approves raising the ceiling of the Variable Remuneration to Fixed Remuneration ratio from 1:1 to 2:1 for Risk Takers. This capacity was implemented by way of the Shareholders' Meeting resolution of December 5, 2016, approving the Board of Directors' proposal to raise the ceiling of the Variable Remuneration to Fixed Remuneration ratio from 1:1 to 2:1 (with the exception of Personnel belonging to the Corporate Control Functions, for which the Variable Remuneration to Fixed Remuneration does not exceed 1:3). This shareholders' resolution was adopted:

   a) in accordance with the qualified majorities laid down in the Supervisory Provisions;

   b) following advance notice to the Supervisory Authority as required by the Supervisory Provisions.

1.2 BOARD OF DIRECTORS

The Board of Directors:

i. prepares the Policy, submits it to the Shareholders' Meeting, reviews it at least once a year and is responsible for its implementation, ensuring that it is adequately documented and accessible to Personnel;

ii. approves, in accordance with the Policy (following a proposal from the Chief Executive Officer), the remuneration and incentive systems for the Relevant Personnel of the BoD, including the deferment and retention periods and portions and the cash - financial instruments ratio, in accordance with the limits laid down in the Policy. Furthermore, at the proposal of the Remuneration Committee, it approves the entire remuneration package of the CEO, including any allocation of stock options to said officer or other long-term incentive instruments;

iii. approves the Remuneration Policy for Complaints Handling Personnel and the Credit Assessment Personnel ("*Significant Persons*");

iv. checks that the compensation paid to the Chairman, the Chief Executive Officer, the non-executive directors and the members of the control bodies is consistent with the instructions provided by the Remuneration Committee;

v. is entrusted with the administration of stock option plans by, among other things:

   a) determining the maximum number of stock options to be allocated overall to beneficiaries in relation to each tranche;

   b) identifying the beneficiaries of each tranche from among the BoD's Personnel;

   c) reallocating options allotted to the Personnel for whom the Board of Directors is responsible which have become available to the Bank pursuant to the stock option plan regulations;

vi. ensures that the remuneration and incentive systems are consistent with the Bank's overall choices in terms of risk-taking, strategies, long-term objectives, corporate governance structure and internal controls;

vii. periodically reviews, with the support of the Remuneration Committee, the gender neutrality of remuneration policies and monitors the gender pay gap and its evolution over time;

viii. approves the outcomes of the Risk Taker identification process, including the outcomes of the Risk Taker exclusion process, if any, and periodically reviews the relevant criteria;

ix. approves, under exceptional circumstances[8] and as provided for by article 123-ter, paragraph 3-bis of the TUF as updated in 2019 and by the update to the Issuers' Regulation of December 2020, any deviation from the Policy, subject to the opinion of the Remuneration Committee and consistent with the procedure contained in the Regulation for the management of transactions with parties in conflict of interest.

In this regard, it is noted that, within the Policy - while ensuring compliance with the cap on the Variable to Fixed Remuneration ratio approved by the Meeting - deviations are possible with regard to the Variable Remuneration components, in particular the objectives and/or adjustments mix underlying the individual variable component, or the target and maximum levels or the vesting and payment conditions.

Information on any deviation from the Policy is provided to the Meeting as part of the Annual Report on the Remuneration Policy and Remuneration Paid for the following year, highlighting the elements that were waived, the exceptional circumstances, why the waiver contributed to the long-term interests and sustainability of the Bank as a whole or to ensuring its ability to continue operating on the market. Information on the procedure followed is also provided.

1.3 BOARD OF STATUTORY AUDITORS

On the subject of remuneration, the Board of Statutory Auditors plays an advisory role, expressing opinions as required by the legislation in force. In particular, the Board of Statutory

[8] Exceptional circumstances are exclusively situations where a deviation from the Remuneration Policy is necessary to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to continue operating on the market.

Auditors expresses its opinion on proposals for the remuneration of Executive Directors and other Directors holding special offices.

The information on the Board of Statutory Auditors is included in full in the Corporate Governance Report, to which one should expressly refer.

1.4 REMUNERATION COMMITTEE

Composition of the Remuneration Committee

The Remuneration Committee is composed of three non-executive Directors, at least two of whom are independent. The Chairman of the Remuneration Committee is chosen from among the independent directors. The Chair of the Board of Directors, although assessed as independent, cannot be appointed as a member of the Remuneration Committee.

The Remuneration Committee, appointed by resolution of the Board of Directors on February 24, 2022, is currently composed as follows:

Members in office	Position	Independence	Non-Executive
Giovanna Villa	Chairman	✓	✓
Domenico Gammaldi	Member	✓	✓
Piotr Stepniak	Member		✓

Duties of the Remuneration Committee

The Remuneration Committee provides instructions and advice and makes recommendations to the Board of Directors on matters concerning Personnel remuneration and incentives, as well as the monitoring of areas within its remit. Within the scope of these functions, the Remuneration Committee:

i. supports the Board of Directors in defining the guidelines on remuneration policies and principles to be submitted to the Meeting for approval, in accordance with the provisions of Circular 285 and taking into account the relevant provisions of the Corporate Governance Code, also for the purposes of "comply or explain";

ii. makes proposals on the remuneration of employees whose remuneration and incentive systems are decided by the Board of Directors. The proposals made by the Remuneration Committee are, in turn, drawn up on the basis of proposals made by the Chief Executive Officer;

iii. advises on the determination of remuneration criteria for all Risk Takers;

iv. supports the Board of Directors in its periodic review of the gender neutrality of remuneration policies;

v. expresses its opinion on the outcome of the Risk Taker identification process, including any exclusions, also making use of the information acquired from the relevant Corporate Functions, and in particular from the Group Human Resources and Organizational Development Function;

vi. expresses to the Board of Directors:

   a) non-binding opinions and proposals concerning the adoption (and possible subsequent expansion) of any incentive plans (stock options, stock grants, "widespread shareholding", etc.), the objectives related to them, and the criteria for assessing their achievement;

   b) non-binding opinions and proposals on the identification of Risk Takers;

   c) opinions on the determination of the compensation to be paid in the event of early termination of the relationship or the office (golden parachutes). It assesses the possible effects of termination of office on the rights assigned under securities-based incentive plans;

vii. directly supervises the correct application of remuneration rules for the Heads of Corporate Control Functions, of the Group Human Resources and Organizational Development Function and of the Financial Reporting Officer, in close cooperation with the Board of Statutory Auditors;

viii. with the support of the Group Human Resources and Organizational Development Function, oversees the documentation to be submitted to the Board of Directors at meetings called to discuss remuneration issues (in particular, it prepares the Annual Report on Remuneration Policy and Remuneration Paid, in accordance with the deadlines for its submission to the Meeting);

ix. examines the vote cast by the Shareholders' Meeting on the Remuneration Report, and presents the related analysis to the Board of Directors;

x. works with the other Board committees, particularly the Control and Risks Committee, in relation to the Policy. The Control and Risks Committee, in coordination with the Remuneration Committee and with the help of the Risk Management Function, examines whether the incentives provided by the remuneration system are consistent with the RAF;

xi. ensures the involvement of the relevant corporate functions in the process of drafting and monitoring the Policy, each according to their respective responsibilities (Group Human Resources and Organizational Development Function, Risk Management Function, Compliance Function, Group Planning and Control Business Unit and Internal Audit Function);

xii. gives an opinion on the fulfillment of performance targets linked to the bonus plans, and on the verification of other conditions required for the payment of compensation, including by using information received from the relevant company departments;

xiii. periodically assesses the adequacy, overall consistency and correct application of the Policy in respect of the members of the Board of Directors and the Relevant Personnel of the BoD, making use in the latter respect of the information provided by the Chief Executive Officer (also through the Group Human Resources and Organizational Development Function), and makes proposals on the subject to the Board of Directors;

xiv. monitors the application of the decisions adopted by the Board of Directors on the basis of the proposals submitted by the Remuneration Committee, verifying, in particular, that performance targets have been achieved;

xv. monitors the evolution and application over time of the incentive plans approved by the Board of Directors;

xvi. reports satisfactorily about the activities it performs to the corporate bodies, thereby complying with applicable laws and regulations. In particular, through the Chairman of the Committee or another member designated by said Chairman, (i) reports to the Meeting called to approve the financial statements on the manner in which it exercises its functions, and (ii) performs the duties assigned to it by the Engagement Policy as regards relations with investors;

xvii. as the renewal of the mandate of the Board of Directors approaches, uses sector benchmarks to prepare instructions so that the amount of compensation paid to the Chairman, the Chief Executive Officer, the non-executive directors and the members of the control bodies is commensurate with the skill, professionalism and commitment required by their position;

xviii. also having regard to the results of the activities referred to in point xiv) above, makes proposals and/or expresses opinions to the Board of Directors on the remuneration of the following persons: (a) the Chairman of the Board of Directors, (b) the Chief Executive Officer, and the other directors who hold particular positions or perform particular duties (including, therefore, the members of Committees), including the setting of performance targets related to the variable component of the remuneration of the executive directors, (c) the Senior Executives, (d) the Executives who report directly to the Chief Executive Officer, and (e) the heads of the Parent Company's Control Functions. The opinions and proposals referred to in (c), (d) and (e) shall be expressed on the basis of a discretionary assessment that takes into account, among other things:

- the scale of responsibilities in the corporate organizational structure;
- the achievement of specific objectives previously indicated by the Board of Directors;
- any legal and regulatory requirements,

and, for persons other than those in charge of the Parent Company's Control Functions, also the following parameters:

- impact on business results;
- the Bank's financial results.

xix. helps the Board of Directors to check that the compensation paid to non-executive directors and members of control bodies is consistent with the instructions referred to in point xiv);

xx. performs the additional tasks that the Board of Directors may assign to it by means of specific resolutions.

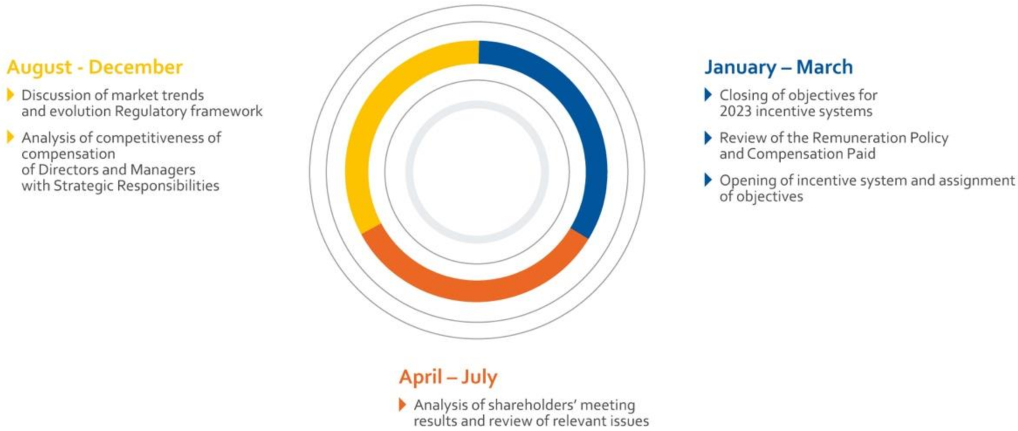
No director shall take part in the meetings of the Remuneration Committee at which proposals are made to the Board concerning his/her remuneration.

If the Board of Directors has not determined the annual expenditure budget available to the Remuneration Committee for the performance of its activities, the Remuneration Committee shall submit to the Board of Directors a request for approval of the relevant expenditure items.

Activity cycle of the Remuneration Committee

The Remuneration Committee is convened by the Chair and meets at least once every three months and, in any case, whenever necessary for dealing with matters under its remit.

The Remuneration Committee's schedule of activities for 2024 is structured as follows:



1.5 Control and Risks Committee

One of the functions of the Control and Risks Committee is to ensure that the incentives underlying the Group's remuneration system are consistent with the maximum levels of risk that the Group intends to assume.

In performing this function, it collaborates with the other committees within the Board of Directors, in particular with the Remuneration Committee. The Control and Risks Committee, in coordination with the Remuneration Committee, examines whether the incentives provided by the remuneration system are consistent with the RAF, also with the support of the Risk Management Function.

1.6 Related Party Transactions Committee

The Related Party Transactions Committee expresses opinions on the remuneration of the members of the Board of Directors. In addition, under exceptional circumstances[9] and as provided for by article 123-ter, paragraph 3-bis of the TUF as updated in 2019 and by the update to the Issuers' Regulation of December 2020, the Related Parties Transactions Committee is consulted in accordance with the regulation for the management of transactions with parties in conflict of interest regarding any deviations from the Policy.

[9] Exceptional circumstances are exclusively situations where a deviation from the Remuneration Policy is necessary to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to continue operating on the market.

1.7 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer:

i. submits proposals for revising the Policy to the Board of Directors;

ii. defines and approves the operational process of defining the criteria underlying the remuneration and incentive system, in compliance with the provisions of the Policy;

iii. defines the Remuneration, including deferment and retention portions and periods and the cash/financial instruments ratio, in line with the minimum limits set by the Policy, for:

   a) executives of the Group and the Bank who do not report directly to the Chief Executive Officer;

   b) all other Group Personnel who do not fall within the remit of the Shareholders' Meeting and/or the Board of Directors in terms of Remuneration;

iv. proposes to the Board of Directors the hiring, promotion, disciplinary sanctions, dismissal and any other measures against Senior Executives and Executives who report directly to the Chief Executive Officer, subject to the limitations provided for by supervisory provisions;

v. defines, for the Group's Subsidiaries, the remuneration systems that do not fall within the remit of the Bank's Board of Directors, taking into account the relevant local regulations;

vi. identifies the beneficiaries of the Short and Long Term Incentive Plans, including "equity" and "cash settled" Stock Option Plans, the number of instruments (including stock options, Phantom SOPs etc.) to be granted to those who are not Relevant Personnel of the BoD in accordance with the provisions of the said plans. It also carries out the administrative activities of the Plans delegated to it by the Board of Directors or pursuant to said plans;

vii. reallocates options allotted to personnel other than Personnel for whom the Board of Directors is responsible which have become available to the Bank pursuant to the stock option plan regulations.

1.8 THE PROCESS OF ADOPTING, APPLYING AND CONTROLLING THE POLICY[10]

The Bank adopts the Policy through the following process, which takes place at least once a year.

i. The Group Human Resources and Organizational Development Function, having received a mandate from the Group Chief Executive Officer regarding the content, prepares a draft of the Policy involving the competent functions, including the General Counsel Function, the Risk Management Function, the Planning and Control OU, and the Compliance & AML Function, and using the support of external legal counsel and a leading consulting firm specializing in Executive Remuneration.[11]

ii. The Human Resources and Organizational Development Function submits the draft update of the Policy to the Chief Executive Officer.

iii. The Chief Executive Officer submits the Policy to the Board of Directors for its approval, together with the specific opinion of the Compliance & AML Function.

iv. The Board of Directors, after consulting with the Remuneration Committee and the Control and Risks Committee, resolves to approve the Policy and submit it for approval by the Shareholders' Meeting.

v. The Shareholders' Meeting resolves on the adoption of the Policy.

See Attachment 3 for details of the roles of the different corporate functions.

As regards the process of application and monitoring of the Policy, the Human Resources and Organizational Development Function is the corporate structure in charge of applying the Policy at Group level.

[10] Regulatory references: Article 123-ter of the TUF, Schedule 7-bis of Attachment 3A to the Issuers' Regulation.
[11] Law firm PedersoliGattai and Mercer.

2. IDENTIFICATION OF RISK TAKERS AND CLASSIFICATION OF COMPANY ROLES[12]

The Group identifies the Risk Takers through an (at least) annual assessment process - entrusted to the Board of Directors, with the support of the Human Resources and Organizational Development Function, the Rules and Processes O.U., and the Risk Management Function – carried out on the basis of the criteria provided for by the Supervisory Provisions. Specifically, the following individuals are identified as Risk Takers:

a) the members of the body with strategic supervision and management functions and the senior management;

b) the members of Personnel with managerial responsibilities over corporate control functions or in relevant operational/business units;

c) the members of Personnel for whom all of the following conditions are concurrently met:

   i. the total Remuneration in the previous year was jointly equal to or greater than: €500,000; the average total remuneration paid to the Personnel referred to in a);

   ii. their professional activity is performed within a relevant operational/business unit and has a significant impact on the risk profile of the operational /business unit.

For the purposes of identifying the Risk Takers under b) and c), the definitions contained in Delegated Regulation (EU) No. 923 of March 25, 2021, apply. The Risk Takers' category also includes persons identified in implementation of Delegated Regulation (EU) No. 923 of March 25, 2021.

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

[12] Regulatory references: Supervisory Provisions, Part One, Title IV, Chapter 2, Section I, para. 6, Delegated Regulation (EU) 604/2014

category.

With regard to 2023, the process was based on the criteria set out in the relevant legislation and in particular:

- qualitative criteria: relating to the role, the assigned decision-making powers and the responsibilities assumed, within the Bank's organization, consistent with the nature, importance and complexity of the duties performed;
- quantitative criteria: relating to the total Remuneration established in the previous year.

The results of the identification process were presented to the Remuneration Committee, which expressed a positive opinion on the matter, and subsequently to the Board of Directors at its meeting of July 27, 2023, which approved the proposal.

This process, based on the above criteria, led to the identification of 41 positions for 2023, one more than the results presented in the January 2023 assessment (the difference is related to organizational changes in the Group).

Category of personnel	No. of Persons
Body with management function	1
Body with strategic oversight function	8
Responsible for risk management, compliance and internal audit functions	3
Belonging to senior management: Group Senior Executives	4
Other Risk Takers	20
The head of a relevant operational/business unit	5
Total	**41**

3. RECIPIENTS OF THE REMUNERATION POLICIES

The remuneration policies are differentiated by type of recipient, in order to take into account, the specific characteristics of each party and specific regulatory provisions.

In this respect, the Policy identifies the following categories of personnel, whose remuneration systems are described in the following chapters.

CORPORATE BODIES AND SB

CHIEF EXECUTIVE OFFICER

OTHER RISK TAKERS AND REMAINING EMPLOYEES:
- EXECUTIVES WITH STRATEGIC RESPONSIBILITIES (ESR)
- SENIOR MANAGEMENT
- HEADS OF THE CONTROL FUNCTIONS
- REMAINING RISK TAKERS
- REMAINING EMPLOYEES

4. REMUNERATION SYSTEM FOR CORPORATE BODIES AND THE SUPERVISORY BODY

4.1 Bank Directors

All Directors:

i. receive the compensation set by the Shareholders' Meeting as well as a reimbursement of costs incurred during the performance of their duties;

ii. who are Committee chairs or members may receive additional compensation determined by the Board of Directors pursuant to Article 2389, paragraph 3 of the Italian Civil Code;

iii. have a civil liability insurance policy, the cost of which is paid by the Bank.

Except in the case of the Chief Executive Officer (and any executive directors), Directors are never entitled to Variable Remuneration. Any other executive directors may be paid a Fixed Remuneration and a Variable Remuneration, which may include all or some of the components envisaged for the Chief Executive Officer (paragraph 5 - *Chief Executive Officer Remuneration*).

The Chairman of the Board of Directors receives a Fixed Remuneration established by the Board of Directors in accordance with Article 2389, paragraph 3 of the Italian Civil Code determined ex ante and consistent with:

i. their role;

ii. the size and organizational complexity of the Bank;

iii. market practices and benchmarks.

4.2 Statutory Auditors

The Statutory Auditors:

i. receive a remuneration established by the Shareholders' Meeting - as well as a reimbursement of costs incurred during the performance of their duties - that is commensurate with the skills, professional capabilities and commitment required by the role and with the size of the Bank;

ii. do not receive any Variable Remuneration or pay linked to the results of the Bank or the Group;

iii. have a civil liability insurance policy, the cost of which is paid by the Bank.

The Chair of the Board of Statutory Auditors receives a higher remuneration than that paid to the Statutory Auditors, which is also set by the Meeting.

4.3 MEMBERS OF THE SUPERVISORY BODY SET UP PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/2001

The members of the Supervisory Body who are not Employees receive a Fixed Remuneration established by the Board of Directors. The amount of the Fixed Remuneration is established on the basis of market conditions and responsibilities assumed, guaranteeing the independence and autonomy of the function, and the diligent performance of the task. These members cannot receive any Variable Remuneration but receive D&O insurance cover and reimbursement of the expenses actually incurred in the performance of their duties.

Conversely, for the members of the Supervisory Body who are also Employees no remuneration is envisaged for the office, but only D&O insurance coverage and the reimbursement of expenses actually incurred in the performance of their duties.

5. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

The remuneration structure for the Chief Executive Officer favors pay for performance, with Variable Remuneration prevailing over Fixed Remuneration.

The pay mix of the Chief Executive Officer is therefore composed as follows:

- Fixed Remuneration, consisting of remuneration pursuant to article 2389, third paragraph, and a package of benefits, established by the Board of Directors;
- an MBO linked to the achievement of quantitative/financial and qualitative/non-financial/ESG performance indicators within an individual scorecard. The short-term variable remuneration is received only when the entry conditions ("entry gates") are met, including the Risk-Adjusted EBTDA ("EBTDA RA" or "EBTDA^{RA}") with on-off function of the MBO plan. The maximum opportunity is equal to 100% of the Fixed Remuneration (excluding benefits) (see paragraph 5.1 *MBO*);
- a medium/long-term incentive plan ("long-term incentive plan") (see paragraph 5.2 *Variable medium/long-term system (LTI)*). The maximum amount that can be allocated is equal to the difference between (i) double the Fixed Remuneration and (ii) the annual value of the MBO received by the Chief Executive Officer, the maximum amount of which is equal to 100% of Fixed Remuneration.

In addition to the above components, the Chief Executive Officer's Remuneration consists of (i) a non-competition agreement with the aim of protecting the Bank subsequent to the termination of office and (ii) a golden parachute - agreed for the purpose, *inter alia*, of limiting the risks of potential litigation between the Bank and the Chief Executive Officer - which may be paid, under certain conditions, upon termination of the office (see par. 5.3 - *Non Compete Agreement and 5.4 Golden Parachute*).

The Variable Remuneration components of the Chief Executive Officer are described in more detail below.

5.1 MBO

The annual Variable Remuneration and the correlation between risks and performance are established through a process that aims to remunerate the Chief Executive Officer in compliance with the risk profile defined by the Risk Appetite Framework (RAF), and on a going concern basis and in view of the sustainability of long-term results.

In particular, as regards the MBO system of the Chief Executive Officer, the payment is subject to the achievement of certain gates:

Indicator	Minimum threshold
Liquidity Coverage Ratio (LCR)	≥ *risk tolerance* (*)
Total Capital Ratio (TCR)	≥ *risk tolerance* (*)
EBTDA^{RA} (risk- and cost-of-capital-adjusted return)	Positive

(*) level approved by the Board of Directors and defined within the RAF.

Moreover, the disbursement of all portions of the MBO bonus for the reporting year is subject to achieving a ratio of EBTDA^{RA}/target EBTDA^{RA} of at least 100%[13] while the Deferred Variable Remuneration from previous years is subject only to the verification of the three gates (indicators) represented in the table above.

The profitability adjusted for risk and cost of capital (EBTDA ^{RA}) constitutes both an entry gate and the quantitative/financial indicator of the individual targets, as detailed below.

The MBO bonus of the Chief Executive Officer is paid based on the level of achievement of a set of economic/financial and qualitative/ESG objectives.

The incentive curve is structured in such a way that the achievement of quantitative/financial targets allows the award of a variable component calculated as follows:

[13] unless otherwise resolved by the Board of Directors, in accordance with the assessment made for the EBTDA ^{RA} / *Target* EBTDA ^{RA} indicator as part of the performance assessment process for the remaining personnel and relating to the incentive system multipliers.

- 70% of the Fixed Remuneration (excluding benefits) upon reaching the minimum threshold, given by the budgeted value of $EBTDA^{RA}$;

- 90% of the Fixed Remuneration (excluding benefits) if the maximum level for the $EBTDA^{RA}$ objective is reached. Between the minimum and maximum, the payout will be calculated through linear interpolation.

Qualitative/ESG goals complete the CEO's individual targets, the achievement of which gives rise to a maximum payout effectively equal to 30% of Fixed Remuneration (excluding benefits), given that (i) the achievement of the Target $EBTDA^{RA}$ allows the CEO to accrue an MBO equal to at least 70% of Fixed Remuneration, and (ii) the maximum MBO cap is equal to 100% of Fixed Remuneration (excluding benefits).

The performance for each qualitative/ESG objective is measured by considering the achievement of the threshold, target, or maximum levels. Therefore, no linear interpolation mechanisms are provided for.

The table below summarizes the objectives of the MBO plan[14]:

	OBJECTIVE	DESCRIPTION	LINK WITH STRATEGY	WEIGHT	THRESHOLD	TARGET	MAX
FINANCIAL	EBTDA^RA	EBTDA^RA	Key indicator of financial sustainability over time	70%	0 (the EBITDA^RA target is also an entry gate)	=Budget (70%)	=110% Budget (90%)
ESG	ESG Rating	Aimed at improving coverage and rating of ESG indices	Key indicator for the Bank's social impact	20%	maintain current ESG Index coverage/rating 50%	maintain the current coverage/ESG Index rating + add a new coverage or improve one 100%	maintain current coverage/ ESG Index rating + add two new coverages or improve both 130%
	Reduction of Gender Equity Pay Gap	As in FY 2023 and in alignment with the "critical" threshold of 5% stipulated in the EU Salary Transparency Directive	Key indicator for achieving the ambition for substantial remuneration equality over time	15%	achieve the target of approaching the strategic ambition in one-third of the operational cluster and at least 80% of the total population 50%	achieve the target of approaching the strategic ambition in two-thirds of the operational cluster and at least 80% of the total population 100%	achieve the target of approaching the strategic ambition throughout the operational cluster and at least 80% of the total population 130%
	Social Bond	Issuance of a social bond, the proceeds of which will fund national health systems and public health facilities	Key indicator for the Bank's social impact	15%	€250 million 50%	€300 million 100%	€350 million 130%

In any case, the maximum payout for the CEO's MBO may not exceed 100% of the Fixed Remuneration (excluding benefits), consistent with what is envisaged for Senior Executives, even where the Chief Executive Officer achieves results on the above objectives that result in a

[14] The non-financial/ESG targets were developed and proposed based on the benchmark identified by an independent external consultant with respect to the presence of non-financial/ESG targets in FTSE MIB issuers.

potential MBO value in excess of Fixed Remuneration excluding benefits ("FReB"), as illustrated in the following table.

MBO MAX PAYOUT: 100% FIXED REMUNERATION EXCLUDING BENEFITS (FREB)

% PAYOUT	0%	0%	100%	70%	90%	CAP 100%
MBO	EBTDA ^{RA} <100% TARGET	EBTDA ^{RA} <100% TARGET	EBTDA ^{RA} = 100% TARGET (70% RFeB)	EBTDA ^{RA} = 110% TARGET (70% RFeB)	EBTDA ^{RA} > 0 = 110% TARGET	EBTDA ^{RA} > 0 = 110% TARGET (90% RFeB)
	+	+	+	+	+	+
	Additional KPIs set by the BoD < 100% TARGET	Additional KPIs set by the BoD > 0 = 100% TARGET	Additional KPIs set by the BoD > 0 = 100% TARGET (30% FReB)	Additional KPIs set by the BoD < 100% TARGET	Additional KPIs set by the BoD < 100% TARGET	Additional KPIs set by the BoD > 0 = 100% TARGET (30% FReB)

Payment method

The Chief Executive Officer's Variable Remuneration is considered to be of a "particularly high amount" for the purposes of the Supervisory Provisions, when it exceeds the threshold of €424,260[15], even assuming that the MBO is accrued at the minimum level envisaged (i.e., 70% of Fixed Remuneration). Accordingly, the disbursement of the CEO's MBO bonus is as follows:

- the up-front portion is paid following the approval of the Group’s financial statements and is equal to 40%, while the remaining 60% is deferred in equal annual installments over 5 financial years, beginning 12 months after the payment of the upfront portion;
- 51% of both the up-front and deferred portion is paid through financial instruments, subject to a one-year retention period.

[15] See paragraph 6.2.1.3 for the definition of "particularly high amount."

- the bonus is subject to malus and clawback clauses, as envisaged for the remaining Risk Takers (see par. 6.2.3 - *Ex-post adjustment mechanisms (Malus and Clawback)*).[16]

5.2 VARIABLE MEDIUM/LONG-TERM SYSTEM (LTI)

In addition to the Fixed and Variable Remuneration described above, the Chief Executive Officer participates in the 2022 long-term Incentive Plan, described in par. 6.2.2.3 below and based on stock options, which are assigned in three annual tranches starting from 2022, with a maximum incidence of 100% of the fixed remuneration for each assignment year.

[16] Subordination of the Chief Executive Officer to the continuation of the employment relationship, not on notice and not pending disciplinary proceedings, does not apply to the Chief Executive Officer, since there is no employment relationship between the Chief Executive Officer and the Bank.

The number of options is correlated to the level of achievement of the following objectives,[17] verified at the end of the performance period:

TYPE	KPI	WEIGHT	DESCRIPTION
Financial	EBTDA RA	50%	EBTDA RA = EBTDA - (RWA M * TCR Target * Ke)
	EPS	20%	Adjusted consolidated net income divided by share outstanding
	C/I	20%	OPEX and D&A / Net Banking Income and Other operating income
ESG	Carbon Footprint	5%	Direct CO2 Emissions in the last year of the Performance Period / (Direct CO2 Emissions Look Back Period - 1%)
	Customer Satisfaction	5%	Survey's result on the "Degree of Satisfaction" of the Bank's customers

For each objective, the number of options accrues as follows (in the case of intermediate performances, the number of options is defined by linear interpolation):

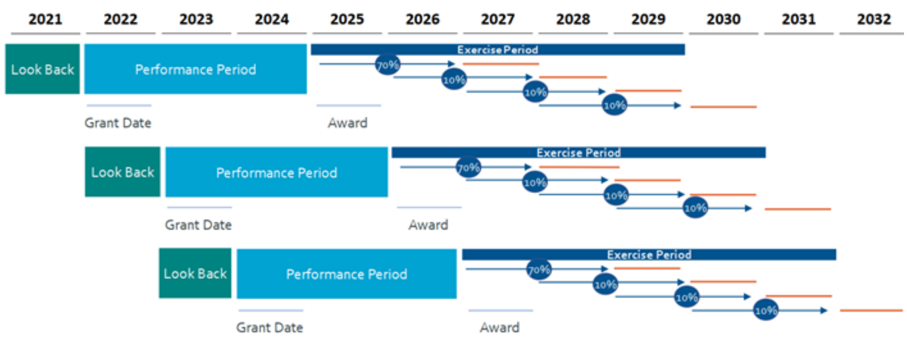
- Threshold level: 50% of the target options
- Target level: 100% of the target options
- Max level: 150% of the target options

Specifically, with regard to the assignment in 2023, the KPIs are broken down as follows:

[17] The level of target achievement varies for each individual tranche launched.

KPI:	Level Threshold (% target options per goal)	"Minimum" level	Level Target (% target options per goal)	"Target" level (2025 Target)	Level Max (% target options per goal)	"Maximum" level
EBTDA ^{RA}	25%	(90% vs. 2025 Target)	50%	as per plan	75%	(110% vs. 2025 Target)
EPS	10%	(90% vs. 2025 Target)	20%	as per plan	30%	(110% vs. 2025 Target)
C/I	10%	(110% vs. 2025 Target)	20%	as per plan	30%	(90% vs. 2025 Target)
ESG (Carbon Footprint)	2.5%	46.7% compared to 2022	5%	32.4% compared to 2022	7.5%	18.1% compared to 2022
ESG (Customer Satisfaction)	2.5%	90%	5%	95%	7.5%	100%

The actual attribution is subject to a further deferral and conditional on the absence of conditions for activating the malus or claw back mechanisms, as highlighted below:



Following the deferral, a further 12-month retention period is defined, at the end of which it is possible to exercise the options (lock up).

The definitive assignment and the start of the period for exercising the option is subject to predetermined performance objectives and the fact that the Chief Executive Officer remains in office, without prejudice to the applicability of *ex-post* correction mechanisms (Malus and Clawback). Furthermore, the stock options in question contribute to the 2:1 limit between Variable Remuneration and Fixed Remuneration and are subject to a retention period of 1 year, starting from the end of the deferral period of each tranche.

As last amended on February 28, 2024 in view of the renewal of the office, the Chief Executive Officer's contract also stipulates that in the event of implementation of new long-term incentive plans based on financial instruments until the date of approval of the annual financial statements as of December 31, 2029, if still in office, the Chief Executive Officer will be entitled to be awarded a quota of financial instruments equal to 20% of the plan's total bonus pool.

5.3 NON-COMPETITION AGREEMENT

In order to safeguard its competitiveness, the Bank has entered into a non-competition agreement with the Chief Executive Officer, the components of which are set out below in accordance with the provisions of Schedule 7-bis of Attachment 3A of the Issuers' Regulation[18]:

- **Duration**: 36 months after termination of office;
- **Remuneration**: 100% of Fixed Remuneration (excluding benefits) for each year of non-competition;
- **Penalty**: 150% of the Fixed Remuneration (excluding benefits) for the first year following the termination of office and 100% of the Fixed Remuneration (excluding benefits) from the second year.

[18] Schedule 7-bis of Attachment 3A of the Issuers' Regulation: "*With regard to members of governing bodies, general managers, and other executives with strategic responsibilities, the section contains at least the following information, to be explained in a clear and comprehensible manner: ...the policy relating to procedures in the event of termination of office or employment relationship, specifying: (...)* ***the components for any non-competition commitments****. If these payments are expressed by year, indicate in detail the components of this year (fixed, variable, etc.);*"

5.4 GOLDEN PARACHUTES

A golden parachute agreement (i.e., predetermined contractual provisions in case of early termination of the position) has been entered into with the Chief Executive Officer to regulate ex-ante the economic aspects related to early termination, with the aim of avoiding the uncertainty of current or future disputes and the risks associated with legal proceedings that could also have reputational and image implications for the Company. The components of the agreement are outlined below, in accordance with the provisions of Schedule 7-bis of Annex 3A of the Issuers' Regulations[18].

The maximum golden parachute that may be payable to the Chief Executive Officer upon termination of office, amounts to a value equal to the lesser of:

- 1.8 times the sum of the average Variable Remuneration[19] of the previous three years and Fixed Remuneration (excluding benefits);
- the amount of €4,500,000.00 (i.e., the maximum limit approved by the Meeting on March 25, 2021, for amounts recognized under agreements with Personnel, reached in any forum, for the settlement of current or potential disputes).

In this regard, it is emphasized that the Chief Executive Officer, not being an Employee of the Bank, is not due any notice period or indemnity in lieu of notice in the event of dismissal by the Bank, nor any "additional" indemnity in the event of unjustified termination (which is due instead to executives) and/or employee severance indemnity[20] or indemnity for termination of office.

In this regard, the Remuneration Committee has commissioned the firm Mercer to perform a benchmarking study[21] relating to the measurement of trends and market practices in the

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[19] Defined as the average of the amounts paid to the Chief Executive Officer as Variable Remuneration (as currently defined) in the three-year period preceding the vesting date of the Chief Executive Officer's right to receive the golden parachute, including amounts still subject to deferment (for the sake of clarity: the deferred portions of the variable remuneration accrued in the previous three-year period are taken into account and not the deferred amounts received in the three-year period but arising from the variable remunerations accrued prior to the three-year period of reference) and including the value of any stock options, phantom stock options or other equivalent instruments awarded in the three-year period, the value of which is the value calculated on the award date.

[20] Typically, remuneration defined within the framework of an employment relationship has a company cost that is at least 30% higher than the same amount regulated under a directorship relationship.

[21] Benchmark conducted in November 2022 on all FTSE MIB companies by Mercer.

context of listed companies, with reference to agreements stipulated in view of or on the occasion of the early termination of the employment relationship with top managers or for early termination of office and non-competition agreements. This study shows that the golden parachute of the Chief Executive Officer reflects the majority of the best and most widespread practices in the market. In fact, for the purposes of calculating the golden parachute of the Chief Executive Officer, the "pay-for-performance" principle is taken into account and, in particular, the amounts received by way of Variable Remuneration (i) in the previous three years and (ii) also considering the amounts relating to long-term incentive plans.

The golden parachute will be paid to the Chief Executive Officer, in the event of early termination of the office, solely upon the occurrence of certain circumstances. In this regard, note that consistently with supervisory expectations, subject to the favorable opinion of the Remuneration Committee and the Board of Statutory Auditors, the aforementioned golden parachute was revised during 2023, and specifically the parties reduced the number of conditions of access thereto, removing the trigger event for non-renewal as CEO - upon the expiration of this term or any other term occurring before the date of approval of the Company's financial statements as of December 31, 2026 - until the date of approval of the Company's financial statements as of December 31, 2026.

Accordingly, also in light of the latest amendment to the Chief Executive Officer's contract finalized on February 28, 2024, in view of the renewal of the office the contractually stipulated circumstances that determine the Chief Executive Officer's right to the payment of the golden parachute are as follows:

- removal from office as a director prior to the approval of the Bank's financial statements as of December 31, 2029, other than on bad leaver clauses;
- substantial reduction[22] or revocation of the powers of the CEO during any term of office that was in progress until the date of approval of the Bank's financial

[22] According to the provisions of the Chief Executive Officer's contract, a substantial reduction in delegated powers shall be understood to mean the elimination or modification of even one of the following powers (subject to the limits expressly envisaged in the delegated powers themselves):
(i) general management powers;

statements on December 31, 2029, for a reason other than a written request from the Bank of Italy or Consob;

- reduction in Remuneration not due to failure to achieve the targets of the variable incentive schemes of the Chief Executive Officer during any term of office that was ongoing until the date of approval of the Bank's financial statements as of December 31, 2029.

The disbursement of the golden parachute is structured as follows:

- 40% up-front portion, while the remaining 60% is deferred in equal annual installments over 5 years, beginning 12 months after the vesting of the up-front portion;
- 51% of both the up-front and deferred portion is paid through financial instruments, subject to a one-year retention period.

Moreover, the golden parachute is:

- subject to malus and clawback mechanisms;
- conditional on the absence of any conduct by the Chief Executive Officer, in the context of the Bank's activities or his professional activities in such context, which has resulted in a significant loss for the Bank or the Group companies;

(ii) powers in financial matters relating to the negotiation, conclusion modification and execution of credit and financing contracts and contracts for transactions in currency swaps, domestic currency swaps, interest rate swaps, currency options, bond options, future rate agreements, foreign exchange netting agreement caps, floors, collars and to any other financial transaction directly similar in structure and purpose to those listed above;
(iii) management powers for factoring;
(iv) power to authorize first-risk lines of credit and signature credits (sureties and letters of patronage) in favor of financial and corporate counterparties outside of transactions executed for factoring;
(v) power to provide for all current expenses of the Bank and to negotiate, enter into, amend and execute related contracts;
(vi) power to propose to the Board of Directors (with regard to Senior Executives and of Executives falling within the Personnel for whom the BoD is responsible) and to decide (with regard to the remaining employee Personnel) on hiring, promotion, disciplinary sanctions, dismissal and any other measures within the limits set by the Board of Directors.

- subject, in the vesting year, to compliance with gates associated, compliance with capital and liquidity limits and application of performance parameters, net of the risks.

5.5 ADDITIONAL ELEMENTS OF THE CHIEF EXECUTIVE OFFICER'S VARIABLE REMUNERATION

The Chief Executive Officer may receive further Variable Remuneration elements related to performance against pre-defined objectives with a view to incentivizing the alignment of the Chief Executive Officer's interests with those of the Group medium to long term, in any case within the limits of the Variable to Fixed Remuneration ratio of 2:1, or within the limits set by the laws in force from time to time.

6. STRUCTURE OF REMUNERATION OF EMPLOYEES[23]

The Remuneration of Employees provides for a balanced package consisting of Fixed Remuneration and Variable Remuneration.

Excluded Benefits do not constitute Remuneration for the purposes of the Policy.

Excluded Benefits may include small and insignificant one-off amounts paid as part of an annual salary review. The disbursement of these amounts is appropriately justified and documented on the basis of qualitative and/or quantitative standards.

6.1 FIXED REMUNERATION

Fixed Remuneration (including benefits) is related to the experience and professional skills of the people working in the company and is also based on the roles held.

It is left to each Group company to establish benefit packages, including flexible benefits, consistent with local regulations.

As for the Bank, the benefits are assigned according to the role held. The benefits package may include, for example:

i. regular medical check-ups;

ii. flexible benefits;

iii. meal ticket;

iv. contribution to a supplementary pension fund;

v. insurance: Long-term care, life, occupational and non-professional accidents, permanent disability, medical expenses;

vi. company car and reimbursement for fuel expenses.

Fixed Remuneration is calculated based on some principles that are consistent with the Code of Ethics and can be summarized as follows:

[23] Regulatory references: Schedule 7-bis of Attachment 3A to the Issuers' Regulation.

- fairness, understood as the attribution or recognition of what is due to the individual in question, in terms of professional growth, based on possession of the required characteristics, roles and responsibilities, without any discrimination, giving everyone the same career opportunities;
- competitiveness, understood as an analysis of how the salary awarded to each position compares to specific market benchmarks;
- meritocracy, which is expressed in how individuals are valued based on merit;
- consistency over time, with reference to medium- and long-term objectives and risk management policies.

6.2 VARIABLE REMUNERATION

6.2.1 *General principles*

The Variable Remuneration is linked to various parameters consistent with the function of the specific instrument used to pay the Variable Remuneration (e.g., individual and/or Bank/Group performance, however measured, period of continued employment, etc.).

The Bank's incentive system consists of several elements, applied based on the employee's role within the Group company structure, including:

(i) short-term incentive plans (MBO);

(ii) long-term incentive plans (including stock option plans);

(iii) VAP for Bank personnel to whom is applied the "National Collective Labor Agreement for executives and personnel in professional areas, employees of credit, financial and instrumental companies";

(iv) additional variable remuneration elements, such as retention bonuses, additional discretionary pension benefits-MBOs, golden parachutes and other components set out in the Policy.

No forms of guaranteed Variable Remuneration are permitted except in exceptional cases, for the hiring of new Personnel and limited to the first year of employment or office (e.g., entry bonus). These forms of guaranteed Variable Remuneration:

i. may not be paid more than once to the same person;

ii. are not subject to the rules on the Variable Remuneration structure if paid in a lump sum at the time of hiring (i.e., rules on balancing cash and Financial Instruments, deferral and retention);

iii. contribute to determining the limit of the ratio of Fixed Remuneration to Variable Remuneration for the first year unless they are paid in a lump sum at the time of recruitment.

The payment of Variable Remuneration, whether up-front or deferred, with the exception of the golden parachutes provided for in paragraph 6.2.2.7. (Golden Parachutes), is also subject to:

i. for Employees, as of the payment date, being employed by the Bank and/or its Subsidiaries, not having submitted notice to leave and not pending disciplinary proceedings that might conclude with dismissal. In any case, after three years of deferral with the employment relationship still in place, the beneficiary will be entitled to the payment of subsequent deferred installments as well, irrespective of the termination of employment;

ii. for Personnel, compliance with parameters pertaining to results, assets and liabilities and cash flows.

Regarding the requirement to still be employed by the Bank and/or its Subsidiaries, there may be exceptional and properly justified exemptions (so-called good leaver provisions), in which, although said condition is no longer met, the Variable Remuneration in question may be paid in whole, in part or *pro rata temporis* depending on when during the year the relationship with the Bank and/or the Subsidiaries is terminated. These exemptions must be approved by the CEO, except in relation to Personnel for whom the Board of Directors is responsible, when Board approval is required.

In this respect, with a view to avoiding any circumvention of the regulations or the Policy, the Bank ensures that Group Personnel are not remunerated or do not receive payments or other benefits through vehicles, instruments, or otherwise elusive methods, also with regard to

Subsidiaries. In this regard, the Bank may ask the Group's Risk Takers to disclose any opening of custody and administration accounts with other intermediaries, and any financial transactions or investments made, which could affect the Group's risk alignment mechanisms.

6.2.1.1 Ratio of Variable Remuneration to Fixed Remuneration

The basis for calculating the ratio between Fixed and Variable Remuneration is the gross annual value of all elements of Fixed Remuneration, including benefits.

The maximum limit for the Variable Remuneration to Fixed Remuneration ratio is 2:1, as established by the Shareholders' Meeting of December 5, 2016[24], in compliance with the Bank of Italy's prior information procedure.

The aforementioned limit was determined in a total Remuneration logic, taking into account compliance with current legislation, consistency between the different roles and responsibilities, and comparison with the relevant external market.

The resolution approving the increase of the limit to a maximum of 2:1 was sent to the Bank of Italy within the deadline set out in the Supervisory Provisions[25].

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[24] The increase in the limit from 1:1 to 2:1, resolved by the Assembly on December 5, 2016, was confirmed by a subsequent resolution of the Assembly on April 5, 2018, pending the previous regulations, which did not clarify whether, after the initial resolution to raise the limit, a subsequent confirmation resolution by the Assembly in the following years was necessary. The update of the Supervisory Provisions on October 23, 2018, then clarified that 'if the assembly approves the increase in the limit, it is not necessary in the following years to submit a new resolution to the assembly, provided that the conditions on the basis of which the increase was resolved, the personnel to which it refers, and the measure of the limit itself have not changed' (Supervisory Provisions, Part One, Title IV, Chapter 2, Section III)

[25] The Supervisory Provisions stipulate that within 30 days from the date on which the Assembly adopted the resolution to increase the limit, the decision itself, along with the approved limit or limits for each category of personnel affected, must be transmitted to the Bank of Italy. The conditions on the basis of which the increase was resolved, the type of personnel to which it refers, and the measure of the limit itself have remained unchanged. Therefore, the limit does not require new approval, in line with what is established by the Supervisory Provisions. In particular, the need to maintain adequate levels of competitive remuneration and motivation for staff is confirmed in order to improve the Bank's management retention capacity, as well as the need to further enhance the integration and participation of staff in the Group's results.
Regarding Risk Takers, the increase in the limit to 2:1 has also demonstrated not to compromise compliance with the relevant regulations, particularly in light of the following safeguards: i. The parameter linked to the ratio between EBTDA Risk Adjusted (or EBTDA RA) and Target EBTDA RA, to which the payment of the MBO is usually subordinated. ii. The policy includes specific ex-post correction mechanisms (i.e., Malus and Claw Back), which may result in the reduction or elimination of previously paid Variable Remuneration, following behaviors that have caused damage or significant loss to the Bank or its Controlled Companies.

For the Heads of Corporate Control Functions, the ratio of Variable Remuneration to Fixed Remuneration must not exceed 1:3. This limit is raised to 50% for the Head of the Group Human Resources and Organizational Development Function and for the Financial Reporting Officer, in order to keep their Variable Remuneration low ("Low Variable Remuneration").

6.2.1.2 Variable Remuneration payment methods[26]

The procedures for payment of the Variable Remuneration (with the exception of non-competition agreements and Incentive Plans in Financial Instruments, which have specific features, in compliance with regulations) consist of:

- deferral period and percentage of bonus subject to deferral;
- component in financial instruments and related retention period;
- presence of subsequent correction mechanisms (Malus clauses, for deferred components, and clawback clauses).

These arrangements differ according to the different categories of employees, as shown in the following paragraphs and summarized in this diagram:

<table>
<tr><th rowspan="2"></th><th rowspan="2">Personnel Category - Employee</th><th rowspan="2">Portion in financial instruments</th><th colspan="3">Deferral period
Deferred percentage</th><th colspan="2">Ex-post adjustment mechanisms</th></tr>
<tr><th>5 years
60%</th><th>4 years
40%</th><th>2 years
30%</th><th>Malus clauses</th><th>Claw back clauses</th></tr>
<tr><td rowspan="2">RISK TAKERS</td><td>Risk Takers who are Senior Executives</td><td>✓</td><td>✓
(if variable particularly high. Par. 6.2.1.3)</td><td>✓</td><td rowspan="3">✓
(if variable low, par. 6.2.1.4)</td><td>✓</td><td rowspan="4">✓
Always present</td></tr>
<tr><td>Other Risk Takers</td><td>✓</td><td></td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="2">NON RISK TAKERS</td><td>Employees up to category QD3</td><td></td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>Other employees</td><td></td><td></td><td></td><td></td><td>✓</td></tr>
</table>

[26] Regulatory references: Supervisory Provisions, Part One, Title IV, Chapter 2, Section III.

Deferral

Subject to the provisions of paragraph 6.2.1.3 in relation to the Significantly High Variable Remuneration of the Chief Executive Officer, the heads of the main corporate functions, and those directly reporting to the Board of Directors and to paragraph 6.2.1.4 for the Low Variable Remuneration in order to ensure long-term sustainability, the short-term variable remuneration (MBO) is paid as follows:

i. 60% after approval of the financial statements by the Shareholders' Meeting;

ii. 40% with a four-year pro-rata linear deferral (i.e., 10% one year after payment of the up-front fee, 10% in the second year, 10% in the third year and 10% in the fourth year).

The disbursement rules described above also apply in the case of retention bonuses or golden parachutes, as described in paragraph 6.2.2.5 and paragraph 6.2.2.7 respectively.

The Long-term incentive plans provide for deferral schemes consistent with the characteristics of the plan and regulatory requirements.

Regardless of their qualification as Risk Taker, the deferral applies to all Employees with: (a) Italian managerial contractual relationship; (b) minimum classification equal to QD3 (Level 3 Manager) for those to whom the application of the "National Collective Labor Agreement for executives and personnel in professional areas, employees of credit, financial and instrumental companies"; (c) minimum grading equal to "Quadro" for those to whom the "The National Collective Bargaining Agreement for the Tertiary, Distribution and Services Industry applies."; (d) senior executive, executive and manager grading (grading whose target MBO is at least 26% of the annual gross base salary), if not hired in Italy.

The above subject to the provisions of par. 6.2.1.4 (*Low Variable Remuneration*).

The deferred Variable Remuneration is subject to the remuneration policies of the year to which the variable component refers (e.g., the deferred portion of the 2024 MBO is subject to the rules of the 2024 Policy). This is without prejudice to the applicability of ex-post adjustment mechanisms (Malus and Clawback) and the need to verify compliance with capital, liquidity and profitability gates to the financial statements of the year preceding that in which the deferred portion payment takes place.

Balancing Cash and Securities

In respect of the Variable Remuneration for Risk Takers,[27] 50% of the Variable Remuneration, whether up-front or deferred, is paid in financial instruments.

The number of the Bank's Financial Instruments referred to the up-front portion of the Variable Remuneration components to be granted for the balancing purposes set forth in this paragraph is calculated having regard to the value of such instruments on the last trading day prior to the allocation date or, for options granted and vested under stock option plans, on the vesting date or, for plans that take into account past performance (i.e., with allocation based on look back periods), on the allocation date and, if such plans have a duration of more than 5 years, on a pro rata basis for each year of the performance period.
Before the end of the deferral period, no dividends or interest can be paid on Financial Instruments.

Retention period

In order to align the incentives with the Bank's long-term interests, the financial instruments provided for in the Policy are subject, with regard to Risk Takers, to a retention period. The retention period is 1 year both for Financial Instruments paid up-front and those subject to deferral. In the case of Deferred Financial Instruments, the retention period begins when the deferred Variable Remuneration (or a portion of it) is paid.

The regulations of Plans based on Financial Instruments include, with regard to the options and shares that can be granted in the event of exercise, provisions aimed at ensuring compliance with retention rules.

During the retention period, the Securities:

[27] Subject to the provisions of paragraph 6.2.1.3 in relation to the Significantly High Variable Remuneration of the Chief Executive Officer, the heads of the main corporate functions, and those directly reporting to the Board of Directors and to paragraph 6.2.1.4 for the Low Variable Remuneration.

i. accrue interest and/or dividends (except for stock options, the strike price of which is in any event reduced by the amount of dividends per share paid during the retention period); and
ii. cannot be sold or transferred by the beneficiary Risk Takers.

The disposal of Securities during the retention period constitutes a legitimate reason for activating:

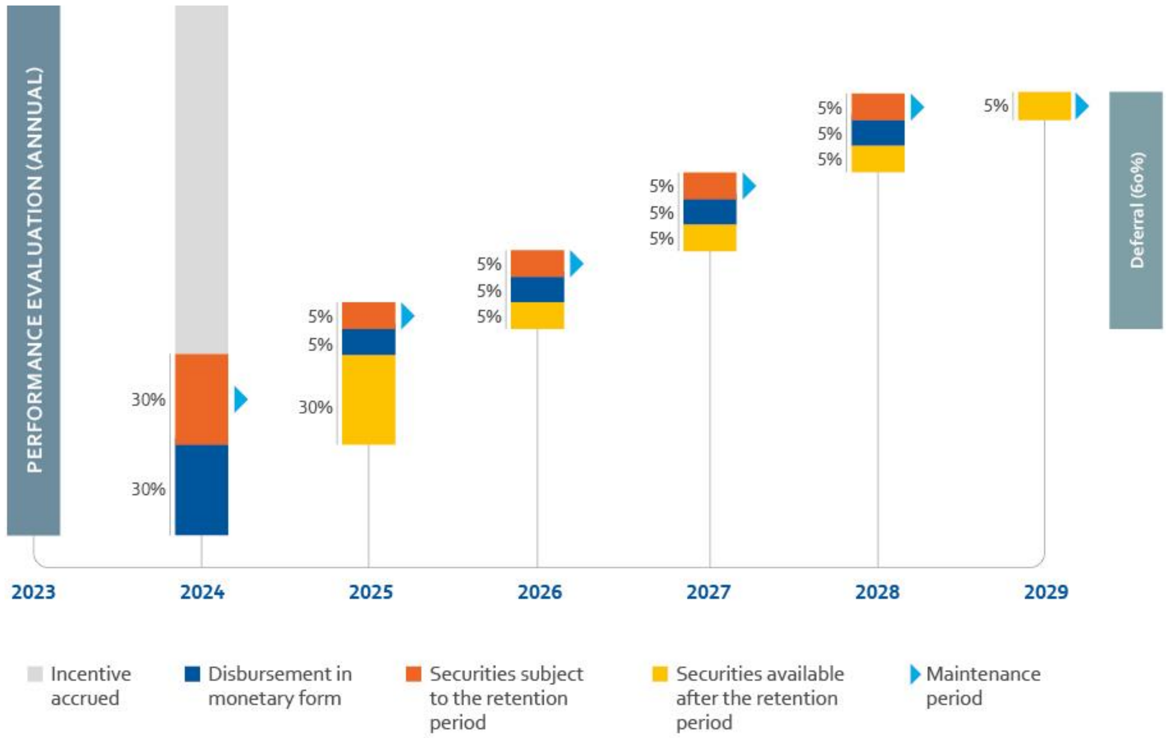
i. the Malus and Clawback mechanisms described in paragraph 6.2.3 below (*Ex-post adjustment mechanisms (Malus and Clawback)*);
ii. with regard to Employees, disciplinary proceedings pursuant to Article 7 of Law no. 300 of May 20, 1970 (the so-called Workers' Statute).

At the time of allocation of the financial instruments, the Bank may provide for penalties for Risk Takers who breach the retention period.

The provisions on *ex post* adjustment mechanisms (Malus and Clawback), set out in point 6.2.3 (*Ex post adjustment mechanisms - Malus and Clawback*), are also applicable to the portion of Variable Remuneration paid in the form of Financial Instruments.

Summary of the payout scheme envisaged for Risk Takers

Without prejudice to the following paragraphs (for Significantly High Variable Remuneration of Senior Management and for Low Variable Remuneration), the payout for Risk Takers can be summarized as follows:



6.2.1.3 Significantly High Variable Remuneration of Senior Management

As required by Bank of Italy's Supervisory Provisions on Remuneration, the Bank has defined the amount of significantly high variable remuneration as the lower of:

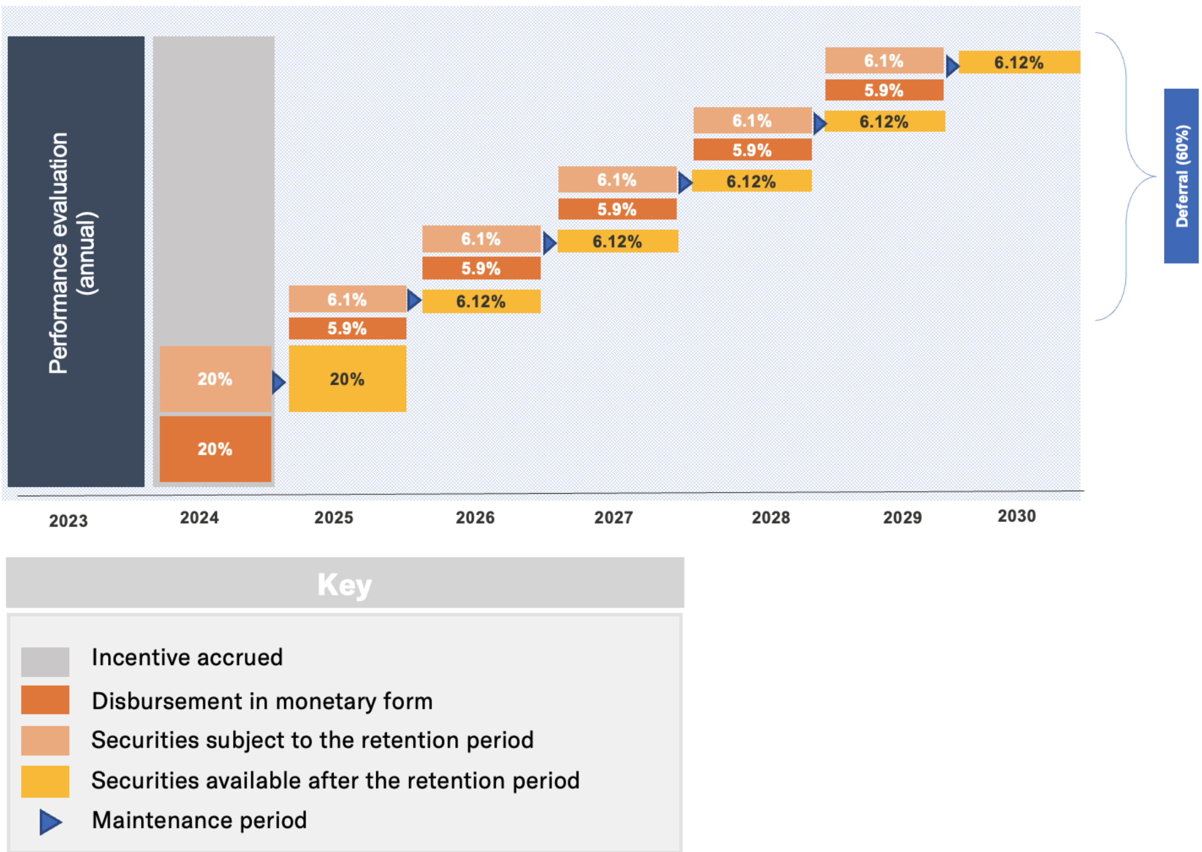
i) 25% of the average total remuneration of Italian high earners, as shown in the most recent report published by the EBA.

According to the report published by the EBA in 2023 with reference to December 2021 data, this value is €424,260;

ii) 10 times the average total remuneration of the Bank's employees, namely €608,058.

Consequently, variable remuneration in excess of €424,260 is considered as significantly high.

If the Variable Remuneration for Senior Management is considered to be of a significantly high amount, a 60% portion of it is subject to a deferral period of 5 years. Furthermore, in this case, 51% of the deferred Variable Remuneration of Senior Management is paid in financial instruments.



6.2.1.4 *Low Variable Remuneration*

If the annual Variable Remuneration does not exceed €50,000 and does not account for more than one third of the total annual Remuneration, the bonus is subject to:

i. for Risk Takers and for Employees with a minimum classification equal to QD3 (Level 3 Manager) and application of the "National Collective Labor Agreement for executives and personnel in professional areas, employees of credit, financial and instrumental companies," regardless of their qualification as Risk Takers, a deferral period of two years for 30% of the Variable Remuneration. By way of example, for the year ending December 31, 2024, the deferred component of Variable Remuneration will be paid after the

Shareholders' Meeting has approved the financial statements for the year ending December 31, 2026.

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

For all matters not expressly envisaged in this paragraph, the same rules envisaged for the Variable Remuneration shall also apply to the Low Variable Remuneration, including the *ex-post* adjustment mechanisms (*Malus and Clawback*).

6.2.2 *Components of the Variable Remuneration*

Below is a description of the possible forms of Variable Remuneration that can be assigned to Personnel.

6.2.2.1 Employee MBO

The Employee MBO[28] is a formalized incentive system that provides for the payment - based on the annual gross remuneration - of a bonus subject to company and individual qualitative and quantitative objectives being achieved. The mix between quantitative and qualitative objectives is appropriately balanced according to the roles and responsibilities of the entitled Employees. The MBO provides for retention mechanisms for all Employees, namely payment subject to the beneficiary still being employed by the Group.

As a general rule, for Employees a length of service of at least 6 months in the relevant financial year is required, as well as presence in the Group – not during the notice period and not pending disciplinary proceedings which then end in dismissal – at the time of payment of the MBO (in any case, after three years of deferment the beneficiary shall accrue the right to payment of the subsequent deferred portions regardless of the termination of employment).

In any case, the amount paid as MBO may not exceed 100% of the Fixed Remuneration (excluding benefits) for the year in question.

The Employee MBO is awarded through a performance management system that aims to:

[28] For the MBO of the Chief Executive Officer see paragraph 5.1.

- encourage sharing and steer all employees towards achieving the company's objectives;
- align organizational behavior with company values and with support for medium-term and long-term objectives;
- foster dialog between each manager and his/her colleagues, resource development, teamwork, integration and cooperation between functions.

With regard to the ordinary process of managing the short-term "MBO" incentive system, when drawing up the budget, the Human Resources and Organizational Development Function estimates the MBO bonus pool for Personnel, the amount of which is determined by assuming the achievement of individual and corporate objectives based on the mechanisms provided by the incentive system.

The objectives assigned to Employees consist of a quantitative component, assigned to individuals, and a qualitative component. Specifically:

- quantitative objectives may be of an economic, project or process efficiency nature or concern people, and may involve individuals, teams, or business units; they must also be clear, objectively observable and measurable, and, depending on the type mentioned, directly linked to the Risk-Adjusted EBTDA and/or to growth;
- qualitative objectives, on the other hand, are linked to organizational behavior, identified on the basis of the company's values and culture, and distinguished according to the position held.

In order to facilitate strategic alignment with company objectives, quantitative objectives are assigned using a structured "cascading" process.

A) Setting objectives

Within the first quarter of each year, based on the guidelines provided by the Chief Executive Officer and through a process aimed at full alignment and the widest possible sharing, all the heads of Business Units/Functions/Departments inform their personnel of their respective qualitative and quantitative objectives based on which at the end of the financial year (within the first quarter of the following financial year) individual performance will be assessed and the related MBO Variable Remuneration will be determined. The objectives fall within the four areas related to the bank's strategy (economic-financial, process and project improvement, customer service, and attention to people), as represented in Table 1.

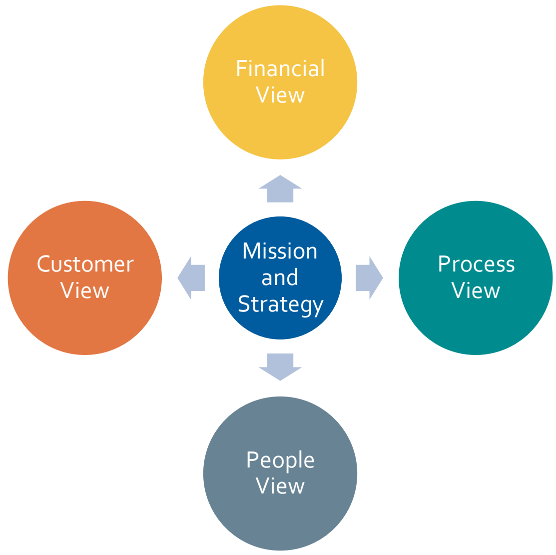


Table 1 Group Performance Management Model

The achievement of each objective is then verified by someone other than the person who assigned it, thereby guaranteeing an independent verification mechanism.
Specifically, the quantitative MBO objectives are assigned as follows:

i. with regard to Senior Executives and Executives reporting directly to the Chief Executive Officer and the heads of the Corporate Control Functions, the objectives are discussed with and then submitted by the CEO for approval by the Board of Directors, in compliance with the provisions of the regulations and this Policy;

ii. for all other Employees of the Bank, the objectives are approved by the Chief Executive Officer;

iii. for the Risk Takers of the Subsidiaries, the objectives are approved by the CEO;

iv. for the rest of the Employees of the Subsidiaries, the objectives are approved by the CEO of the Subsidiary in question, having consulted the Human Resources and Organizational Development Function, based on the delegation structure.

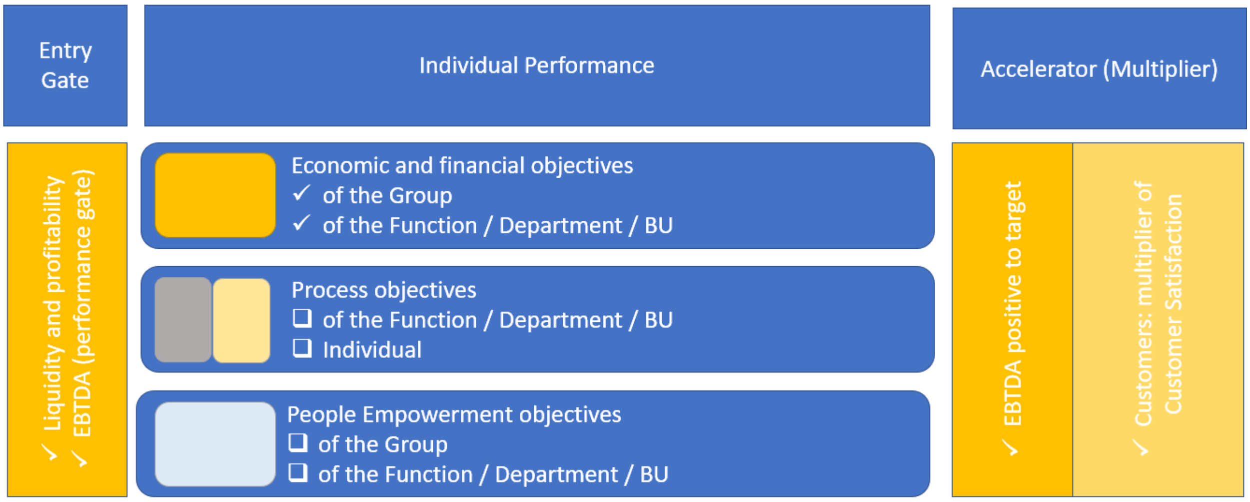
The percentage weight of the quantitative and qualitative objectives changes depending on seniority in the company, as shown in table 2.

Categories	Impact %	
	Quantitative Objectives	Qualitative Objectives
Senior Executives/Executives	70%	30%
Managers		
Professionals/Coordinators	60%	40%
Specialists		

Table 2- Percentage of quantitative and qualitative objectives

With particular regard to the Senior Executives included among the Executives with strategic responsibility, the quantitative macro-objectives included in the individual scorecards with a weight of 70% are as follows[29]:

[29] The Bank's Executives with Strategic Responsibilities at the reporting date are the Vice President Factoring & Lending, Michele Antognoli, the Vice President Finance & Administration, Piergiorgio Bicci, the Vice President Technology and Processes Improvement, Massimo Pavan, and the Vice President Transaction Services, Enrico Tadiotto.



The qualitative objectives, expressed in specific organizational conduct linked to seniority in the company and therefore uniform for predefined groups, as shown in table 2 above, contribute to making the company culture stable and solid through daily conduct. The behaviors are explained in the following table (Table 3).

POSITION	CUSTOMER FOCUS	EXECUTION	INNOVATION	LEADERSHIP	QUALITY	TEAMWORK
Senior Executive/ Executive	⊗	⊗	⊗	⊗	n/a	⊗
Manager / Senior Professional	⊗	⊗	⊗	⊗	n/a	⊗
Coordinator / Professional	⊗	⊗	⊗	⊗	n/a	⊗
Specialist	⊗	⊗	n/a	n/a	⊗	⊗

Table 3 – Organizational Behavior Employee MBOs

Moreover, in order to make the assessment of organizational behavior as objective and comparable as possible, goals are assigned (so-called drivers) that can help make the qualitative assessments less discretionary.

B) Verification of the achievement of company objectives

In addition to meeting individual goals, the accrual and disbursement of the MBO is also contingent on passing three gates in the accrual year, in addition to the possibility of activating Malus[30] and Clawback mechanisms, linked to satisfying indicators of (i) liquidity, (ii) equity and (iii) risk- and cost-of-capital-adjusted positive return (EBTDA ^{RA}).

Specifically:

i. the Group's liquidity indicator adopted as the gate is the Liquidity Coverage Ratio (LCR), at least equal to the level of "risk tolerance" approved by the Board of Directors, and defined within the RAF in force on the closing date of the financial year to which the MBO refers, and, in any case, compliant with the requirements of supervisory remuneration legislation;

ii. the Group's equity indicator adopted as a gate is the Total Capital Ratio (TCR) at least equal to the level of "risk tolerance" approved by the Board of Directors, and defined within the RAF in force on the closing date of the financial year to which the MBO refers, and, in any case, compliant with the requirements of supervisory remuneration legislation;

iii. the Group's profitability indicator adopted as a gate is a positive EBTDA ^{RA}.

Subject to the approval of the Chief Executive Officer, additional gates relating to the profitability of the individual companies may be provided for the Subsidiaries.
The profitability gate does not apply to the MBO of:

- Corporate Control Functions;
- the CFO;
- the Human Resources and Organizational Development Function.

[30] Compliance with the gates for the year prior to payment of the deferred portion of the Variable Remuneration is required for Employees as a condition of Malus, as indicated in point 10.2.2.2 (*Ex-post correction mechanisms (Malus and Clawback*)).

C) Application of multipliers

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

Specifically:

i. a first mechanism makes the effective disbursement of the MBO subject to the achievement of the Group's financial objective budgeted for the same year adjusted for the risk, as provided for in the Risk Appetite Framework, associated with compliance with capital and liquidity limits.

   This objective is defined by the ratio of $EBTDA^{RA}$ to Target $EBTDA^{RA}$ at least equal to the percentage indicated below triggering the payment of the MBO to the relevant category of employees:

   a. for Senior Executives, Executives of the Group and other senior managers of the Bank: at least 100%;

   b. for manager (Quadro) (as defined by the National Collective Bargaining Agreement for Executive Cadres and Professional Area Personnel employed by credit, financial and instrumental companies and the National Collective Bargaining Agreement for employees of Tertiary, Distribution, Services companies) and managers/coordinators/professionals of the Group: at least 90%; and

   c. for white-collar workers (as defined by the National Collective Bargaining Agreement for Middle Managers and Professional Area Personnel employed by credit, financial and instrumental enterprises and by the National Collective Bargaining Agreement for employees of Tertiary: Distribution, Services companies) and for Group specialists: at least 88%.

   If the $EBTDA^{RA}$ / Target $EBTDA^{RA}$ ratio does not meet the aforementioned percentages, the disbursement of the MBO may still be allowed, in whole or in part, to all or some of the aforementioned categories, subject to a resolution of the Board of Directors, to be adopted with the opinion of the Remuneration Committee, for Personnel for whom the Board of Directors is responsible, and, for the remaining Personnel, subject to the approval of the Chief Executive Officer, in the presence of exceptional circumstances that have prevented the aforementioned percentage from being reached. This resolution must be adequately justified by significant performance by the category of Personnel for which the exemption is requested, identify the aforementioned circumstances, and certify that there is no threat to the financial sustainability prospects of the Group.

If, on the other hand, the percentages indicated above are reached, the EBTDA ^{RA}/Target EBTDA ^{RA} ratio acts as a multiplier of the Employee MBO. This multiplier can increase the MBO up to 40% for executives and Senior Executives, Executive and other managers of the Bank, and up to 30% for employees, managers, coordinators, and professionals of the Bank (excluding the Greek branch, also referred to as 'BFG,' and the Portuguese branch, also referred to as 'BFP').

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

a. Corporate Control Functions;

b. Financial Reporting Officer;

c. the Human Resources and Organizational Development Function.

ii. a second multiplier is linked to Customer Satisfaction. This business performance indicator is formulated on the basis of a survey conducted by an external consultant and can increase the MBO by up to 9%. This indicator:

a. applies as a multiplier only incrementally;

b. although qualitative rather than financial, remains measurable;

c. offers a true picture of the level of sustainability over time because it measures customer satisfaction with regard to the service offered.

In addition, similar multipliers, and gates, including those with local scope, can also be applied by Subsidiaries, and branches, including BFG and BFP subject to approval by the Chief Executive Officer for anything that is not expressly the responsibility of the Board of Directors.

6.2.2.2 VAP

The VAP is a payment to the Bank's non-managerial Employees governed by the National Collective Bargaining Agreement for Middle Managers and Professional Area Personnel employed by credit, financial and instrumental enterprises. It is linked to the achievement of specific performance objectives of the Bank, and can be disbursed in one of the following ways:

i. cash;

ii. corporate welfare goods and services on the basis of relevant agreements;

iii. Securities.

For Risk Taker beneficiaries, VAP is paid without deferral.

6.2.2.3 Incentive Plans with Financial Instruments

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

These plans aim to:

i. encourage Personnel integration, making them share in the company's results;

ii. make Personnel more aware about creating value for the Group and for shareholders;

iii. increase the retention capacity by making valued staffers less likely to quit the Group;

iv. improve the Group's competitiveness in the labor market, making it more attractive to the best talents with the professionalism and skills that the Group needs;

v. promote the sustainability of the Group in the medium and long term and ensure that Variable Remuneration is based on the results actually achieved.

The value of stock options allocated to beneficiaries under Stock Option Plans:

i. is determined on the basis of fair market value using common valuation methodologies and parameters recognized by the financial community (the valuation is performed using the Black-Scholes formula), as proposed by the Risk Management Function and approved by the Board of Directors;

ii. constitutes Variable Remuneration on a par with the MBO, with which it contributes to the determination of the 2:1 limit and the ratio between cash and Financial Instruments, where applicable, in the year of stock option vesting.

The mechanism for the recognition and exercise of stock option plans follows the applicable rules on long-term incentive plans, as governed by the appropriate regulations, which should be consulted for more details.

Stock options are also subject to ex-post adjustment mechanisms (Malus and Clawback), which can lead to a reduction, even significant, or zeroing of the stock options awarded. Specifically, during the exercise right accrual period for stock options, certain "gates" linked, respectively, to the achievement of a positive Group return net of risk and compliance with capital and liquidity risk tolerance levels are applied, pertaining to the year prior to the date on which it becomes possible to exercise the options.

In particular, the Meeting of 31 March 2022 approved the 2022 Incentive Plan, a long-term incentive plan for the Group based on the assignment of options of two types[31] and reserved for beneficiaries identified among Personnel (including the Chief Executive Officer), whose main provisions are described below:

i. the plan consists of three tranches and provides for the assignment of a maximum number of options equal to 9,700,000. The options can be of two types: A options, which attribute the right to receive shares of the Bank and B options, which attribute the right to receive phantom shares;

[31] The details of the 2022 Incentive Plan are described in the information document, available on the Bank's website, drawn up pursuant to art. 84bis of the Consob regulation adopted with resolution 11971 of May 14, 1999 and subsequent amendments and additions.

ii. each tranche is subject to a deferral period:

a) for non-Risk Takers, the period of deferral is 3 years, after which the options can be exercised within a maximum period of 24 months;

b) for Risk Takers, the period of deferral is 6 years. The exercise of the options may take place:

- for 70%, within a maximum period of 24 months subsequent to the first 3 years of deferral;
- for 10%, within a maximum period of 24 months subsequent to the first 4 years of deferral;
- for 10%, within a maximum period of 24 months subsequent to the first 5 years of deferral;
- for 10%, within a maximum period of 24 months subsequent to 6 years of deferral;

iii. the exercise of the options is subject to:

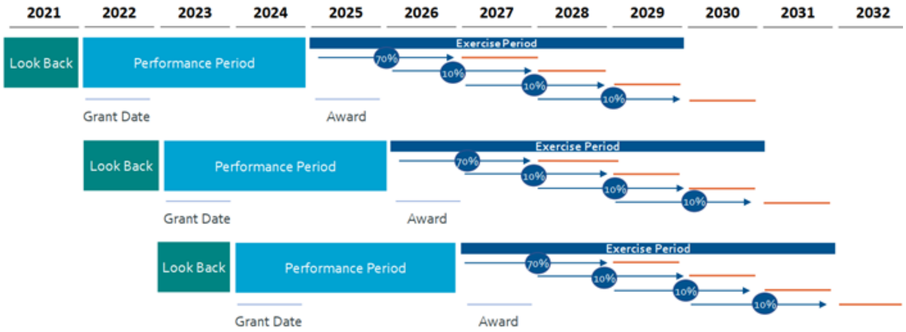
a) continued subordinate employment with the Bank or one of the Group companies and/or a position on the Board of Directors of the Bank or of another Group company until the end of the first 3 years of deferral.

b) achievement of KPIs that also determine the number of vested options. More specifically, upon reaching the "minimum" level, a percentage of vested options equal to 50% of the total options connected to the individual KPI is envisaged and then, with linear growth, one can achieve vesting of all the options connected to that KPI upon reaching the "target" level, and go as far as achieving, again with linear growth, the vesting of 150% of the options linked to the single KPI with the achievement of the "maximum" level of performance. The following table explains the structure of the KPIs and the percentage of vested options according to level of achievement of the KPIs:

KPI	% of options vested at the "minimum" level	% of options vested at the "target" level	% of options vested at the "maximum" level
EBTDA RA	25%	50%	75%
EPS	10%	20%	30%
C/I	10%	20%	30%
ESG (Carbon Footprint)	2.5%	5%	7.5%
ESG (Customer Satisfaction)	2.5%	5%	7.5%

KPI	Threshold Level % options target per goal)	Minimum performance level	Target Level % options target per goal)	Target performance level (2025 Target)	Maximum Level (% options target per goal)	Maximum performance level
EBTDA RA	25%	(90% vs 2025 Target	50%	As per plan	75%	(110% vs 2025 Target)
EPS	10%	(90% vs 2025 Target	20%	As per plan	30%	(110% vs 2025 Target)
C/I	10%	110% vs 2025 Target)	20%	As per plan	30%	(90% vs 2025 Target)
ESG (CARBON FOOTPRINT GOAL)	2.5%	46.7% vs 2022 figure	5%	32.4% vs 2022 figure	7.5%	18.1% vs 2022 figure
ESG INDICE DI CUSTOMER SATISFACTION)	2.5%	90%	5%	95%	7.5%	100%

The actual attribution, subject to a further deferral as regards the most Relevant Personnel, is conditional on the absence of malus or clawback. The following chart represents the deferral applied to the most Relevant Personnel:



Following the deferral, a further 12-month retention period is defined, at the end of which it is possible to exercise the options.

6.2.2.4 Collectors Bonus and Sales Bonus

Additional forms of MBO bonuses related to KPIs may be provided for certain categories of Employees. In particular, the following may be awarded:

i. so-called Collectors Bonuses, which reflect the achievement of targets for making net capital gains on the recovery of interest on arrears and ancillary items.
   Collectors Bonus beneficiaries are identified from among Debt Management Personnel according to specific strategic and business reasons;

ii. so-called Sales Bonuses, which are intended to support the achievement of the Bank's commercial, results and asset-based objectives, taking into account customers' needs and in line with their risk profile.
   Sales Bonus beneficiaries are among the so-called Significant Persons. This component of Variable Remuneration is specifically covered by the Remuneration Policy for Significant Persons, Complaints Handling Personnel and Credit Assessment Personnel.

Payment of the Collectors and Sales Bonuses is subject to:

i. the achievement of annual qualitative and quantitative objectives, both corporate and individual, the latter being distributed quarterly, but all cases being assessed as a whole as part of the annual performance;

ii. the 3 company "gates" envisaged for the disbursement of the Employee MBO, linked to compliance with indicators of (i) liquidity, (ii) equity and (iii) positive risk- and cost-of-capital-adjusted return (EBTDA ^{RA});

iii. the possible activation of the Malus and Clawback mechanisms provided for by the Policy.

Payment of Sales Bonuses, subject to fulfillment of the three company "gates" provided for the disbursement of the Employee MBO, is also linked to:

i. the level of achievement of the Target EBTDA ^{RA} according to the thresholds set for the disbursement of the Employee MBO, based on the classification of the beneficiaries (Point (C) of paragraph 6.2.2.1. – Application of multipliers). An additional parameter (KPI) relating to Customer Satisfaction, or the number of complaints received, which is respected only if the percentage or value set annually by the Chief Executive Officer is reached, the CEO also deciding on any exemptions.

Both the Collectors Bonus and the Sales Bonus can reach a maximum of 100% of the Fixed Remuneration (excluding benefits) and, together with any other MBO bonuses, contribute to the determination of the ratio of Variable Remuneration to Fixed Remuneration for the purposes of the 2:1 limit.

6.2.2.5 Retention bonus

Forms of Variable Remuneration linked to the retention of Personnel until a certain date, or a certain event (retention bonus) may be envisaged if there are justified, documented reasons, in situations where it is important for the Bank to ensure the stability of the relationship. Specifically, when assessing the award of a retention bonus, in accordance with the EBA guidelines (EBA/GL/2021/04), the Group companies evaluate:

i. the possible risks to the company in the event of termination of the employment relationship or office of a given member of the Personnel;

ii. the reasons why it is important for the company to retain the member of the Personnel in question;

iii. if the amount of the retention bonus granted is necessary and proportionate to retain the member of the Personnel concerned.

Retention bonuses are recognized at the end of the period or upon the occurrence of the event and may be linked to performance objectives. They are subject to all other rules applicable to Variable Remuneration, including the limit on the variable/fixed ratio. For the purposes of calculating this limit, the amount recognized as a retention bonus can be calculated in equal installments in each year of the retention period (so-called linear pro rata), or as a single amount in the year in which the retention condition is met.

6.2.2.6 Free allocation of Bank shares to Employees[32]

If the Meeting decides on a special free-of-charge capital increase, or grants a special proxy to the Board of Directors pursuant to articles 2443 and/or 2349 of the Italian Civil Code, or decides to purchase shares on the market, it will also be possible to assign shares to Employees free of charge within the limits set out in article 51, paragraph 2, letter g) of TUIR.

6.2.2.7 Golden parachutes

The golden parachutes are approved by the Board of Directors for Personnel for whom the BoD is responsible, and by the Chief Executive Officer for the rest of the Personnel. The following are golden parachutes[33]:

i. the amounts recognized under a non-competition agreement;

[32] In the case of marginal allocations, granted to personnel on a non-discretionary basis, which are part of a general policy of the bank and which do not have an effect in terms of risk-taking or risk-control incentives, such allocations fall within the Excluded Benefits.

[33] Note 18, of the Supervisory Provisions, Part One, Title IV, Chapter 2, Section III specifies that, for the purposes of the Supervisory Provisions, "golden parachutes" are not only the golden parachutes commonly intended (i.e., amounts recognized under an agreement for the settlement of a current or potential dispute, whatever the forum in which it is achieved) but also the fees of non-competition clauses and the indemnity in lieu of notice in the part that may exceed the amount established by law.

ii. the amounts recognized under an agreement for the settlement of an existing or potential dispute relating (or with a view) to termination of the employment relationship or office, regardless of the location in which it is reached;

iii. the indemnity for failure to give notice, in excess of the amount established by law.

a) Non-competition agreements

Group companies may enter into non-competition agreements with the aim of preventing the member of Personnel in question from rivaling the Group's business in the period after they depart.

Unlike other forms of Variable Remuneration, the amounts paid as consideration for non-competition agreements are subject to the limits envisaged for Variable Remuneration, including the *ex-post* adjustment mechanisms envisaged by the Policy only for the portion exceeding 100% of the Fixed Remuneration (excluding benefits) of the last year of employment or office within applicable regulatory limits.

The payment for the non-competition agreement is paid after the termination of the employment relationship or office with the relevant Group company. For Risk Takers, the portion of the annual consideration that exceeds the last annual Fixed Remuneration (excluding benefits) is included in the calculation of the Variable Remuneration to Fixed Remuneration ratio limit.

b) Amounts recognized under an agreement for the settlement of an existing or potential dispute

Treatments agreed upon with a view to or upon early termination of employment or for early termination of office constitute Variable Remuneration.

The Board of Directors, for the Personnel for whom the BoD is responsible, and the Chief Executive Officer, for the remaining Risk Takers, may determine golden parachutes in the event of early termination of employment or office and/or as part of an agreement between the Bank and Personnel, wherever reached, for the settlement of an actual or potential dispute involving remuneration, in compliance with the conditions provided for by applicable regulations and the criteria indicated below.

The concept of the golden parachute does not include any amounts awarded as settlement of disputes that do not relate to rights of a retributive nature (e.g., non-pecuniary damages such as biological, existential, moral damages).

The golden parachutes constitute Variable Remuneration do not exceed the limit of 24 monthly installments of the Total Remuneration[34] referred to the last year of the employment relationship or, in case of continuity of employment/office, the year in which the dispute is settled and:

i. comply with the following formulas:

   a) for Employees, **X = (Z – K)**

   Where

   Z = the estimated maximum cause risk;

   K = the coefficient of reduction of the cause risk estimated from a negotiating point of view;

[34] The aforementioned cap of 24 monthly installments of Total Remuneration may not apply in the event that the settlement agreement does not exclusively concern the termination of the employment relationship or position

b) for the remaining Personnel, **X = 1.8 * (Fixed Remuneration + average Variable Remuneration received in the previous three years)**

where

Fixed Remuneration refers to the last year of the office, in case of constancy of office, or the year in which the dispute is settled, excluding benefits;

the **average Variable Remuneration received in the three-year period preceding** the last year of office or the year in which the dispute is settled (in case the dispute occurs while in office) and includes amounts still subject to deferral and the value of any stock options, phantom stock options or other equivalent instruments granted during the three-year period, the value of which is the value calculated as of the date the instrument was granted;

The aforementioned formula referring to non-employees may not apply if the settlement agreement having a remunerative nature is not exclusively about termination of office. In this case, the formula **X = Z - K**, where "Z" and "K" are variables defined in point a), may be applied to define the amount payable.

The Board of Directors retains the discretion, for the Board of Directors Personnel, and the Chief Executive Officer, for the remaining Personnel, to quantify golden parachutes based on criteria other than the aforementioned formulas. In such cases, any golden parachute will be included in the calculation of the 2:1 limit on the ratio between Variable Remuneration and Fixed Remuneration.

ii. In any event, they may not exceed:

a) €1,100,000 for Employees;

b) for the remaining Personnel, €4,500,000.00[35].

[35] The formula for the definition of the golden parachutes and the upper limits of 24 monthly payments of Global Remuneration of €1,100,000 and €4,500,000.00 are approved by the shareholders' meeting, as envisaged in the Supervisory Provisions, Part One, Title IV, Chapter 2, Section II, Paragraph 1.

The amounts recognized in compliance with legal obligations (e.g., severance pay, indemnity in lieu of notice) or during court settlements are excluded from the calculation of the aforementioned limits and/or settlement agreements not exclusively related to the termination of employment or office;

iii. are not included in the calculation of the 2:1 Variable Remuneration to Fixed Remuneration limit approved by the shareholders' resolution of December 5, 2016, assuming they are calculated according to the formulas in i)[36];

iv. are linked to the performance achieved and the risks assumed by the person and the Bank, and are agreed in compliance with the criteria set by the Shareholders' Meeting;

v. are subject to a 50%-50% split between cash and Financial Instruments (51% in Financial Instruments for the deferred Variable Remuneration of Senior Management);

vi. are subject to a one-year retention period for the portion paid in Financial Instruments;

vii. a portion of 40% (60% in the case of Significantly High Variable Remuneration of Senior Management) is subject to a deferral period of four years (five years in the case of Significantly High Variable Remuneration of Senior Management) on a linear pro rata basis;

viii. are subject to the ex-post adjustment mechanisms (i.e. Malus and Clawback) envisaged by the Policy.

The aforementioned limits, with the exception of being subject to subsequent correction mechanisms, may not apply in the specific cases expressly envisaged by the Supervisory Provisions.

c) Notice payments for the amount exceeding the legal amount

The course of action to be taken in the event of the employment relationship being terminated, if provided for by applicable legislation, is the one indicated, where applicable, by the relevant

[36] Providing a predefined formula (i.e., the formulas in item i) allows the Bank to exclude these amounts from the 2:1 limit, as stipulated in the Supervisory Provisions, Part One, Title IV, Chapter 2, Section III, Paragraph 2.2.2. This solution, on the one hand, guarantees the Bank a certain flexibility in the context of a negotiation with the entity whose relationship is ending or has just ended, and on the other, places a maximum limit on the amounts payable on the occasion of the termination of the relationship, in line with market practice.

national industry contracts and/or by the law governing the relationship.

The Bank may provide for notice-extension agreements for the purpose of retention. In such a case, if the Bank does not enforce the notice period, the portion of the agreed indemnity exceeding the amount calculated pursuant to the relevant collective agreement and to the law (Article 2121 of the Italian Civil Code), constitutes Variable Remuneration and is as such subject to all the relative limits (accrual period, qualitative-quantitative criteria, 2:1 limit, balancing, deferral, retention, ex-post adjustment mechanisms).

6.2.2.8 Additional elements of Variable Remuneration

The Bank may provide all or part of the Personnel with further components of Variable Remuneration within the limits of the Policy and in accordance with the regulations in force at the time, including retention bonuses, long-term incentive plans, quarterly sales or similar incentives, one-off extraordinary entry bonuses, in order to encourage the acquisition of talent (payable only once during the entire relationship, and not subject to the rules on the structure of Variable Remuneration if paid in a lump sum at the time of hiring), any additional bonuses with clear, objective and measurable performance indicators and incentive plans also based on other Financial Instruments (e.g., stock grants).

These components will always be assigned within the limits of the variable/fixed remuneration ratio envisaged by this Policy (paragraph 6.2.1.1. - *Ratio of Variable Remuneration to Fixed Remuneration*).

6.2.3 *Ex-post adjustment mechanisms (Malus and Clawback)*

Variable Remuneration, including golden parachutes, is subject to ex-post adjustment mechanisms (Malus and Clawback), which can result in the variable component being reduced, significantly reduced, or even eliminated. The correction mechanisms must be identified within the limits allowed by law and by collective agreements applicable to employment relationships. They must reflect performance levels net of the risks actually assumed or achieved and capital levels, as well as take into account individual conduct. With the assistance of the corporate functions (see Attachment 3, *Role of Corporate Functions - Procedure for activating the Malus or Clawback mechanisms*), the Parent Company's Board of Directors shall ascertain the prerequisites that determine the activation of the *ex-post* adjustment mechanisms with respect to the Relevant Personnel of the BoD, and shall decide on their application in accordance with the procedures set out in the Policy. For the remaining Personnel, the CEO is responsible, relying on the support of the competent company functions and, where necessary, the corporate bodies of the Subsidiaries.

For the purposes of recognizing deferred Variable Remuneration, given all other legal and contractual conditions, the application of a certain "gate" linked to the Group achieving a positive return net of risk, associated with compliance with the equity (TCR) and liquidity (LCR) risk tolerance levels as defined in the RAF in force at the end of the year preceding the settlement of the deferred Variable Remuneration (the "**Malus**" condition), is envisaged during the period of accrual of the right to payment.

The variable part of Remuneration is not paid or, if already paid, must be returned if it is established that the component of the Variable Remuneration in question has been determined on the basis of data that is subsequently shown to be manifestly incorrect and/or in the presence of individual behavior of the person concerned, enacted within the scope of the Group's activity and/or in any case of the professional activity of the person in question, that is attributable to one or more of the following (the "**Clawback**" conditions):

i. conduct resulting in a significant loss for the Group, the Bank or its Subsidiaries or customers; in this regard, with a resolution dated 3 March 2021 the Parent Company's Board of Directors established the minimum threshold of such loss within the "Group Risk Management Policy" equal to €500,000;

ii. the loss of one or more of the requirements of professionalism, integrity and independence referred to in Article 26 of the TUB for members of Personnel performing administrative, management and control functions;

iii. breach of the obligations provided for in Article 53, paragraph 4 et seq. of the TUB by the parties indicated therein, regarding the Group's assumption of risk activities vis-à-vis those who may directly or indirectly influence the management of the Bank or the Group and parties connected to them, as well as in situations of conflict of interest and/or in violation of the conditions and limits identified by the Bank of Italy pursuant to the aforementioned Article 53 of the TUB;

iv. violation of the obligations and clauses of the Supervisory Provisions (Section III, e.g., undue receipt of remuneration, violation of the retention period);

v. specific behaviors committed with willful misconduct or gross negligence, which have resulted in financial or non-financial damage, including reputational damage, to the Group, the Bank or Group companies, regardless of whether such damage is fully quantifiable, including, but not limited to:

   a) breach of confidentiality and non-competition obligations during the contractual relationship with the Bank;

   b) breach of any post-contractual confidentiality and non-compete obligations, such as non-competition agreements that may or may not be pursuant to Article 2125 of the Italian Civil Code;

vi. violation, with willful misconduct or gross negligence, of the obligations under Italian Legislative Decree 231/2001 or the Code of Ethics;

vii. fraudulent conduct or other conduct committed with willful misconduct or gross negligence to the detriment of the Group, the Bank, customers, or Group companies.

If a Clawback condition occurs, the Variable Remuneration concerned may be reduced rather than eliminated, provided such a decision is justified. The amount may be offset against Remuneration and/or severance pay.

Where repayment of the part of variable remuneration already received by the beneficiary is problematic to such an extent as to make it hard to quantify, or costly and time-consuming to recover, payment of a sum commensurate with the amount of variable remuneration subject to clawback or the value of the benefit awarded may be requested, without prejudice to the request for further damages. The amount determined in this way may be offset against Remuneration and/or severance pay.

The *Malus and Clawback* mechanisms are triggered when the Bank ascertains the circumstance that justifies Malus and Clawback, using the procedure indicated in Attachment 3 (*Role of Corporate Functions - Procedure for activating Malus and Clawback mechanisms*).

In addition to compensation for any damages, from the moment the Clawback conditions are ascertained, the Bank and the other Group companies have the right to recover all, or part of the Variable Remuneration already paid, this right being exercisable within five years of each payment.

Furthermore, the termination of the employment relationship and/or the office does not prevent the activation of Clawback mechanisms, which still take into account the legal, social security and tax aspects, as well as the time limits provided for by local regulations.

With regard to the Incentive Plans in Financial Instruments, if the Internal Audit function – at the request of the Board of Directors for the Relevant Personnel of the BoD, and the Chief Executive Officer for the remaining Personnel – ascertains one or more Malus conditions before the vesting date, the beneficiary loses all the options (or the financial instruments) awarded and not yet vested.

For Stock Option Plans, options that have vested but not yet exercised are subject to Clawback if the related conditions are ascertained by the Internal Audit Function after the vesting date and before the exercise of the vested options.

If a Clawback condition is ascertained after the exercise of the options, within the limits of applicable rules, the beneficiary will be required to pay the Bank an amount equal to the value of the options as determined at the time of allocation, without prejudice to the Bank's right to compensation for any greater damage.

6.2.4 *Share Ownership Guidelines*

At the proposal of the Remuneration Committee, starting with the current fiscal year the Board of Directors introduced guidelines on share ownership for the Chief Executive Officer and Executives with Strategic Responsibilities (the "Recipients") with the aim of fostering the alignment of the Recipients' interests with those of all relevant stakeholders in the Group over the long term. Specifically, over a period of up to five years Recipients will be required to attain and maintain a number of shares in the Bank whose equivalent value is at least equal to:

- for the Chief Executive Officer, 150% of the fixed annual remuneration;
- for Executives with Strategic Responsibilities, 50% of the gross annual remuneration;

These levels must be maintained throughout the duration of the office and/or employment with the Bank or a different Group company.

Recipients are also required to avoid using personal hedging strategies or insurance that specifically protect the value of unavailable financial instruments assigned to them ("hedging").

7. DISCLOSURE AND REPORTING OBLIGATIONS TO THE BANK OF ITALY

For the purposes of public disclosure, as envisaged by the Supervisory Provisions that incorporate the provisions contained in article 450 of the CRR,[37] along with other information required under the document "Pillar III – Public Disclosure", the Bank publishes on its website:

i. information on the link between Remuneration and performance;
ii. the most important features of the remuneration system, including information on the criteria used for performance evaluation and risk adjustment, deferral policies and allocation criteria;
iii. aggregated quantitative information on Remuneration, broken down by line of business;
iv. aggregated quantitative information on Remuneration, broken down by senior management and Personnel members whose actions have a significant impact on the risk profile of the Group;
v. the number of people paid €1 million or more per year, divided into payment bands of €500,000 for Remuneration between €1 million and €5 million and brackets of €1 million for Remuneration of €5 million or more.

[37] Regulation (EU) No. 575/013 of 26 June 2013.

The same information made available to the public shall be provided at least once a year to the Shareholders' Meeting.

In its capacity as Parent Company, the Bank also sends the following information to the Bank of Italy through the "INFOSTAT" platform, in line with the provisions in the EBA Guidelines 2022/06 and 2022/08:

(i) on an annual basis, by June 15 of each year:

- the information required by Attachments I and II in the EBA Guidelines 2022/08, with reference to the so-called high earners in the Group, i.e., individuals whose total Remuneration is equal to €1 million on an annual basis;
- the information on remuneration trends and practices contained in tables REM1, REM2, REM3, REM4 and REM5 of Implementing Regulation (EU) 2021/637 and in Attachments I, II and III of the EBA Guidelines 2022/06, since the Bank is included in the survey sample for benchmarking purposes of the Bank of Italy, in implementation of the EBA guidelines.[38]

(ii) every two years, starting from 2023, by June 15 of the year of the survey, the information on the ratio between the variable and fixed remuneration components of most relevant personnel exceeding 100% as set out in Attachment V of EBA Guidelines 2022/06;

(iii) every three years, starting from 2024, by June 15 of the year of the survey, the information on the gender pay gap as set out in Attachment IV of EBA Guidelines 2022/06.

[38] Banking groups with consolidated assets in excess of €40 billion and, for national supervisory purposes, banks and banking groups with balance sheet assets in excess of €5 billion, are subject to the reporting requirements for benchmarking purposes. The balance sheet assets that determine the disclosure obligation are those resulting at the end of the financial year preceding the one to which the reported data refer.

8. ATTACHMENTS TO THE POLICY

ATTACHMENT 1: DEFINITIONS

Senior Management	The executive directors, general managers, co-general managers, and deputy general managers; the heads of the main business areas, company functions or geographic areas; those who report directly to the Board of Directors and/or the Chief Executive Officer.
Bank, Parent Company	BFF Bank S.p.A., parent of the BFF Banking Group.
Excluded Benefits	Financial allotments that are excluded from the concept of Remuneration since they: (i) are of a marginal value; (ii) are of a non-discretionary nature; (iii) are part of a general policy of the Bank; and (iv) do not have an effect on the risk profile of the Bank. These conditions must co-exist in order to qualify for an Excluded Benefit.
Collector Bonuses	A form of target-based short-term variable Remuneration that is part of the Management by Objectives bonuses envisaged for debt recovery Personnel.
Sales Bonuses	Non-MBO variable pay based on the achievement of annual qualitative and quantitative objectives, both corporate and individual, the latter being distributed quarterly, but all cases being assessed as a whole as part of the annual performance. It is governed by the Remuneration Policy for Significant Persons, Complaints Handling Personnel and Credit Assessment Personnel.
Clawback	The total or partial return of the Variable Remuneration already received.

Corporate Governance Code	The Corporate Governance Code for listed companies approved by the Corporate Governance Committee established by the business associations (ABI, ANIA, Assonime, Confindustria), Borsa Italiana S.p.A. and the association of professional investors (Assogestioni) on January 31, 2020.
Code of Ethics	The code of ethics adopted by the Group.
Executives with Strategic Responsibilities	As per IAS 24, executives with strategic responsibilities are key management personnel having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly and whose remuneration is disclosed – in aggregate form – in section II of the report on remuneration and fees paid.
Supervisory Provisions	Bank of Italy Circular no. 285 of December 17, 2013, as subsequently amended, the "Supervisory Provisions for Banks".
Risk-adjusted EBTDA (EBTDA ^{RA})	Group EBTDA adjusted according to a correction mechanism that takes into account the risks assumed, consistent with the capital targets established in the Risk Appetite Framework (RAF) defined on the basis of the budget/strategic plan approved by the Board of Directors according to the following formula: EBTDA ^{RA} = EBTDA – (RWA ^{M} * TCR Target * Ke)[39].

[39] Where:
EBTDA: pre-tax profit from continuing operations (item 290) excluding net impairment losses on property, plant and equipment (item 210), net impairment losses on intangible assets (item 220) and income statement items which are offset by corresponding changes in shareholders' equity (e.g., exchange rate losses and costs connected with stock option plans). This accounting caption is also considered to include or exclude any accounting items of an extraordinary nature envisaged in the budget (for example, non-recurring corporate transactions) and/or

Executives	Managers of structured or highly professional organizational units who report to the CEO or to Senior Executives, who contribute significantly and largely autonomously to achieving the objectives of the structure to which they belong, or who provide qualified support/advice to senior management and the rest of the organization. They can be Risk Takers. Executives are identified by a specific resolution of the Board of Directors.
Group or BFF Group	The BFF Banking Group.
2022 Incentive Plan	The Group incentive plan based on stock options approved by the Meeting on March 31, 2022.
Malus	The reduction or loss of the right to payment of Variable Remuneration not yet received.
MBO	The short-term incentive system of the CEO and Employees, awarding an annual incentive based on gross annual pay.
Transparency Rules	The Bank of Italy measure "*Transparency of banking and financial transactions and services. Correct conduct between intermediaries and customers*" of 19 March 2019.
Personnel or Employees	The members of the Group's strategic supervision, management, and control bodies, as well as its employees and partners.

unexpected items generated by the Bank or the Group that could not be budgeted. This following a specific resolution of the Board of Directors;
RWA ^{M}: average in the year of the total, final and Group risk-weighted assets determined with respect to the average of the month-end RWAs, calculated by the Planning, Administration and Control Department on the basis of the monthly accounting closures and through the replication of the mandatory prudential accounting activities for quarterly supervisory reports;
TCR Target: in the absence of instruments eligible for inclusion in equity, this is the risk appetite threshold defined for the Total Capital Ratio in the RAF in force at the beginning of the year to which this policy refers. If there are eligible instruments for the purposes of equity accounting, the TCR Target value to be applied in the formula is equal to the difference between the Risk Appetite in the RAF and the percentage of impact of such instruments on the Group's TCR Target;
Ke: the Group's cost of equity, set at 10%.

Board of Directors Personnel	Personnel whose pay and bonuses, annual targets and assessment thereof are defined by the Board of Directors, namely: (i) the Chief Executive Officer; (ii) the Directors with special responsibilities; (iii) the Group's Senior Executives; (iv) the Executives reporting directly to the Chief Executive Officer; (v) the Heads of Corporate Control Functions.
2016 Stock Option Plan	The stock option plan originally approved by the Shareholders' Meeting of December 5, 2016, as subsequently updated, and most recently allotted in 2019.
2020 Stock Option Plan	The stock option plan approved by the Shareholders' Meeting of 12 April 2020.
Stock Option Plans	The 2016 and 2020 Stock Option Plans and the 2022 Incentive Plan considered collectively.
Incentive Plans with Financial Instruments	Any incentive plan based on financial instruments, including Stock Option Plans, already adopted or to be implemented by one of the Group companies.
Policy	The remuneration and incentive policies for the members of the strategic supervision, management and control bodies and the staff of the Banca Farmafactoring Group.
Remuneration Policy for Significant Persons, Complaints Handling Personnel and Credit Assessment Personnel	The remuneration and incentive policies for BFF Banking Group Significant Persons, complaints handling personnel and credit assessment personnel, defined in accordance

	with the Transparency Rules and contained in a specific document approved by the Board of Directors.
Issuers' Regulation	Consob Regulation no.11971/1999.
Remuneration	Any form of payment or benefit paid, including any ancillary components (allowances), directly or indirectly, in cash, securities or goods or services in kind (fringe benefits), in exchange for work or professional services rendered by the Personnel to the Bank or to other Group companies, with the exception of Excluded Benefits.
Fixed Remuneration	Stable and irrevocable remuneration, determined and paid on the basis of established and non-discretionary criteria – such as, in particular, levels of seniority and responsibility – that do not create incentives for taking risk and are independent of Bank performance.
Overall Remuneration	The sum of annual Fixed Remuneration, annual benefits, and the maximum value of the MBO receivable in the year in question.
Total Remuneration	The sum of annual Fixed Remuneration, annual benefits, and the maximum value of the MBO and LTI receivable in the year in question.
Variable Remuneration	(i) Remuneration whose recognition or disbursement may change in relation to performance, however this is measured (income targets, volumes, etc.), or to other parameters (e.g., length of service), excluding severance pay established by the general legislation on employment relationships and compensation for failure to give notice, when their amount is determined in accordance with the provisions of the law,

	and within the limits provided for therein. (ii) The discretionary pension benefits and the amounts agreed between the Bank and the Personnel in view or on the occasion of the early termination of the employment relationship or the office, regardless of the title, legal qualification and economic motivation for which they are recognized. These amounts include amounts recognized under a non-competition agreement or under an agreement for the settlement of an existing or potential dispute, wherever it is reached. (iii) Carried interest, as qualified by the provisions on remuneration and incentive policies and practices for the asset management sector, implementing Directives 2009/65/EC (UCITS) and 2011/61/EU (AIFMD). (iv) Any other form of remuneration that does not singularly qualify as Fixed Remuneration, except for Excluded Benefits.
Risk Takers	Persons whose professional activity has or may have a significant impact on the Group's risk profile, as identified in accordance with the criteria set out in Chapter 3 of the Policy.
Low Variable Remuneration	Annual Variable Remuneration does not exceed €50,000 and does not account for more than one third of the total annual Remuneration.
Significantly High Variable Remuneration	Variable remuneration in excess of €424,260.
Senior Executives	Positions that report directly to the CEO, contribute

	decisively to achieving the Group's strategic objectives, are among the Risk Takers and generally manage significant amounts of human and/or financial resources, within the scope of formal proxies and powers of attorney. These Senior Executives are identified by a specific resolution of the Board of Directors.
Subsidiaries	The companies belonging to the Group, excluding the Bank itself.
Significant Persons	Group Personnel who offer products to and interact with customers, as well as their line managers, as per the Bank of Italy's measure "Transparency of banking and financial transactions and services" of July 29, 2009, as subsequently amended and updated.
Sustainable Success	The objective that guides the actions of the Board of Directors and that consists of creating long-term value for the benefit of the shareholders, taking into account the interests of other stakeholders relevant to the Group.
Target EBTDA^{RA}	The level of EBTDA ^{RA} as envisaged and calculated in the annual budget approved by the Board of Directors for the year in question.
VAP	Company bonus provided for in the National Collective Labor Agreement for executives and personnel in professional areas, employees of credit, financial and instrumental companies.

ATTACHMENT 2: REGULATORY BACKGROUND OF THE POLICY

The Policy applies to all of the Bank's Personnel, and for the purposes of applying the requirements of the Supervisory Provisions, the Bank falls under the category of a listed bank other than a bank of smaller size or operational complexity, having recognized average assets in excess of €5 billion in the four years prior to 2024.

The BFF Group's remuneration policy report has been defined in accordance with:

1. the Bank of Italy's **Supervisory Provisions**[40] on remuneration and incentive policies issued on October 23, 2018, as subsequently amended, which establish an organic set of rules on remuneration practices and policies for banks and banking groups;

2. the **Issuers' Regulation**, recently amended by Consob, in implementation of Directive 2017/828/EC (so-called "SHRD II"), with Resolution no. 21623 of December 10, 2020. These amendments also covered Schedule 7-bis of Attachment 3A of the aforementioned Regulation, which prescribes the content of remuneration policies for listed companies.

3. the **Corporate Governance Code**. Given that the Supervisory Provisions on Remuneration set limits that are as a whole stricter than the corresponding provisions in the Corporate Governance Code, which the Bank adheres to, the Supervisory Provisions are applied as regards Remuneration, absorbing and replacing the provisions in the Corporate Governance Code on remuneration practices and policies, including the provisions on retention of shares awarded under remuneration plans, which tend to incentivize the alignment of beneficiaries with the interests of shareholders over the long term.

   With this in mind, it should be noted that the Corporate Governance Code states that the biggest part of share-based remuneration plans for executive directors and senior managers must have an overall period of rights accrual and share retention of at least five years.

   The Bank does not apply the above provision to share ownership but rather the rules of the Supervisory Provisions, as on the whole they are more stringent than the

[40] See Circular 285, First Section, Title IV, Chapter 2.

corresponding provisions of the Corporate Governance Code. More specifically, 50% of the Variable Remuneration of Risk Takers is paid in financial instruments, 40% of which is subject to a deferral period of at least four years and a further retention period of at least one year.

Without prejudice to the above, the Bank has implemented all the recommendations of the new Corporate Governance Code and, specifically, applies diversity criteria, including gender, for the composition of the Board of Directors, in compliance with the priority objective of ensuring that Board members are suitably competent and professional.

4. the **Transparency Rules**. In this regard, the Bank's Board of Directors has approved a Group Remuneration Policy for Significant Persons, Complaints Handling Personnel and Credit Assessment Personnel. At national level, the framework was supplemented during 2019 by the recent amendment of the Bank of Italy's provision of July 29, 2009, on "*Transparency of banking and financial operations and services",* which introduced some provisions on remuneration policies that intermediaries must adopt in relation to "staff and third parties involved in the sales network". To implement these provisions, the Bank draws up a "Significant Persons" Policy, which requires approval from the Board of Directors.

The enactment of Italian Legislative Decree no. 49 of May 10, 2019, which amended Article 123-ter of the TUF, in transposition of Directive 2017/828/EC (so-called "SHRD II") on encouraging long-term shareholder engagement, which includes provisions on remuneration policies for listed companies.

Most of these provisions are new only for listed companies that do not operate in the banking sector. For such companies, however, most of these provisions overlap with those of the Supervisory Provisions (such as, for example, the principle of alignment with long-term interests, including control body remuneration policies in the Report and requiring a binding vote of the Shareholders' Meeting to approve remuneration policies).

At European level, the regulatory environment consists of:

- *Capital Requirements Directive V* (CRD V) which establishes specific principles and criteria that banks must comply with in order to:
    i. ensure the proper design and implementation of remuneration systems;
    ii. effectively manage potential conflicts of interest;
    iii. ensure that the remuneration system takes due account of current and prospective risks, the degree of capitalization and the liquidity levels of each intermediary;
    iv. increase transparency towards the market;
    v. ensure that there is no gender discrimination between Personnel;
    vi. increase harmonization between Member States;
    vii. ensure greater clarity and transparency when applying of the principle of proportionality.
- The EBA Guidelines - GL 2021/04 of July 2, 2021, which provide guidelines and interpretative clarifications in accordance with CRD V.

ATTACHMENT 3: ROLE OF COMPANY FUNCTIONS

Corporate Control Functions

The Corporate Control Functions, each within the scope of its own remit, ensure that the Policy is suitable and complies with current legislation.

The Compliance & AML Function verifies that the corporate reward system is consistent with applicable regulations, the By-Laws and any codes of ethics or other standards of conduct adopted by the Bank. As part of this verification, the Compliance & AML Function operates in such a way that the legal and reputational risks inherent above all in customer relations are assessed and contained and provides information to the Chief Executive Officer and the Remuneration Committee on the matter, and also informs the Board of Directors and the Board of Statutory Auditors as part of its periodic reports. The Shareholders' Meeting is informed of these results through the Board of Directors.

The Compliance & AML Function also verifies that the Subsidiaries fully and correctly implement the Policy, assessing any further limits imposed by local regulations. If a possible conflict with local regulations emerges, the Compliance & AML Function expresses an opinion to the Chief Executive Officer on how to resolve the conflict of regulations and identifies the operational solutions that can allow the Policy to be implemented correctly.

The Risk Management Function, based on the accounting evidence provided by the Finance and Administration Department, checks that the entry gates for Variable Remuneration, including the results of EBTDA ^{RA}, have been achieved and that the incentive system is consistent with the risk management methodologies.

The Internal Audit Function checks, at least once a year, that Remuneration practices comply with remuneration and incentive policies, in particular on the basis of the risk-based audit plan. The results of the audits carried out are brought to the attention of the Board of Directors and the Shareholders' Meeting. The Internal Audit Function also collaborates with the Human Resources and Organizational Development Function in activating the Malus and Clawback mechanisms, carrying out the necessary investigations and analyses at the request of the

Human Resources and Organizational Development Function, or of the Chief Executive Officer, to ascertain the events that may lead to the activation of the Malus or Clawback mechanisms.

Chief Financial Officer

The Financial Reporting Officer provides the accounting data necessary to verify the objectives and, where required by the business plan, verifies the performance management process for the payment of the Variable Remuneration, as per paragraph 6.2.2.1 (*MBO for Employees*).

Human Resources and Organizational Development Function

The Human Resources and Organizational Development Function:

i. applies the provisions of the Policy by translating them operationally, within the limits provided for by the role and the powers conferred;

ii. ensures that the criteria and parameters of the Remuneration and incentive system are properly applied within the Group;

iii. performs benchmark analyses on a selection of domestic and foreign banks that are comparable to the Bank in terms of business and size, which may vary depending on the subject in question. This analysis is carried out in order to determine:

    a) proposals for revising the Policy;

    b) a review of the remuneration and incentive system in terms of the instruments, methods, operating mechanisms and parameters adopted by the Bank;

iv. coordinates the process of identifying and defining Risk Takers;

v. provides support to the Remuneration Committee and, where appropriate, the Control and Risks Committee;

vi. monitors the evolution of labor laws and remuneration system rules;

vii. initiates the process for verifying the conditions of Malus and Clawback, using the Internal Audit Function for the appropriate checks.

Below are detailed the roles in the following processes:

- Verification of achievement of individual objectives;
- Procedure for activating the Malus or Clawback mechanisms.

Process for the verification of the achievement of individual objectives

The achievement of the quantitative objectives related to the individual performance of the Group's Employees is mainly verified by the following corporate functions:

i. Payments OU, if of a financial nature;
ii. Payments OU, if of a project-related nature.

However, the certification process may involve additional business functions with responsibility for verifying quantitative objectives pertaining to the function in question. In any case, the owner of the certification is normally different from the entity being evaluated, precisely to ensure an objective assessment. Outside of the quantitative financial and project-related objectives, other types of objectives can be assigned which are then verified and certified by the Head of the OU of the individual collaborators and approved by the CEO. Individual qualitative objectives are linked to organizational behaviors and are evaluated directly by the head of the individual function concerned based on a detailed evaluation scale. In order to make the evaluation of the qualitative objectives as objective as possible, annual quantitative drivers are identified relating to the performance of the BU or Function or Department to which they belong, whose overall results support the evaluation of the organizational conduct of the individual in achieving the identified driver. These drivers allow for more accurate discussion of individual performance in relation to concrete objectives that are considered important from year to year for the structure to which they belong.

Procedure for activating the Malus or Clawback mechanisms

The Malus or Clawback mechanisms are activated as summarized below.

The Internal Audit Function, at the request of the Board of Directors for the Personnel for whom the BoD is responsible, and the Chief Executive Officer for the remaining Personnel, carries out the necessary analyses to ascertain the circumstances that may entail activating the Malus or

Clawback mechanisms. The investigations are performed by the Head of the Internal Audit Function, who uses their team to carry out the initial analysis of the information.

The Internal Audit Function prepares a report on the facts under investigation and sends it to the Head of the Human Resources and Organizational Development Function, and to the Chief Executive Officer.

If the conditions are met, prior to the Malus or Clawback mechanisms being activated:

i. against an employee, disciplinary proceedings are initiated pursuant to Article 7 of Law no. 300/1970 and to the applicable collective agreement. The person in question is informed of the Malus or Clawback mechanisms being activated by way of the communication at the end of the disciplinary proceedings (or by way of separate communication);

ii. against a person who is not a salaried employee or no longer has a relationship of any kind with the Bank, the following procedure is activated:

   a) the circumstances deemed appropriate for triggering the Malus or Clawback mechanisms must be communicated in writing to the person in question, who is guaranteed the right to defend themselves in writing within a reasonable period and proportionate to the complexity of the charges made, in any case not less than 5 calendar days;

   b) once the interested party's defense has been heard (or after the deadline has elapsed without said party having submitted a defense), the Chief Executive Officer may proceed with any measures provided they keep the Board of Directors informed (or the Board of Directors for Personnel for whom the BoD is responsible).

The decision must be justified and communicated to the person concerned in writing. A measure that lists the events which have occurred, identifies the rules that are assumed to be violated and states the reasons why the defense of the person in question cannot be accepted is considered justified.

SECTION II

IMPLEMENTATION OF REMUNERATION POLICIES IN 2023

1. INTRODUCTION

This section of the Report provides information on the implementation of the 2023 Remuneration Policy ("Policy") in the year 2023, also in light of the indications received from shareholders. The remuneration described in this section is in line with the provisions of Section I of the Remuneration Report submitted to the binding vote of the Shareholders' Meeting of April 13, 2023, which voted in favor.

This section consists of two parts.

The first part includes:

i. a summary of the main results achieved by the Bank in 2023 with the aim of illustrating the relationship between the incentives paid and the performance achieved, in accordance with the principle of a pay-for-performance perspective that characterizes the Group's remuneration policy, while respecting the principles of prudence and sustainability;

ii. general information on the implementation of the 2023 Policy, including the monitoring on gender neutrality, which enjoys a specific focus and the assessments provided by the Group's control functions, each for the aspects within their respective remits;

iii. a representation of the items that make up the Remuneration (including the compensation provided for in the event of termination of office or termination of employment) of the persons indicated above, in accordance with the 2023 Policy;

iv. implementation of the reference Incentive Policy, including the percentage of achievement of the targets envisaged for the activation of the variable remuneration systems (gate indicators) and a specific section for the Chief Executive Officer.

In the second part:

- details of each of the items making up remuneration, in the table format envisaged by the Issuers' Regulation. Specifically, the information is provided:

- by name, for the members of the management and control bodies and for the Chief Executive Officer;
- in aggregate form for the Executives with Strategic Responsibilities as no executive with strategic responsibility received higher remuneration than the Chief Executive Officer.[41]

- the disclosure required by Article 450 of the CRR in relation to the implementation of the 2023 Remuneration Policy.[42]

For the illustration of how the Bank took into account the vote cast by the Shareholders' Meeting the previous year pursuant to Article 123-ter, paragraph 4, letter B-bis), of the Consolidated Law on Finance, see paragraph 1.1.1 of Section I – *The Investor Dialogue* and paragraph 2 of Section I - 2. *Principles and pursuit of long-term interests with a view to sustainability and personnel management policy.*

[41] The reference legislation (Art. 123-ter of the TUF and Schedule 7-bis of Attachment 3A to the Issuers' Regulations) to illustrate by name:

a. the remuneration of the members of the management and control bodies;
b. the remuneration of any other managers with strategic responsibilities who received, during the year, remuneration (obtained by adding monetary remuneration and remuneration based on Financial Instruments) higher than the highest total remuneration attributed to the persons indicated in letter a, in the case of the Bank, the CEO.

[42] COMMISSION EXECUTIVE REGULATION (EU) 2021/637 of March 15, 2021, laying down implementing technical rules regarding the publication by institutions of the information referred to in Part Eight, Titles II and III of Regulation (EU) No. 575/2013.

2. FIRST PART

2.1 MAIN RESULTS FOR 2023

The continued strengthening of growth initiatives, strict cost control and asset quality control enabled the Group to achieve excellent results in terms of revenues in the year ended December 31, 2023.

The year was thus characterized by:

- Adjusted Net Revenues for the year 2023 equal to 437 million euros, of which 232 million euros came from the Factoring & Lending Department;
- Adjusted Net Profit of 183.2 million euros, +25% year on year. Net Accounting Profit of 171.7 million euros for 2023.
- Solid Balance Sheet of 12.3 billion euros, with a reduction in the Government Securities Portfolio and Repo Liabilities, and an improvement in the Leverage Ratio.
- Net recovery of late payment interest (LPI) of 29.3 million euros, +15.2 million euros year on year
- Loan Portfolio of 5.6 billion euros, at a new all-time high.
- Loan/Deposit ratio improved to 62%, with funding deriving mainly from both retail (2x year on year) and operational stable deposits.
- High asset quality with net Non-Performing Loans equal to 0.1% of Loans, excluding Italian municipalities in financial difficulties.
- Very solid capital position: CET1 ratio at 14.2% and TCR at 19.1%. 68 million euros of capital in excess of the 12% CET1 ratio target.
- FY 2023 dividends of 183.2 million euros (€0.979 p.s.), of which 81.9 million euros (€0.438 p.s.) on account paid in September 2023 and 101.2 million euros (€0.541 p.s.) on balance 2023, which will be paid after the April 2024 Ordinary Shareholders' Meeting. Next interim dividend expected in September 2024 based on H1 results. 2024.

In the context of a year marked by positive economic and financial performance of the Group, note that while the ratio of the EBTDA^{RA} to the Target EBTDA^{RA} - on-off target for the CEO's short-term incentive system and multiplier for the rest of the Group's personnel - was almost achieved (98,94% compared to the target of 100%), in full compliance with the pay-for-performance principle underlying the Group's incentive systems the annual variable compensation related to fiscal year 2023 (2023 MBO) for the Chief Executive Officer, Executives and Senior Executives was not paid.

For the remaining personnel, the conditions exist for the payment of the variable component[43] of remuneration as well as for the managers of the Control Functions considering that the incentive system is based solely on liquidity and capitalization and not profitability.

The decisions relating to the remuneration and incentives for Personnel were therefore taken in a context that rewards the performance achieved, on the pay-for-performance basis underlying the Group's remuneration policy, while respecting the principles of prudence and sustainability.

2.2 GENERAL INFORMATION ON THE IMPLEMENTATION OF THE 2023 POLICY

During 2023, Directors and Employees were paid the Fixed Remuneration, in accordance with the 2023 Policy and the individual contractual provisions and in compliance with the collective bargaining agreements applied.

The award of the MBO Variable Remuneration accrual 2023 for Employees was based on the achievement of company and individual qualitative and quantitative objectives.

The Variable Remuneration was calculated in accordance with the Policy in force.

Verification of compliance the ratio between Fixed and Variable Remuneration provided for in Policy 2023 took into account the gross annual value of all the components of the Fixed Remuneration, including Benefits, and the variable component accrued during the year. The maximum ratios of Variable Remuneration to Fixed Remuneration of 2:1 for Employees and the Chief Executive Officer, and one third for the Heads of Corporate Control Functions, were respected.

You are reminded that the Group uses Financial Instruments to pay Risk Takers at least 50% of the Variable Remuneration, both up-front and deferred.

In the case of Risk Takers, the deferral portions, and periods, as well as the retention portions and periods of the Financial Instruments in accordance with the 2023 Policy, have been applied to all accrued Variable Remuneration items.

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[43] Compare Section I "Application of multipliers"

For the year 2023, 90% of the target value linked to the award of the VAP corporate bonus, envisaged for the Bank's Employees subject to the national collective bargaining agreement regarding credit applicable in Italy, was reached.

The use of long-term incentive plans continued in 2023. With regard to the information to be provided pursuant to Article 114-bis of the TUF concerning remuneration plans based on significant Financial Instruments, active during 2023, see paragraph 2.5.1 below (2022 Incentive Plan) in the Report.

In addition, during the reporting year, no discretionary pension benefits were paid out or granted (i.e., no pension benefits were paid out beyond the plans provided for by the National Bargaining Agreements and the law).

In compliance with the provisions of the Issuers' Regulation, the Parent Company provides information about the annual variation in total remuneration of each of the members of the Board of Directors, the Bank's results and the average gross annual remuneration calculated based on the full-time employees of the Group, other than members of the management and control bodies and the Chief Executive Officer. In this regard, see Tables 2 and 3 in paragraph 2.10.

2.3 THE FINAL ACCOUNTING OF THE 2023 SHORT-TERM VARIABLE REMUNERATION

Specifically, the gates envisaged for the current Policy, valid for both the 2023 MBO and the deferred portion of the short-term systems, are provided:

i. the Group's liquidity indicator adopted as the gate is the Liquidity Coverage Ratio (LCR), at least equal to the level of "risk tolerance" approved by the Board of Directors, and defined within the RAF in force on the closing date of the financial year to which the MBO refers, and, in any case, compliant with the requirements of supervisory remuneration legislation;

ii. the Group's equity indicator adopted as a gate is the Total Capital Ratio (TCR) at least equal to the level of "risk tolerance" approved by the Board of Directors, and defined within the RAF in force on the closing date of the financial year to which the MBO refers, and, in any case, compliant with the requirements of supervisory remuneration legislation;

iii. the Group profitability indicator adopted as a gate corresponds to a positive Risk Adjusted EBTDA (or $EBTDA^{RA}$).

On March 7, 2024, the Bank's Board of Directors verified that it had been passed as shown in the table below:

Gates			
Indicator	**Minimum threshold**	**2023 Achievement Percentage**	**Gate passed**
Liquidity Coverage Ratio (LCR)	≥ risk tolerance	297.74%	√
Total Capital Ratio (TCR)	≥ risk tolerance	19.08%	√
EBTDA^{RA} (risk- and cost-of-capital-adjusted return)	Positive	Positive	√

In addition to passing the gates - as noted above - the Chief Executive Officer's 2023 MBO was also subject to the parameter linked to the ratio between EBTDA^{RA} and Target EBTDA^{RA}, whose result must be equal to 100%.

For 2023 this ratio was 98.94%, therefore the Board of Directors confirmed that the necessary conditions were not met for the 2023 MBO to be paid.

Note that this parameter represents an on-off condition for the Chief Executive Officer, while for Employees, with the exception of the Corporate Control Functions, the Executive Function and the Human Resources and Organizational Development Function, it acts as a multiplier. Specifically, the Policy stipulates that even for Managers with Strategic Responsibilities the ratio of EBTDA^{RA} to Target EBTDA^{RA}, if less than 100%, would result in the entire MBO for the year being set at zero.

2.4 IMPLEMENTATION OF THE RELEVANT REMUNERATION AND INCENTIVE POLICY IN 2023

2.4.1 *Remuneration of the bodies of strategic supervision, management, and control*

The remuneration for the office of director, and for members of the Board of Statutory Auditors did not change.

The gross annual remuneration approved by the Shareholders' Meeting held on March 25, 2021, for Directors, and by the Board of Directors held on the same date, for Directors holding special offices and members of the Committees, is shown below:

Director remuneration	€ 50,000
Remuneration of the Chair of the Board of Directors	€ 270,000
Remuneration of the Chief Executive Officer until June 30, 2023	€ 1,067,000
Remuneration of the Chief Executive Officer from July 1, 2023	€ 1,300,000
Control and Risks Committee Chair	€ 35,000

Control and Risks Committee Member	€ 20,000
Remuneration Committee Chair	€ 20,000
Remuneration Committee Member	€ 10,000
Nominations Committee Chair	€ 20,000
Nominations Committee Member	€ 10,000
Related Party Transactions Committee Chair	€ 10,000
Related Party Transactions Committee Member	€ 4,000

Table 1.

For the specifications of the Chief Executive Officer, see paragraph 2.4.1.4.

2.4.1.1 Remuneration of non-executive members of the Board of Directors

The non-executive members of the Board of Directors were paid during FY 2023 the following remuneration components (calculated based on their effective period in office)[44]:

i. a fixed fee for the office of director, equal to 50,000 euros gross;

ii. an additional fixed fee for directors who hold special offices, Chairman or member of board committees, for a maximum annual cumulative amount of 55,000 euros gross;

iii. for the Chairman of the Board of Directors, additional remuneration pursuant to paragraph 3 of Article 2389 of the Italian Civil Code, equal to 270,000 euros gross per year.

No Variable Remuneration was paid to the non-executive directors. There are no agreements for the members of the Board of Directors regarding the treatment in the event of termination of office, nor are there any variable components of Remuneration.

2.4.1.2 Remuneration of members of the Board of Statutory Auditors

During the 2023 financial year, the members of the Board of Statutory Auditors were paid the remuneration due for their office, approved by the Meeting of March 25, 2021, amounting to:

i. a fixed compensation for the position of Regular Auditor, equal to 65,000 euros gross;

ii. a fixed compensation for the Chairman of the Board of Statutory Auditors, equal to 85,000 euros gross.

44 Set within the total amount approved by the Shareholders' Meeting of March 25, 2021, in the Board of Directors' meeting of January 29, 2021.

The remuneration of the members of the Board of Statutory Auditors is consistent with the Group's remuneration policies, since, among other things:

i. it is in line with the Group' s long-term objectives;

ii. no variable component has been paid to the Statutory Auditors.[45]

2.4.1.3 Remuneration of the members of the Supervisory Board

For each of the two (out of three) members of the Supervisory Body who are not Employees of the Bank,

i. fixed remuneration of 20,000 euros was paid (for the period January 1, 2022 - December 31, 2023);

ii. no Variable Remuneration was paid to the members of the Supervisory Board.

The members of the Supervisory Board who are part of the Bank's Employees have not been paid any additional remuneration, as envisaged.

2.4.1.4 Remuneration of the Chief Executive Officer

A. Fixed Remuneration and Benefits:

- the gross annual remuneration paid in 2023 as Chief Executive Officer was equal to 1,233,500 euros, including the **fixed remuneration** for the office of director, equal to 50,000 euros;

- a package of non-monetary benefits was also paid, amounting to 89,200 euros net, as provided for in the existing contract between the Bank and the Chief Executive Officer.

B. Variable Remuneration for 2023:

- 2023 MBO: As described in detail in the next paragraph (Reporting of 2023 MBO), the Group Chief Executive Officer will not receive any payments for the 2023 MBO.

- a number of Stock Options (B Options) amounting to 388,000, awarded pursuant to the "2022 Incentive Plan," in relation to the second tranche. See Table 2, SCHEDULE 7-BIS: Remuneration report. – TABLE 2;

[45] In accordance with Article 3 of Section III of the Remuneration Supervisory Provisions, which precludes all forms of variable remuneration for members of the body with control functions.

C. Variable remuneration for previous years:

➢ **MBO and Integration Bonus:**

- regarding the deferred portion of the 2020 MBO, the opening of the gates envisaged by the current Policy has been verified and therefore an amount of 204,170 euros gross will be paid, of which 102,085 euros gross in cash and 102,085 euros gross in financial instruments (shares of the Bank with a retention period of 1 year);

- with regard to the deferred portion of the 2022 MBO, the opening of the gates envisaged in the current Policy has been verified, and therefore an amount of 134,040 euros gross, of which 65,680 euros gross in cash, and 68,360 euros gross in financial instruments (shares of the Bank with a retention period of 1 year) will be paid;

- with regard to the deferred portion of the first tranche of the Integration Bonus, the opening of the gates envisaged in the current Policy has been verified, and therefore an amount of 117,285 euros gross, of which 58,642.5 euros gross in cash, and 58,642.5 euros gross in financial instruments (shares of the Bank with a retention period of 1 year) will be paid.

➢ **2016 and 2020 Stock Option Plans:**

- The Board of Directors approved the achievement of the vesting conditions under the 2020 SOP, as a result 896,000 options were vested (equal to 80% of the award, the remaining 20% being subject to an 18-month deferral period).

- the Chief Executive Officer exercised 268,800 options relating to the first tranche of the 2016 SOP and 68,000 options relating to the second tranche of the 2016 SOP. For more details, see Table 2, SCHEDULE 7-BIS: Remuneration report. – TABLE 2.

Reporting of the 2023 MBO

As anticipated in section 2.3, having verified the gates and the parameter related to the ratio of $EBTDA^{RA}$ and Target $EBTDA^{RA}$, on March 7, 2024 the Board of Directors resolved that the conditions necessary for the opening of the short-term incentive system pertaining to the year 2023 (2023 MBO) were not met.

2023 MBO final accounting - Chief Executive Officer

Calculation element	Weight	Result	2023 Final	%
EBTDA Objective	70%	EBTDA^{RA} Target = 100% **EBTDA^{RA} Real= 98.94%**	0	0%

			Minimum (50%)	Target (100%)	Maximum (130%)	2023 Final	%
Additional Objectives	20%	(A) Customer Satisfaction Objective	50%	100%	130%	100%	20%
	15%	(B) Gender Equity Pay Gap	50%	100%	130%	100%	15%
	15%	© BFF Foundation Strategic Plan	50%	100%	130%	50%	7.5%
Total							42.5%
Total 2023 MBO							0

(A) Objective: Customer Satisfaction

In 2016, with the support of a specialized consulting firm, BFF began an evolutionary journey aimed at constantly improving the customer experience.

Each year BFF conducts a survey designed to map customers' perceptions of the projects launched during the year in terms of product and service, organization, and customer relations. In addition to being one of the Chief Executive Officer's goals, this survey is used as a multiplier for the MBO of Italian Employees.

Conducted between June and September 2023, the survey measured customer satisfaction at 96.24%, thus resulting in the target being achieved. The maximum achievement of the Chief Executive Officer would have been 97%.

(B) Objective: Gender Equity Pay Gap

The pay gap for the same role or role of equal value is referred to as the Pay Equity Gap.

Circular 285 refers to EBA guidelines with respect to the monitoring of gender pay gaps for equal role or role of equal value.

Specifically, the EBA guidelines require that in order to monitor the gender neutrality of remuneration policies, banking groups must define the gaps at the "job/position" level.

The Group has a strategic ambition in 2022 that calls for achieving substantial pay parity in the main countries of operation, i.e., Gender Pay Equity Gap below 5% (a threshold defined as "critical" by the EU Pay Transparency Directive) within the next five years.

The attainment of the 2023 target was met as the strategic ambition envisaged for the year was achieved in more than half of the countries where the Group has a presence, covering 76.7% of the entire Group population. The maximum would have been achieved if coverage had reached at least 80% of the entire Group population.

For reporting on initiatives to reduce the gender pay gap, see the 2023 Non-Financial Statement.

(C) Objective: BFF Foundation Strategic Plan

The goal of promoting and supporting the actions necessary to further the implementation of the BFF Foundation's Strategic Plan, establishing the Foundation as a vehicle of the Bank's social actions for the growth and development of an integrated welfare system was assessed to have been achieved at the minimum level since the approval of the multi-year contribution based on the operating plan was made at the Board of Directors meeting on June 22, 2023.

2.4.1.5 Changes to the Chief Executive Officer's contract

a) Increase in Fixed Remuneration and related Benefits Package

The contract governing the relationship between the CEO and the Bank was amended, subject to the favorable opinion of the Remuneration Committee and after consultation with the Board of Statutory Auditors, by agreement dated July 6, 2023, and on that occasion in addition to the amendments regarding the golden parachute and the non-competition agreement already described in para. 5.3 and 5.4 of Section I, an increase in the CEO's Fixed Remuneration to 1,350,000.00 euros gross and the related benefits package to 100,000.00 euros net was among the rest agreed to. This increase is justified in light of:

- the increased organizational responsibilities under the Chief Executive Officer, such as:
  - the growth of more than 80% in the value of the stock from the date of the last increase in the CEO's fixed compensation (from July 31, 2020) to the date the new contract was signed (July 6, 2023);
  - the financial data over the period 2020-2022 highlighted in the benchmarking analysis commissioned from an independent expert (Mercer), such as ROE (%) - increased from 19.7 to 30.6 and EPS ratio (€) - increased from 0.52 to 1.18, as well as a growth in market cap value (bn euros) from 0.842 to 1.378;
  - the date of the last salary increase going back three years, i.e., July 2020.
- the Chief Executive Officer's level of professional experience, evident in market benchmarks. In fact, again from the benchmarking study mentioned, it was found that the Chief Executive Officer's fixed compensation was above the median (+11%) but was 22% lower than the third quartile. With the agreed increase, the Chief Executive Officer's fixed compensation remained consistent with the previous level and continues to be between the median (+34%) and third quartile (-6%).

b) The settlement agreement between the Bank and the Chief Executive Officer

Also on July 6, 2023, the Bank and the Chief Executive Officer entered into a settlement agreement to resolve a dispute regarding the elimination of a trigger event that would have activated the golden parachute in the event of non-renewal of the office (the Settlement Agreement).

Specifically, the contract that governed the relationship between the Chief Executive Officer and the Bank envisaged from December 2013 the right to payment of the golden parachute if the Bank's Shareholders' Meeting had resolved not to confirm the CEO in office until the approval of the Bank's financial statements as of December 31, 2026 (the Golden Parachute in the event of failure to renew). Without pointing out any non-compliance with respect to the applicable regulations, the Bank of Italy raised concerns regarding this trigger, suggesting its removal from the contract.

Faced with the Bank's proposal to eliminate the above trigger event, the Chief Executive Officer pointed out that:

- the Golden Parachute in the case of Failure to Renew had not only been a contractually agreed provision since December 24, 2013, but in the various reviews that followed over the years it had never been the subject of any remark by the Supervisory bodies. Therefore, removing it would have involved a disruption of acquired capital rights.

- the removal of the Golden Parachute would also cause the CEO serious injury in light of the non-compete agreement in the existing contract, which was negotiated on the assumption of the existence and effectiveness of the Golden Parachute in the event of failure to renew. Indeed, had there been no such Parachute, the consideration for the non-compete agreement would not have been in any way adequate to compensate for the loss of the possibility of re-employment in the industry in which he had worked for most of his professional life.

An out-of-court dispute therefore arose between the Bank and the Chief Executive Officer, which the parties resolved with the Settlement Agreement, according to which:

- the Chief Executive Officer agreed to the elimination of the Golden Parachute in the event of failure to renew from his contract and waived any right to compensation with specific reference to the Golden Parachute for failure to renew and any right and/or claim and/or action arising therefrom;

- in exchange for the aforementioned waiver by the Chief Executive Officer, the Bank agreed to pay him the gross amount of 2,800,000 euros. This amount is subject to malus and clawback mechanisms and was calculated taking into account the Bank's interest in the settlement of the dispute, the duration of the intervening relationship, the performance of the CEO and the Bank, net of risks, the CEO's individual conduct, and the Bank's capital and liquidity levels.

The payment of the gross amount of 2,800,000 euros was agreed as follows, in accordance with the Bank's remuneration policies for 2023 and applicable regulations:

- 40% up front, of which 51% in Bank shares subject to a one-year retention period and the remaining 49% in cash. The up-front portion was paid in 2023;

- the remaining 60% with a five-year pro-rata linear deferral (i.e., 12% one year after payment of the up-front fee, 12% in the second year, 12% in the third year, 12% in the fourth year, 12% in the fifth year). The deferred portion will also be paid 51% in Bank shares (or financial instruments with similar liquidity and risk characteristics) subject to a one-year retention period and 49% in cash.

c) ***The Non-Competition Agreement***

Note that in the context of the review of the Chief Executive Officer's contract mentioned above, the parties modified[46] the non-compete agreement. Specifically:

- the duration is 3 years. This extension of time corresponds to the Bank's need for protection to limit the possibility of competition from a key manager who, by role and duration of the relationship, would hold a highly critical position in the market vis-à-vis the Bank;

[46] The previous agreement provided for:
Duration: 2 years, Total remuneration: 70%, Penalty: 100%

- the annual remuneration for the non-compete commitment is equal to 100% of Fixed Remuneration. The calculation of the remuneration:

  - is consistent with the market trend according to a study commissioned by the Bank from an external consultant (Mercer);

  - takes into account the ten-year duration of the relationship between the Chief Executive Officer and the Bank;

  - reflects the level of growth and performance of the company and of the Chief Executive Officer, net of risks, since he has held the position;

  - it also satisfies the goal of incentivizing compliance with the non-compete obligations of the agreement itself. Indeed, in case of default the remuneration would have to be returned, and therefore as the Chief Executive Officer's economic potential from the increase in his remuneration package grows, it is consistent that an adjustment in the consideration of the non-compete agreement would follow.

- the penalty is 150% of the Fixed Remuneration for the first year after leaving office, strengthening the Bank's position and the deterrent function typical of the penalty clause. After the first year following termination of office, the penalty is 100% of Fixed Remuneration, which is consistent with the Bank's interest, in light of the fact that, after the first year, it is reasonable to assume less harm to the Bank should the CEO work for a competitor.

- an additional penalty of 35% of the Fixed Remuneration if the Chief Executive Officer is ascertained to have acted in a particular way as part of his professional conduct, if the penalty described above for non-compliance with the non-compete obligation is not operative.

2.4.1.6 Remuneration of Managers with Strategic Responsibilities

A. Fixed Remuneration and Benefits:

- gross Annual Salary paid to Managers with Strategic Responsibilities amounted to 810,000 euros gross in 2023;

- a package of non-monetary benefits was also paid, equal to a total of 50,301 euros gross;

B. Variable Remuneration for 2023:

- 2023 MBO[47]: not paid
- Regarding the second tranche of the 2022 Incentive Plan, a total of 235,000 phantom stock options were granted, including 50,000 stock options (Options A) and 185,000 stock options (Options B).

C. Variable Remuneration of previous years:

MBO and Integration Bonus

- with regard to the deferred portion of the 2020 MBO, having verified the opening of the gates envisaged in the current Policy, for one Manager with Strategic Responsibilities from DEPOBank an amount of 12,375 euros gross cash will be paid;
- regarding the deferred portion of the 2021 MBO, the opening of the gates envisaged by the current Policy having been verified, an amount of 133,850.36 euros gross will be paid, of which 66,925.18 euros gross in cash and 66,925.18 euros gross in financial instruments (shares of the Bank with a retention period of 1 year);
- regarding the deferred portion of the 2022 MBO, the opening of the gates envisaged by the current Policy having been verified, an amount of 38,413 euros gross will be paid, of which 19,206 euros gross in cash and 19,206 euros gross in financial instruments (shares of the Bank with a retention period of 1 year);
- with regard to the deferred portion of the second tranche of the Integration Bonus, the opening of the gates envisaged in the current Policy having been verified, an amount of 90,777.38 euros gross, of which 45,388.69 euros gross in cash, and 45,388.69 euros gross in financial instruments (shares of the Bank with a retention period of 1 year) will be paid.

47 With regard to the 2023 MBO, note that the current Policy stipulates that for Managers with Strategic Responsibilities the ratio of EBTDARA to Target EBTDARA - at least equal to 100% - acts as a multiplier. Managers with Strategic Responsibilities - Group Senior Executives - failing to reach the EBTDARA target - which, as already specified for the CEO, was 98.94% for 2023 - will not be entitled to the payment of the 2023 MBO.

C. 2016 and 2020 Stock Option Plans

- in 2023 the Board of Directors resolved that the Vesting conditions under the 2020 SOP had been achieved, as a result 488,000 options were vested (equal to 80% of the award; note that the remaining 20% is subject to an 18-month deferral period).

  the Managers with Strategic Responsibilities exercised 112,160 options relating to the 2016 SOP and 24,000 options relating to the first tranche of the 2020 SOP. For more details, see Table 2, SCHEDULE 7-BIS: Remuneration report. – TABLE 2.

2.5 ILLUSTRATION OF EXISTING LONG-TERM INCENTIVE PLANS

2.5.1 2022 INCENTIVE PLAN

This Plan aims to attract, motivate and retain talents in the Group, which is now larger and more diversified.

The 2022 Incentive Plan provides for the award - in three tranches - of a maximum number of 9,700,000 stock options. The options can be of two types:

- A Options, which give the right to receive shares in the quantity and according to the terms and conditions established in the Regulations;
- B Options, which give the right to receive Phantom Stock Options in the quantity and according to the terms and conditions established in the Regulations; these Phantom Stock Options will then be converted into Bonuses.

Pursuant to the 2022 Incentive Plan, the *type A and B options* awarded in each tranche shall vest upon completion of the related vesting period. Vesting is subject to a series of conditions better detailed in the 2022 Stock Option Plan itself, which require:

i. the continuation of the employment relationship with one of the Group companies and/or the office on the Board of Directors;

ii. levels of capital resources and liquidity necessary to meet the activities undertaken and compliance with other certain parameters, including those of a regulatory nature.

KPI	% of options vested at the "minimum" level	% of options vested at the "target" level	% of options vested at the "maximum" level
EBTDA^{RA}	25%	50%	75%
EPS	10%	20%	30%
C/I	10%	20%	30%
ESG (Carbon Footprint)	2.5%	5%	7.5%
ESG (Customer Satisfaction)	2.5%	5%	7.5%

As of December 31, 2023, the total number of options assigned amounted to 7,664,500 (of which 3,439,500 equity settled and 4,225,000 cash settled/phantom stock options), all still to be exercised.

Specifically for the first tranche, 5,647,000 options were granted (of which 2,554,500 were settled with equity and 3,092,500 were settled with cash/phantom stock options).

As for the second tranche, 2,127,500 options were granted (of which 939,000 were settled with equity and 1,188,500 were settled with cash/phantom stock options).

In general, in the philosophy of pay-for-performance and the deep alignment of the interests of personnel with those of the shareholders, more than a quarter of all corporate employees of the Group (26.87%, 223 people) benefit from equity plans, a figure that is up 4 percentage points from the previous year.

Part 2 of this section shows table no. 2, scheme 7-bis envisaged by Attachment 3A, of the Issuers' Regulation.

2.5.2 2020 Stock Option Plan

The 2020 Stock Option Plan aimed at the awarding – in three tranches – of a maximum number of 8,960,000 stock options, each of which grants the beneficiaries the right to receive ordinary shares of the Company, in accordance with the terms and conditions set out in the plan regulations. In particular, the options may be exercised in cash-less mode.

Pursuant to the 2020 Stock Option Plan, the stock options granted in each tranche vest upon completion of the relative vesting period. Vesting is subject to a series of conditions better detailed in the 2020 Stock Option Plan itself, which require:

i. the continuation of the employment relationship with one of the Group companies and/or the office on the Board of Directors;

ii. levels of capital resources and liquidity necessary to meet the activities undertaken and compliance with other certain parameters, including those of a regulatory nature.

With regard to the 2020 Stock Option Plan, which involved the total allocation of 8,384,500 options out of a total of 8,960,000, 2,408,300 options have already been exercised, 514,800 options are no longer exercisable, and 5,461,400 options remain to be exercised, of which 2,227,700 options are exercisable as of December 31, 2023.

Part 2 of this section shows table no. 2, scheme 7-bis of the Issuers' Regulation.

2.5.3 2016 Stock Option Plan

With regard to the 2016 Stock Option Plan, which involved the total granting of 8,358,640 options, 8,086,340 options have already been exercised, 176,300 options are no longer exercisable while 96,000 options were still exercisable as of December 31, 2023.

Part 2 of this section shows table no. 2, scheme 7-bis of the Issuers' Regulation.

2.6 Agreements relating to cases of early termination of employment or termination of office

As specified in Section I of the Report, the Board of Directors may approve payments for the Risk Takers in the event of early termination of employment or termination of office, in order, among other things, to limit the risks of potential litigation with the Risk Takers concerned and pre-estimate the related cost for the Bank, avoiding the uncertainty of a ruling.

This remuneration is quantified and paid by the Group in accordance with the criteria set out below.

The determination of this remuneration is subject to *ex post* adjustment mechanisms (Malus and Claw Back), within the limits allowed by the collective agreements applicable to the employment relationship, as envisaged by the Supervisory Provisions for Banks and, in any case, in compliance with the limits and requirements of the relevant legislation. A retention period of no less than one year applies to the above-mentioned remuneration for the portion paid in Financial Instruments.

For amounts agreed with members of Personnel in view or at the time of early termination of employment or early termination of office, the limits set in the Supervisory Provisions on Remuneration, Section III, paragraph 2.2.2 apply: the amount agreed cannot exceed the limit of 24 months of the Global Remuneration for the last year of the relationship.

In any event, these amounts may not exceed:

a) €1,100,000 for Employees;

b) for Personnel other than Employees, including the Chief Executive Officer, 4,500,000 euros.

In this regard, the Bank has agreed on amounts in view or at the time of early termination of office or early termination of employment with two Risk Takers, including the Chief Executive Officer:

- the Chief Executive Officer, whose contract provides for the potential payment, upon termination of office, of an amount equal to the lower of (i) 1.8 times the sum of the average Variable Remuneration[48] of the previous three years and the Fixed Remuneration (excluding Benefits) and (ii) 4,500,000 euros. The golden parachute will be paid to the Chief Executive Officer, in the event of early termination of office, solely upon the occurrence of certain circumstances. The contractually specified circumstances which determine the Chief Executive Officer's right to payment of the golden parachute are as follows:
  - removal from office as a director prior to the approval of the Bank's financial statements as of December 31, 2029, other than on bad leaver clauses;
  - substantial reduction or revocation of the powers of the CEO during any term of office that was in progress until the date of approval of the Bank's financial statements on December 31, 2026, for a reason other than a written request from the Bank of Italy or Consob;
  - reduction in Remuneration not due to failure to achieve the targets of the variable incentive schemes of the Chief Executive Officer during any term of office that was ongoing until the date of approval of the Bank's financial statements as of December 31, 2026.

  The disbursement of the golden parachute is structured as follows:

[48] Defined as the average of the amounts paid to the Chief Executive Officer as Variable Remuneration (as currently defined) in the three-year period preceding the vesting date of the Chief Executive Officer's right to receive the golden parachute, including amounts still subject to deferment (for the sake of clarity: the deferred variable remuneration accrued in the previous three-year period is taken into account but not the deferred amount received in the three-year period arising from variable remuneration prior to the three-year period of reference) and including the value of any stock options, phantom stock options or other equivalent instruments awarded in the three-year period, the value of which is the value calculated on the award date.

- 40% up-front portion, while the remaining 60% is deferred in equal annual installments over 5 years, beginning 12 months after the vesting of the up-front portion;

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

Moreover, the golden parachute is:

- subject to malus and clawback mechanisms;

- conditional on the absence of any conduct by the Chief Executive Officer, in the context of the Bank's activities or his/her professional activities in such context, which has resulted in a significant loss for the Bank or the Group companies;

- subject, in the vesting year, to compliance with gates associated, compliance with capital and liquidity limits and application of performance parameters, net of the risks.

- a Risk Taker belonging to the category of Employees, whose contract provides for a potential payment, upon termination of employment, of an amount equal to 24 months of the Global Remuneration for the last year of the relationship, in addition to the indemnity in lieu of notice.

2.7 Analysis of the Gender Pay Gap and the Diversity & Inclusion Operational Plan

BFF Group offers, on a gender-neutral basis, remuneration in line with the market, benefits and additional incentive schemes designed both to improve people's quality of life and value their performance based on merit.

As in the previous year, the BFF Group pledged to contribute to narrowing the gender diversity gap, focusing on the following objectives broken down into an operating plan (see below).

Inclusion Board	Establishment and launch in 2023 of a committee dedicated to inclusion consisting of nine people from the Group providing diverse representation of perspectives and expertise to enable more inclusive decisions and bring new perspectives
Diversification of the Talent Pool	Foster equality of opportunity in 2023 through (1) the establishment of a leadership model to encourage objective decisions based on competencies and performance, (2) the introduction of objective assessment tools "calibrated" to cultural and other differences to ensure an assessment that is as fair and objective as possible
Inclusion@BFF (Training & Awareness)	Increase employee awareness with respect to key elements of the Diversity & Inclusion Policy, with mandatory training from 2023 focused on key concepts such as cultural awareness, equity, and non-discrimination. Development of training courses dedicated to bias, assessments, and awareness-raising materials. Specific module from 2024 for the Onboarding process
Reduction of the Gender Pay Gap	Promote equity and equal opportunities in careers and earnings by focusing on the meritocratic cycle with specially developed analyses and studies of turnover and hiring practices. Analysis of gender neutrality and the gender pay gap.
Communications and Monitoring	Ensure proper implementation and assessment of the effectiveness of the initiatives through the development of a dashboard for monitoring key KPIs related to diversity and inclusion. Addition of an item related to inclusion in the company climate survey.

In order to ensure constant monitoring of pay gaps and gender neutrality as part of the overall governance of policies, and in compliance with the provisions of the update of Circular 285/13 on remuneration and incentive policies and systems of November 24, 2021 and the EBA Guidelines[49] (July 2, 2021), the BFF Group annually prepares a Report on the gender neutrality of remuneration policies and activates a series of controls as specified below.

[49] Guidelines for sound remuneration policies pursuant to Directive 2013/36/EU - GL on remuneration policies under CRD_IT.pdf (europa.eu)

Analyses conducted for 2023 show a Gender Pay Gap of 88.4% unchanged from the previous year for the Board of Directors (excluding the Chair).

The containment of the Pay Equity Gap between 2022 and 2023 considering all countries went from 73.7% in 2022 to 76.7% in 2023, showing a non-discriminatory pay policy with respect to gender. In line with the Diversity & Inclusion Policy, the Group has implemented a review of the processes of recruiting, growth, and retention of personnel, placing a special focus on the gender gap. To achieve this goal, analysis and monitoring tools, including those based on numerical indicators, are being used so as to assess any situations of wage inequality accurately and take appropriate corrective measures.

See the Non-Financial Statement for more details.

2.8 VERIFICATIONS ON THE REMUNERATION SYSTEM BY CONTROL FUNCTIONS AND BOARD INTERNAL COMMITTEES

The Corporate Control Functions and any other person responsible for supervising the Group's incentive system participated in the conformity assessment of the remuneration policies implemented in 2023.

2.8.1 *COMPLIANCE AND AML*

The Compliance & AML Function verified compliance of the remuneration policies with the reference regulatory framework and believes that they are consistent with the applicable reference legislation, the adopted Code of Ethics, and the By-Laws.

2.8.2 *RISK MANAGEMENT*

The Risk Management function has provided opinions on the adequacy of the indicators used to take account of the risks assumed by the Group in relation to incentive schemes. The Risk Management function also verified the final figure of said indicator for the year 2023.

2.8.3 *INTERNAL AUDIT*

In line with the Supervisory Provisions on Remuneration, the Internal Audit Function has carried out an annual check on the compliance of the Group's Remuneration and incentive practices with the 2023 Policy.

2.8.4 *CONTROL AND RISKS COMMITTEE*

The Control and Risk Committee ascertained that incentives underlying the Group's Remuneration system are consistent with the maximum risk level the Group intends to take.

2.9 COMPOSITION AND ACTIVITIES OF THE REMUNERATION COMMITTEE

The Remuneration Committee[50] met 18 times in 2023. The main activities carried out concerned:

i. Reporting of 2023 performance results relating to the roles of Chief Executive Officer, Senior Executives, Executives reporting directly to the Chief Executive Officer, and Heads of the Group's Control Functions for the definition of the MBOs for which they are responsible;

ii. Definition of the 2023 quantitative targets relating to the roles of the Chief Executive Officer, Senior Executives, Executives reporting directly to the Chief Executive Officer and the Heads of the Group's Control Functions;

iii. Contributing to the definition of guidelines on remuneration policies and principles;

iv. Analysis and approval of remuneration packages for the hiring of new and Senior Executives;

v. Analysis of shareholders' meeting votes and update of the *Remuneration and Incentive Policy for the members of the strategic supervision, management and control bodies and the personnel of the BFF Banking Group*;

vi. Identification of the beneficiaries of stock options in the categories for which the Board of Directors is responsible;

vii. Analysis of new regulatory requests and adaptation of the pay package for the Chief Executive Officer;

viii. Definition and conclusion of a settlement agreement between the Bank and the Chief Executive Officer as part of the contract review;

ix. Support to the Board of Directors in analyzing the gender neutrality of remuneration policies and the verification of the Gender Pay Gap and its evolution over time.

In carrying out its functions, the Remuneration Committee was able to consult the competent internal structures and make use of external consultants such as Morrow Sodali for the analysis for the shareholders' meeting voting, Mercer for benchmarking, and the PedersoliGattai and DLA Piper law firms.

[50] For a description of the composition, function and operation of the Compensation Committee, see Section I paragraph 1.4 (Compensation Committee)

Below are two descriptive tables, respectively:

- the Remuneration Committee meetings during 2023;
- its composition, pursuant to Article 123 bis, paragraph 2 of the Consolidated Finance Act, with the names of its members, any executive role, the person appointed as Chairman and the percentage of attendance at meetings.

1. DESCRIPTION OF THE MEETINGS OF THE REMUNERATION COMMITTEE IN 2023 AND FORECAST NUMBER OF MEETINGS IN 2024.	
Were the proceedings duly recorded?	*Yes*
Has the Chairman of the Remuneration Committee reported this to the first useful Board of Directors?	*Yes*
Number of Remuneration Committee meetings	*18*
Average duration of the meetings	*1 hour and 7 minutes*
Were there any meetings of the Remuneration Committee that were also attended by external members?	*Yes, by invitation. In 2023, the Chairman of the Board of Directors attended some meetings of the Remuneration Committee, and certain items of the agenda were discussed by the Chief Executive Officer, the Chair of the RPT Committee, Ms. Anna Kunkl, the Head of Human Resources and Organizational Development, the Head of Compliance & AML, the Head of Risk Management, the Group General Counsel & Business Legal Affairs, the Head of Investor Relations, Strategy, and M&A and external consultants.*
Were there any meetings of the Remuneration Committee attended by the Chairman of the Board of Statutory Auditors or other members?	*Yes*
Does at least one member of the Remuneration Committee have knowledge and experience in accounting and financial matters, and/or remuneration policies, deemed appropriate by the Board at the time of appointment?	*Yes*
Number of meetings of the Remuneration Committee scheduled for 2024 (and number of meetings already held during the current year).	*Year 2024: 12, of which 3 meetings already held (as of March 7)*

Below is a table summarizing the information relating to the members of the Remuneration Committee.

1. INFORMATION ON REMUNERATION COMMITTEE MEMBERS FROM JANUARY 1, 2023 TO DECEMBER 31, 2023

Name and surname	Independent director?	Non-executive director?	Elected chairman?	% attendance at meetings compared to the period in office	Term of office
Piotr Henryk Stepniak	No	Yes	No	100%	January 1, 2023 - December 31, 2023
Giovanna Villa	Yes	Yes	Yes	100%	January 1, 2023 - December 31, 2023
Domenico Gammaldi	Yes	Yes	No	100%	January 1, 2023 - December 31, 2023

2.10 COMPARISON OF THE ANNUAL CHANGE IN TOTAL REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER, AND BOARD OF STATUTORY AUDITORS, AND THE COMPANY'S PERFORMANCE AND THE AVERAGE GROSS ANNUAL REMUNERATION OF EMPLOYEES

Following is information comparing:

- the total remuneration of each of the persons for whom the information in this section of the Report is provided by name (Table 2);
- the average gross annual remuneration (calculated based on the full-time employees) for employees other than those in Table 2 is shown in Table 3.
- The pay ratio (ratio of CEO remuneration to the average of group employees) is shown in Table 4.

Name	Office	2021	2022	2023	Variation 2022-2021	Variation 2023-2022	Note
Salvatore Messina	Chairman	302.945	320.000	320.000	6%	0%	
Massimiliano Belingheri	CEO	2.726.170	3.668.202	3.012.472	35%	-18%	The 2023 figure does not include the amount received by the AD as settlement agreement
Federic Fornari Luswergh	Board member	78.863	80.000	80.000	1%	0%	
Gabriele Michaela Aumann Sc	Board member	86.271	89.000	89.000	3%	0%	
Piotr Henryk Stepniak	Board member	69.150	81.791	83.505	18%	2%	in office from 25/03/2021
Domenico Gammaldi	Board member	69.534	98.904	100.000	42%	1%	in office from 25/03/2021
Monica Magrì	Board member	-	53.425	60.000	0%	12%	in office from 10/02/2022
Anna Kunkl	Board member	-	50.164	60.000	0%	20%	in office from 24/02/2022
Giovanna Villa	Board member	46.356	70.281	74.000	52%	5%	
Nicoletta Paracchini	Member Board of Statutory Auditors	-	44.945	85.000	0%	89%	in office since 22/06/2022
Fabrizio Riccardo Di Giusto	Member Board of Statutory Auditors	50.219	65.000	65.000	29%	0%	
Paolo Carbone	Member Board of Statutory Auditors	50.219	65.000	65.000	29%	0%	
Silvio Necchi	Supervisory Board Member	20.000	20.000	20.000	0%	0%	
Marina Corsi	Supervisory Board Member	12.931	20.000	20.000	55%	0%	

Table 2.

Scope	Gross Average Annual Salary 2020	Gross Average Annual Salary 2021	Gross Average Annual Salary 2022	Gross Average Annual Salary 2023	Change 2021-2020	Change 2022-2021	Change 2023-2022
Italy	57,240	55,912	56,533	60,806	-2.3%	+1.1%	+7.6%

Table 3.

Pay Ratio	Fixed Remuneration
2023 ratio CEO vs Average Italian Employee	20:1
2023 ratio CEO vs Average Group Employee	24:1

Table 4

3 SECOND PART

In this second part of Section II, the remunerations paid in the reference financial year to the persons identified by the reference legislation, i.e., the members of management and control bodies and managers with strategic responsibilities are analytically illustrated. It should be noted that, in this second part of Section II, "other management personnel with strategic responsibilities" means those persons who, within the Banking Group, fall within the definition of Senior Executive set out in the 2023 Policy.

Also illustrated are the fees paid during the reference year but relating to activities carried out in previous years (deferred portions of Variable Remuneration referring to previous years), and those to be paid in subsequent years for activities carried out in the reference year (deferred portions of Variable Remuneration for the reference year).

The data are provided on an individual named basis for the remuneration of the members of the management and control bodies, and the Chief Executive Officer and in aggregate for the executives with strategic responsibilities as none of them receives a higher remuneration than the Chief Executive Officer.

3.1 ANALYTICAL TABLES ON "REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT AND CONTROL BODIES, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES"

Issuers' Regulation - Attachment 3A. SCHEDULE 7-BIS: Remuneration report. – TABLE 1 (in euros).

(A)	(B)	(C)	(D)	-1	-2	-3		-4	-5	-6	-7	-8
Name and Surname		Period for which the office was held	Expiry date of office	Fixed remuneration	Fees for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity compensation	Termination of office or termination of employment
						Bonuses and other incentives	Profit-sharing					
Massimiliano Belingheri	**Chief Executive Officer**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				1.233.500	0		0	89.200	2.800.000	4.122.700	1.689.772	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				1.233.500	0	0	0	89.200	2.800.000	4.122.700	1.689.772	0
Salvatore Messina	**Chairman**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				320.000	0	0	0	0	-	320.000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				320.000	0	0	0	0	-	320.000	0	0
Federico Fornari Luswergh	**Director**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				50.000	30.000	0	0	0	-	80.000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				50.000	30.000	0	0	0	-	80.000	0	0
Gabriele Michaela Aumann Schindler	**Director**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				50.000	39.000	0	0	0	-	89.000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				50.000	39.000	0	0	0	-	89.000	0	0
Piotr Henryk Stepniak	**Director**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				50.000	10.000	0	0	0	-	60.000	0	0
(II) Remuneration from subsidiaries and affiliates				23.505 (*)	0	0	0	0	-	23.505	0	0
(III) Total				73.505	10.000	0	0	0	-	83.505	0	0

(A)	(B)	(C)	(D)	-1	-2	-3		-4	-5	-6	-7	-8
Name and Surname		Period for which the office was held	Expiry date of office	Fixed remuneration	Fees for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity compensation	Termination of office or termination of employment
						Bonuses and other incentives	Profit-sharing					
Giovanna Villa	**Director**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
I) Remuneration in the company that prepares the financial statements				50.000	24.000	0	0	0	-	74.000	0	0
II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
III) Total				50.000	24.000	0	0	0	-	74.000	0	0
Domenico Gammaldi	**Director**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
I) Remuneration in the company that prepares the financial statements				50.000	50.000	0	0	0	-	100.000	0	0
II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
III) Total				50.000	50.000	0	0	0	-	100.000	0	0
Monica Magrì	**Director**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
I) Remuneration in the company that prepares the financial statements				50.000	10.000	0	0	0	-	60.000	0	0
II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
III) Total				50.000	10.000	0	0	0	-	60.000	0	0
Anna Kunkl	**Director**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
I) Remuneration in the company that prepares the financial statements				50.000	10.000	0	0	0	-	60.000	0	0
II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
III) Total				50.000	10.000	0	0	0	-	60.000	0	0
Nicoletta Paracchini	**Chairman of the Board of Statutory Auditors**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
I) Remuneration in the company that prepares the financial statements				85.000	0	0	0	0	-	85.000	0	0
II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
III) Total				85.000	0	0	0	0	-	85.000	0	0
Fabrizio Riccardo Di Giusto	**Board of Statutory Auditors Member**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
I) Remuneration in the company that prepares the financial statements				65.000	0	0	0	0	-	65.000	0	0
II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
III) Total				65.000	0	0	0	0	-	65.000	0	0

(cont'd)

(A)	(B)	(C)	(D)	-1	-2	-3		-4	-5	-6	-7	-8
Name and Surname		Period for which the office was held	Expiry date of office	Fixed remuneration	Fees for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity compensation	Termination of office or termination of employment
						Bonuses and other incentives	Profit-sharing					
Paolo Carbone	**Board of Statutory Auditors Member**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				65.000	0	0	0	0	-	65.000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				65.000	0	0	0	0	-	65.000	0	0
Silvio Necchi	**Supervisory Body Member**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				20.000	0	0	0	0	-	20.000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				20.000	0	0	0	0	-	20.000	0	0
Marina Corsi	**Supervisory Body Member**	from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				20.000	0	0	0	0	-	20.000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				20.000	0	0	0	0	-	20.000	0	0
Managers with strategic responsibilities (4)		from January 1, 2023 to December 31, 2023	Approval 2023 financial statements									
(I) Remuneration in the company that prepares the financial statements				810.000	0		0	50.301	25.000	885.301	841.303	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	-	0	0	0
(III) Total				810.000	0	0	0	50.301	25.000	885.301	841.303	0

Note to Table 1:

(*) Correspondence in euros of PLN 102,000, calculated at the exchange rate on December 29, 2023

3.2 ANALYTICAL TABLES ON "STOCK OPTIONS GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES"

SCHEDULE 7-BIS: Remuneration report. – TABLE 2.

			Options held at the beginning of the year			Options granted during the year						Options exercised during the year			Options expired during the year	Options held at the end of the year	Options accrued during the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (= 2+5-11-14)	16
Name and Surname	Position	Plan	Number of options	Exercise price	Possible exercise period	No. of options	Exercise price (euros)	Possible exercise period (from - to)	Fair value at grant date	Grant date	Market price of the shares underlying the grant of the options (*)	No. of options	Exercise price	Market price of the underlying shares on the exercise date	No. of options	No. of options	Fair value
Massimiliano Belingheri	CEO																
(I) Remuneration in the company that prepares the financial statements		BFF Group's stock-option plan approved by the Shareholders' Meeting on December 5, 2016 - Tranche 1	268.800**		From April 3, 2019 to April 3, 2024							268.800	3,092	8,899			-
		BFF Group's stock-option plan approved by the Shareholders' Meeting on December 5, 2016 - Tranche 2	102.000**		From March 30, 2020 to March 30, 2024							68.000	4,356	8,899		34.000	
		BFF Group's stock-option plan approved by the Shareholders' Meeting on April 2, 2020	1st tranche 1.120.000		For 80% from April 2023 to April 2025 For 20% from October 2024 to October 2026											1.120.000	115.500
		BFF Group's stock-option plan approved by the Shareholders' Meeting on April 2, 2020	2nd tranche 350.000		For 80% from April 2023 to April 2025 For 20% from October 2024 to October 2026											350.000	
		BFF Group's stock-option plan approved by the Shareholders' Meeting on March 1, 2022 (Phantom Stock Option) - Tranche 1	1.164.000		2022-2025 (70% after 3 years, 30% in 3 separate annual pro-rata payments: fourth year 10%, fifth year 10%, sixth year 10%)											1.164.000	1.574.272
		BFF Group's stock-option plan approved by the Shareholders' Meeting on March 1, 2022 (Phantom Stock Option) - Tranche 2				388.000		2023-2026 (70% after 3 years, 30% in 3 separate annual pro-rata payments: fourth year 10%, fifth year 10%, sixth year 10%)	0,94	04/07/22	6,78					388.000	
(II) Remuneration from subsidiaries and affiliates																	
(III) Total			3.004.800			388.000						336.800				3.056.000	1.689.772

(*) *Exercise price determinable on the basis of the formula set out in the Stock Option Plan at each exercise date.*

(*) *Total options awarded for the 2016 Plan relating to the 1st Tranche is 1,344,000 options, 2nd Tranche 170,000 options.*

			Options held at the beginning of the year			Options granted during the year						Options exercised during the year			Options expired during the year	Options held at the end of the year	Options accrued during the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (= 2+5-11-14)	16
Name and Surname	Position	Plan	Number of options	Exercise price	Possible exercise period	No. of options	Exercise price (euros)	Possible exercise period (from - to)	Fair value at grant date	Grant date	Market price of the shares underlying the grant of the options (*)	No. of options	Exercise price	Market price of the underlying shares on the exercise date	No. of options	No. of options	Fair value
Managers with Strategic Responsibilities (4) (**)																	
(I) Remuneration in the company that prepares the financial statements		BFF Group's stock-option plan approved by the Shareholders' Meeting on December 5, 2016 - Tranche 1	50.160***		From April 3, 2019 to April 3, 2024							50.160	(min) 3.02 (max) 3.40	(min) 7.55 (max) 9.75		-	
		BFF Group's stock-option plan approved by the Shareholders' Meeting on December 5, 2016 - Tranche 2	32.000***		From March 30, 2020 to March 30, 2024							24.000	(min) 2.50 (max) 4.40	(min) 9.75 (max) 10.00		8.000	-
		BFF Group's stock-option plan approved by the Shareholders' Meeting on December 5, 2016 - Tranche 3	50.000***		From April 8, 2021 a April 8, 2025							38.000	(min) 3.80 (max) 4.14	(min) 8.90 (max) 9.75		12.000	
		BFF Group's stock-option plan approved by the Shareholders' Meeting on April 2, 2020	1st tranche**** 790.000		For 80% from April 2023 to April 2025 For 20% from October 2024 to October 2026							24.000	(min) 2.35 (max) 2.79	(min) 9.37 (max) 9.75		766.000	148.500
		BFF Group's stock-option plan approved by the Shareholders' Meeting on April 2, 2020	2nd tranche 270.000		For 80% from April 2023 to April 2025 For 20% from October 2024 to October 2026											270.000	
		BFF Group's stock-option plan approved by the Shareholders' Meeting on March 1, 2022 (Phantom Stock Option) - Tranche 1	700.000		2022-2025 (70% after 3 years, 30% in 3 separate annual pro-rata payments: fourth year 10%, fifth year 10%, sixth year 10%)											700.000	692.803
		BFF Group's stock-option plan approved by the Shareholders' Meeting on March 1, 2022 (Phantom Stock Option) - Tranche 2				235.000		2023-2026 (70% after 3 years, 30% in 3 separate annual pro-rata payments: fourth year 10%, fifth year 10%, sixth year 10%)	0,94	04/07/24	6,78					235.000	
(II) Remuneration from subsidiaries and affiliates																	
(III) Total			1.892.160			235.000						136.160				1.991.000	841.303

(*) *Exercise price determinable on the basis of the formula set out in the Stock Option Plan at each exercise date.*

(**) *The 4 executives exercised their rights at different times; the minimum and maximum strike prices were taken as reference value.*

(**) *The total options granted for the 2016 Plan are as follows: 1st Tranche 302,400 options; 2nd Tranche 80,000 options, 3rd Tranche 50,000 options*

(****) *The total options granted for the 2020 Plan are as follows: 1st tranche 790,000*

3.3 ANALYTICAL TABLES ON "INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, IN FAVOR OF MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES"

SCHEDULE 7-BIS: Remuneration report. – TABLE 3A

			Financial instruments granted in previous years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and attributable		Financial instruments accrued during the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12
Name and Surname	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price at granting[1]	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	*Fair value*
(I) Remuneration of the company that prepares the financial statements													
(II) Remuneration from subsidiaries and affiliates													
(III) Total													
(I) Remuneration of the company that prepares the financial statements													
(II) Remuneration from Subsidiaries and associates													
(III) Total													

3.4 ANALYTICAL TABLES ON "INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, IN FAVOR OF MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES"

SCHEDULE 7-BIS: Remuneration report. – TABLE 3B.

A	B	1	2			3			4
Last Name and First Name	Position	Plan	Bonuses of the year			Bonuses from previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	Not longer payable	Payable/Paid	Still deferred	
Belingheri Massimiliano	**Chief Executive Officer**								
		2023 MBO							
		2022 MBO					134.040	536.160	
		2021 MBO						335.100	
		2020 MBO					204.170		
		Integration Bonus 1st Tranche					117.285		
		Integration Bonus 2nd Tranche						203.641	
		Settlement agreement	1.120.000	1.680.000	2023-2028				
(II) Remuneration from subsidiaries and affiliates									
(III) Total			**1.120.000**	**1.680.000**			**455.495**	**1.074.901**	
Managers with strategic responsibilities (4)									
(I) Remuneration in the company that prepares the financial statements		2023 MBO							
		2022 MBO					38.413	115.238	
		2021 MBO					133.850		
		2020 MBO					12.375		
		Integration Bonus 2nd Tranche					90.777		
		Settlement agreement	15.000	10.000	2023-2027				
(II) Remuneration from subsidiaries and affiliates									
(III) Total			**15.000**	**10.000**			**275.415**	**115.238**	

3.5 ANALYTICAL TABLES RELATING TO "INFORMATION ON THE SHAREHOLDINGS OF MEMBERS OF MANAGEMENT AND CONTROL BODIES, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES"

SCHEDULE 7-TER. Shareholding of members of the management and control bodies and general managers.

Name and Surname	Position	Investee company	Number of shares held until the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
Belingheri Massimiliano	Chief Executive Officer	BFF Bank S.p.A.	28.010	244.983	-	272.993
Persons closely related to Belingheri			10.602.253	-	-	10.602.253
Federico Fornari Luswergh	Director	BFF Bank S.p.A.	5.100	-	5.000	100
Persons closely related to Fornari Luswergh			54.900	10.000	35.000	29.900
Salvatore Messina	Chairman	BFF Bank S.p.A.	-	-	-	-
Gabriele Michaela Aumann Schindler	Director	BFF Bank S.p.A.	-	-	-	-
Piotr Henryk Stepniak	Director	BFF Bank S.p.A.	-	-	-	-
Domenico Gammaldi	Director	BFF Bank S.p.A.	-	-	-	-
Monica Magrì	Director	BFF Bank S.p.A.	-	-	-	-
Anna Kunkl	Director	BFF Bank S.p.A.	-	-	-	-
Giovanna Villa	Director	BFF Bank S.p.A.	-	-	-	-
Nicoletta Paracchini	Chairman of the Board of Statutory Auditors	BFF Bank S.p.A.	-	-	-	-
Fabrizio Riccardo Di Giusto	Board of Statutory Auditors Member	BFF Bank S.p.A.	-	-	-	-
Paolo Carbone	Board of Statutory Auditors Member	BFF Bank S.p.A.	-	-	-	-
Silvio Necchi	Supervisory Body Member	BFF Bank S.p.A.	-	-	-	-
Marina Corsi	Supervisory Body Member	BFF Bank S.p.A.	52.950		20.000	32.950

(cont'd)

Number of managers with strategic responsibility	Investee company	Number of shares held until the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
Managers with Strategic Responsibilities (4)	BFF Bank S.p.A.	220.256	86.021	103.982	202.295
Persons closely related to Managers with Strategic Responsibilities (1)		65.000	45.000	5.000	105.000

3.6 Attachment to the 2024 Remuneration Policy: Bank of Italy Circular 285/2013 - Section VI – Reporting and Disclosure Requirements – Para. 1 Public Disclosure Requirements. Disclosure pursuant to Article 450 of the CRR prepared in the manner set forth in Implementing Regulation (EU) No. 637 of March 15, 2021.

a) Information regarding the bodies tasked with supervising remuneration. The information includes:

— name, composition and mandate of the main body (management body and remuneration committee, if applicable) which supervises the remuneration policy and the number of meetings held by this body during the year;

The Remuneration Committee is composed of three non-executive Directors, at least two of whom are independent. The Chairman of the Remuneration Committee is chosen from among the independent directors. The Chair of the Board of Directors, although assessed as independent, cannot be appointed as a member of the Remuneration Committee.

The current members of the Remuneration Committee, appointed by resolution of the BoD on February 24, 2022, are as follows: Giovanna Villa, Chairperson (independent director), Domenico Gammaldi, member (independent director), Piotr Stepniak (non-executive director).

The Remuneration Committee provides instructions and advice and makes recommendations to the Board of Directors on matters concerning Personnel remuneration and incentives, as well as the monitoring of areas within its remit.

For a detailed description of the functions assigned, please refer to paragraph 1.4 of the Remuneration Policy.

For a detailed description of the functions carried out in the course of 2023 and the relative breakdown, please refer to paragraph 2.8 of the Report on compensation paid for 2023.

The Committee met 18 times in 2023.

— external consultants whose services have been used, the body that appointed them and in which area of the remuneration framework;

In carrying out its functions, the Remuneration Committee was able to consult the competent internal structures and make use of external consultants such as Morrow Sodali for the analysis for the shareholders' meeting voting, Mercer for benchmarking studies and the PedersoliGattai and DLA Piper law firms.

— a description of the scope of application of the institution's remuneration policy (e.g., by region, by line of business), including the extent to which it is applicable to subsidiaries and branches located in third countries;

The Group Policy ensures the consistency of the remuneration and incentive systems within the Banking Group, in compliance with the specific characteristics of the sectors to which the Group companies belong, the related organizational structures, the applicable regulations based on the type of business and geographical location.

— a description of the staff or categories of staff whose professional activities have a material impact on the risk profile of the institution

BFF identifies the most Relevant Personnel for the Group having regard to all the companies in the same Group, whether or not they are subject to banking regulations on an individual basis, also ensuring the overall consistency of the identification process as well as coordination between the various applicable provisions based on the sectors that the Group companies belong to.

To this end, in line with the applicable regulatory provisions, it adopts a policy on the process of identifying the Group's most relevant personnel, which defines: i) the criteria and procedures used to identify most relevant personnel, ii) the procedures for staff assessment; iii) the role played by the corporate bodies and by the corporate functions responsible for the development, monitoring and review of the identification process.

The Group Companies actively participate in the process of identifying the most relevant Personnel for the Group conducted by the Parent Company, providing the latter with the necessary information and following the coordination instructions received.

For more details, see paragraph 2 of the Remuneration Policy ("Identification of Risk takers and classification of company roles")

b) Information relating to the characteristics and structure of the remuneration system for the most relevant personnel. The information includes:

— a summary of the main characteristics and objectives of the remuneration policy and information on the decision-making process followed to define the remuneration policy and on the role of the interested parties;

The Remuneration Policy for 2024 was prepared in consideration of the important challenges that BFF is called upon to continue to pursue within the strategic guidelines of the 2023-2028 Business Plan, taking into account the developments that have occurred in the meantime in the reference regulatory framework.
The BFF has set up the governance process in order to regulate the definition, implementation and management of remuneration policies. This process calls for the involvement, at different levels and based on the applicable areas, of multiple control bodies and Company functions: every year, the Report on Remuneration Policy and Compensation Paid is approved by the Shareholders' Meeting, after being approved by the Board of Directors and consulting with the Remuneration Committee.
The details are shown in paragraph 1 of the Policy ("Governance of the remuneration and incentive system"), and there is also a specific reference in part II of the Report.

— information on the criteria used for the assessment of performance and *ex ante* and ex post risk adjustment;

BFF defined a variable incentive system with the aim of aligning the interests of management with the creation of value for shareholders, such as to reward virtuous conduct and positive results and penalize the failure to achieve results and any worsening of the conditions of capital solidity, liquidity and profitability of the Group itself.
In order to do this, the annual variable remuneration and the correlation between risks and performance are established through a process that aims to provide remuneration in compliance with the risk profile defined by the Risk Appetite Framework (RAF), and on a going concern basis and in view of the sustainability of long-term results.
For the details, see Paragraphs 5 and 6 of the Remuneration Policy.

— whether the management body or the remuneration committee, where established, has reviewed the institution's remuneration policy over the past year and, if so, a summary of any changes made, the reasons for such changes and the related impact on remuneration;

Main changes introduced in the 2024 policy:

- Letter from the Chair of the Remuneration Committee
- Summary of the Chief Executive Officer's Remuneration
- Review of the structure of the Report, through the inclusion of summary tables and charts that facilitate the reading of the policy and increase its transparency, especially with reference to its connection with pay-for-performance (in particular paragraph 1.3 – Measuring the value generated in the interests of the investors)
- Clear Pay Mix for the Chief Executive Officer (5. Remuneration of the Chief Executive Officer).
- Inclusion of a section which illustrates the results of engagement, the changes in the year and the actions taken precisely in response to comments made (paragraph 1.3 – Measuring the value generated in the interests of the investors/Dialog with investors)
- Update to the conditions for accessing the golden parachute for the Chief Executive Officer (paragraph 5.4 – Golden Parachute).
- The integration of three ESG KPIs in the MBO of the Chief Executive Officer that aims to support the sustainability of the business through a quality relationship with customers, a positive impact on society thanks to a new strategic plan for the foundation and a commitment towards equality and inclusion to guarantee equal opportunities for everyone.
- Clear description of the KPIs and the access thresholds relating to the MBO and LTI objectives and the levels of incentives corresponding to the maximum, target and minimum levels of performance (paragraph 5.1 – MBO; paragraph 5.2 - Medium to long-term variable system (LTI); paragraph 6.2.2.1 – MBO for Employees; paragraph 6.2.2.3 – Incentive Plans in Financial Instruments).
- Comprehensive description of the relevant Medium to Long-Term Variable System (paragraph 5.2 - Medium to long-term variable system (LTI)).

b) Information relating to the characteristics and structure of the remuneration system for the most relevant personnel. The information includes:

— information on how the institution ensures that personnel performing internal control functions are remunerated regardless of the activities they control;

The remuneration of the figures belonging to the Control Functions falling within the perimeter of the MRTs is made up of a fixed part and a variable component which should not exceed one third of the fixed component. The latter is not determined by the achievement of economic and financial objectives, but is related to specific function objectives, in order to safeguard the independence required of the functions.

— policies and criteria applied for the establishment of guaranteed variable remuneration and severance pay.

Details regarding the existing Golden Parachute in 2023 and valid for 2024 can be found in detail in paragraph 6.2.2.7 of the Remuneration Policy ("Golden Parachute").

c) Description of how current and future risks are taken into account in the remuneration processes. The information includes a summary of the main risks, their measurement and how these measures affect remuneration.

As regards the Chief Executive Officer's MBO system, the Chief Executive Officer's MBO is linked in part to the timely achievement or exceeding of the Target Risk Adjusted EBTDA defined annually and to a further set of targets that are set annually by the Board of Directors.
The payment of the variable remuneration is subject to the conditions for the achievement of certain entry gates being met:

- Liquidity Coverage Ratio (LCR)≥ risk tolerance
- Total Capital Ratio (TCR)≥ risk tolerance
- $EBTDA^{RA}$ (risk- and cost-of-capital-adjusted return): Positive
- $EBTDA^{RA}$ / Target $EBTDA^{RA}$ ≥ 100%

For the details, see Par. 6.1 of the Remuneration policy ("MBO").

d) The ratios between the fixed and variable components of the remuneration established in accordance with Article 94(1)(g) of the CRD.

The Meeting approves any increase in the limit to the Variable to Fixed Remuneration ratio from 1:1 up to a maximum of 2:1 for Risk Takers. This authorization was implemented by the Shareholders' Meeting resolution of December 5, 2016, by which the Shareholders' Meeting approved the proposal of the Board of Directors to raise the limit of the Variable to Fixed Remuneration ratio from 1:1 to a maximum of 2:1 (with the exception of Personnel in Corporate Control Functions).

e) Description of how the institution seeks to link performance over the assessment period to remuneration levels. The information includes:

— a summary of the main performance criteria and metrics of the institution, the business lines and the individual persons;

As regards the Chief Executive Officer's MBO system, the Chief Executive Officer's MBO is linked in part to the timely achievement or exceeding of the Target EBTDA^{RA} defined annually and to a further set of targets that are set annually by the Board of Directors.
With regard to the remaining Employees, the ordinary process of managing the short-term "MBO" Incentive System specifies that, when drawing up the budget, the Human Resources and Organizational Development Function estimates the MBO bonus pool for Personnel, the amount of which is determined by assuming the achievement of individual and corporate objectives based on the mechanisms provided by the incentive system. The objectives consist of a quantitative component, assigned to individual resources, and a qualitative component. Specifically:

- quantitative objectives may be of an economic, project or process efficiency nature or concern people, and may involve individuals, teams, or business units; they must also be clear, objectively observable and measurable, and, depending on the type mentioned, directly linked to the EBTDA^{RA} and/or to growth;
- qualitative objectives, on the other hand, are linked to organizational behavior, identified on the basis of the company's values and culture, and distinguished according to the position held.

In order to facilitate strategic alignment with company objectives, quantitative objectives are assigned using a structured "cascading" process.
For the details, see Par. 5.1 and 6.2 of the Remuneration Policy.

— a summary on how the individual variable remuneration amounts are linked to the performance of the individual and the institution;

The individual variable remuneration is based mainly on the overall performance of the Group and of the individual Entities/Business Units in order to determine the size of the available bonus pools and subsequently on the individual performance

— information on the criteria used to determine the balance between the different types of instruments recognized, including shares, equity equivalents, options and other instruments;

Variable remuneration has a maximum impact of 2:1. With reference to annual incentive systems for the most relevant personnel, at least 50% is paid in financial instruments, both in the up-front component and in the deferred component (51% for the deferred portion in the event of particularly high variable remuneration). With reference to long-term incentive systems, these can be assigned entirely in financial instruments or, if in monetary form, in any case in compliance with the regulatory provisions regarding the balancing between monetary components and components in financial instruments.

— information on the measures the institution will implement to adjust the variable remuneration component in the event that performance metrics are weak, including the institution's criteria used for determining that such metrics are "weak".

In order to discourage the assumption of excessive risks that could lead to a worsening of the Group's "health" conditions and also in compliance with the provisions of Bank of Italy regulations, the payment of the bonus pool, whatever its extent, is necessarily subject to compliance with certain entry gates, linked to indicators of capital solidity, liquidity and risk-adjusted profitability.

f) Description of how the institution seeks to adjust remuneration to reflect long-term performance. The information includes:

— a summary of the institution's policy on deferral, payment in instruments, periods of retention and vesting of variable remuneration, including where it differs between members of personnel or categories of personnel;

As a result of the update of the bank size criteria by the Bank of Italy and, therefore, considering the Bank's classification as "not a small bank", the payout schemes have been changed for the CEO and the other Risk Takers, significantly extending the time horizon and increasing the incidence of the equity component (See Par. 5 for the CEO and 6.2.1.2 for Risk Takers):

i) the percentages of deferral from 2022 were increased from 30% to 40% and to 60% in the case of particularly high Variable Remuneration, for the CEO and the remaining members of the Senior Management (see Paragraph 6.2.1.2. and 6.2.1.3.);

ii) the deferral periods again from 2022 were increased from 2 to 4 years (5 years for particularly high Variable Remuneration), linear pro-rata (i.e., 10% at one year from the payment of the up-front portion, 10% in the second year, 10% in the third year, 10% in the fourth year). For beneficiaries of particularly high amounts of Variable Remuneration, the deferral is 5 years, linear pro-rata (i.e., 12% at one year from the payment of the up-front portion, 12% in the second year, 12% in the third year, 12% in the fourth year, 12% in the fifth year). The disbursement of deferred amounts to Employees is subject to the beneficiary remaining on staff at the payment date, without prejudice to the fact that, after three years of deferral have passed, beneficiaries will accrue the right to the payment of the subsequent deferred amounts as well, irrespective of whether they still work for the bank.

— information on the institution's criteria for *ex post* adjustments (malus during the deferral period and payback after vesting, if allowed by national law);

Variable Remuneration, including golden parachutes, is subject to *ex post* adjustment mechanisms (*Malus* and Claw Back), which may lead to a reduction, even significant, or to the zeroing of the variable component. The correction mechanisms must be identified within the limits allowed by law and by collective agreements applicable to employment relationships. They must reflect performance levels net of the risks actually assumed or achieved and capital levels, as well as take into account individual conduct.
With the assistance of the corporate functions, the Parent Company's Board of Directors shall ascertain the prerequisites that determine the activation of the *ex post* adjustment mechanisms with respect to the Relevant Personnel of the BoD, and shall decide on their application in accordance with the procedures set out in the internal activation Policy. For the remaining Personnel, the CEO is responsible, relying on the support of the competent company functions and, where necessary, the corporate bodies of the Subsidiaries.

— where applicable, share ownership requirements that may be imposed on the most relevant personnel.

There are no specified additional shareholding requirements to the retention periods defined with reference to the remuneration components in financial instruments.

g) The description of the main parameters and reasons for any variable remuneration scheme and any other non-monetary benefit according to Article 450(1)(f) of the CRR. The information includes:

— information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between the different types of recognized instruments, including shares, equity equivalents, equity related instruments, equivalent non-cash instruments, options and other instruments.

The total annual variable remuneration of the Group's divisions and business units, including the portion attributable to the most relevant personnel, is determined on the basis of the risk-adjusted economic performance of the respective division perimeters.

A significant portion of the variable remuneration is deferred and paid in part with financial instruments to link the incentives to the creation of long-term value, making it possible to verify the continuity and sustainability of positive results. Payments are made in annual pro rata disbursements, based jointly on the role held and the amount of variable remuneration assigned.

h) At the request of the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management.

See the Tables in Section II of the Report on the Remuneration Policy and on remuneration paid.

i) Information on whether an institution has right to a waiver under Article 94(3) of the CRD in accordance with Article 450(1)(k) of the CRR.

— For the purposes of this point, institutions benefiting from this waiver shall indicate whether it is based on Article 94(3)(a) and/or (b) of the CRD. They shall also indicate to which of the remuneration principles they apply the waiver(s), the number of staff members who benefit from the waiver(s) and their total remuneration, divided into fixed remuneration and variable remuneration.

If the annual Variable Remuneration does not exceed 50,000 euros and does not account for more than one third of the total annual Remuneration (low remuneration), the bonus is subject to:

iii. for Risk Takers and for Employees with a minimum qualification of QD3 (third level executive), regardless of their qualification as Risk Takers, a deferral period of two years for 30% of the Variable Remuneration. By way of example, for the year ending December 31, 2023, the deferred component of Variable Remuneration will be paid after the Shareholders' Meeting has approved the financial statements for the year ending December 31, 2024.
iv. for Risk Takers, a share in financial instruments equal to 50% with a 6-month retention period.

For all matters not expressly envisaged above, the same rules envisaged for the Variable Remuneration shall also apply to the Low Variable Remuneration, including the *ex post* adjustment mechanisms (Malus and Claw Back).

j) Large institutions shall publish quantitative information on the remuneration of the collective management body, distinguishing between executive and non-executive members, according to Article 450(2) of CRR.

See the tables below pursuant to Art. 450 CRR and those relating to Consob disclosure.

Template EU REM1: Remuneration awarded for the financial year

			A	B	C	D
			Management body - strategic oversight function [1]	Management body - management function	Other senior management	Other identified staff
1	Fixed Remuneration	Number of identified staff	7	1	4	28
2		Total fixed remuneration	546,505	1,322,700	860,301	3,783,557
3		Of which: cash-based	546,505	1,233,500	810,000	3,550,105
4		(Not applicable in the EU)	--	--	--	--
EU-4a		Of which: shares or equivalent ownership interests	--	--	--	--
5		Of which: share-linked instruments or equivalent non-cash instruments	--	--	--	--
EU-5x		Of which: other instruments	--	--	--	--
6		(Not applicable in the EU)	--	--	--	--
7		Of which: other forms	0	89,200	50,301	233,451
8		(Not applicable in the EU)	--	--	--	--
9	Variable Remuneration	Number of identified staff	7	1	4	28
10		Total variable compensation (*)	0	4,489,772	841,303	1,360,710
11		Of which: cash-based	--	1,372,000	0	106,462
12		Of which: deferred	--	823,200	0	42,639
EU-13a		Of which: shares or equivalent ownership interests (**)	--	3,117,772	841,303	1,254,248
EU-14°		Of which: deferred	--	856,800	0	37,246
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	--	0		
EU-14b		Of which: deferred	--	--	--	--
EU-14x		Of which: other instruments	--	--	--	--
EU-14y		Of which: deferred	--	--	--	--
15		Of which: other forms	--	--	--	--
16		Of which: deferred	--	--	--	--
17	Total remuneration (2 + 10)		546,505	5,812,472	1,701,604	5,144,267

(*) Including the amount paid by the Bank to the CEO as consideration for his waivers that does not fall under the 2:1 cap. In fact, Circular 285 excludes from the calculation of the ratio of variable remuneration to fixed remuneration the amounts agreed upon "as part of an agreement between the bank and the personnel, wherever reached, for the settlement of an actual or potential dispute, if calculated based on a predefined formula contained in the bank's remuneration policy" (para. 2.2.2, Part One, Title IV, Chapter 2, Section III, Circular 285). In our case, the default formula is x < or = 400% of fixed remuneration and is explicitly stipulated in the bank's remuneration policies.

(**) The FV of LTI plans pertaining to the current fiscal year was considered.

Template EU REM2: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)		A	B	C	D
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	--	--	--	--
2	Guaranteed variable remuneration awards -Total amount	--	--	--	--
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	--	--	--	--
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	--	--	--	--
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	--	--	--	--
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	--	--	--	--
7	Severance payments awarded during the financial year - Total amount	--	--	--	--
8	Of which paid during the financial year	--	--	--	--
9	Of which deferred	--	--	--	--
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	--	--	--	--
11	Of which highest payment that has been awarded to a single person	--	--	--	--

Template EU REM3: deferred remuneration

	Deferred and retained remuneration	A Total amount of deferred remuneration awarded for previous performance periods	B Of which due to vest in the financial year	C Of which vesting in subsequent financial years	D Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	E Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	F Total amount of adjustments during the financial year due to ex post implicit adjustments (i.e., changes of value of deferred remuneration due to the changes of prices of instruments)	EU-G Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	EU-H Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	--	--	--	--	--	--	--	--
2	Cash-based	--	--	--	--	--	--	--	--
3	Shares or equivalent ownership interests	--	--	--	--	--	--	--	--
4	Share-linked instruments or equivalent non-cash instruments	--	--	--	--	--	--	--	--
5	Other instruments	--	--	--	--	--	--	--	--
6	Other forms	--	--	--	--	--	--	--	--
7	MB Management function	**2.671.655**	**791.495**	**1.880.160**	--	--	--	**2.026.246**	--
8	Cash-based	1.312.325	391.047	921.278	--	--	--	1.001.923	--
9	Shares or equivalent ownership interests	1.359.330	400.448	958.882	--	--	--	1.024.323	--
10	Share-linked instruments or equivalent non-cash instruments				--	--	--	--	--
11	Other instruments	--	--	--	--	--	--	--	--
12	Other forms	--	--	--	--	--	--	--	--
13	Other senior management	**318.828**	**277.915**	**40.913**	**--**	**--**	**--**	**167.322**	--
14	Cash-based	165.602	145.145	20.456	--	--	--	167.322	--
15	Shares or equivalent ownership interests	153.227	132.770	20.456	--	--	--	52.067	--
16	Share-linked instruments or equivalent non-cash instruments			--	--	--	--	--	--
17	Other instruments	--	--	--	--	--	--	--	--
18	Other forms	--	--	--	--	--	--	--	--
19	Other identified staff	**1.311.268**	**647.964**	**663.304**	--	--	--	**297.219**	--
20	Cash-based	734.462	359.396	375.065	--	--	--	172.082	--
21	Shares or equivalent ownership interests	576.806	288.567	288.239	--	--	--	125.137	--
22	Share-linked instruments or equivalent non-cash instruments	--	--	--	--	--	--	--	--
23	Other instruments	--	--	--	--	--	--	--	--
24	Other forms	--	--	--	--	--	--	--	--
25	Total amount	**4.301.750**	**1.717.374**	**2.584.377**	**--**	**--**	**--**	**2.490.787**	--

Template EU REM4: Remuneration of 1 million EUR or more per year		
		A
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR.
1	From 1,000,000 to less than 1,500,000	--
2	From 1,500,000 to less than 2,000,000	--
3	From 2,000,000 to less than 2,500,000	--
4	From 2,500,000 to less than 3,000,000	--
5	From 3,000,000 to less than 3,500,000	--
6	From 3,500,000 to less than 4,000,000	--
7	From 4,000,000 to less than 4,500,000	--
8	From 4,500,000 to less than 5,000,000	--
9	From 5,000,000 to less than 6,000,000	1
10	From 6,000,000 to less than 7,000,000	--
11	From 7,000,000 to less than 8,000,000	--

N.B: The remuneration for the year includes a consideration waiver of €2.8 million and the Fair Value of Long-Term plans pertaining to 2023.

Template EU REM5: information on remuneration to staff whose professional activities have a material impact on the risk profile of the institution (most relevant personnel)

		A	B	C	D	E	F	G	H	I	J
		Management body remuneration			Business areas						
		Management body - strategic oversight function[51]	Management body - management function	Total MB	Investment banking	Retail banking	Asset management	Company functions	Independent internal control functions	All other	Total
1	Total number of identified staff	--	--	--	--	--	--	--	--	--	--
2	Of which members of the management body	7	1	8							
3	Of which other senior management										
4	Of which other identified staff	--	--	--	--	--	--	8	3	21	32
5	Total remuneration of identified staff	546.505	5.812.472	6.358.977	--	--	--	**1.298.846**	**1.055.184**	**3.650.536**	**6.004.567**
6	Of which variable remuneration	-	4.489.772	4.489.772	--	--	--	77.072	474.864	808.773	1.360.709
7	Of which fixed remuneration	546.505	1.322.700	1.869.205	--	--	--	1.221.774	580.320	2.841.763	4.643.858

[51] Including the Fair Value of Long-Term plans relevant to the fiscal year.

Shareholders,

in light of the above, we invite You to approve the following resolution proposal (on which two separate votes will be proposed depending on the topic, one for each deliberative item, each with its own executive mandate):

"The Meeting

Having regard to the "*2024 Remuneration and Incentive Policy for the members of the Strategic Supervision, Management and Control Bodies and the Personnel of the BFF Banking Group*" for the year 2024 as illustrated in the Board of Directors' Report

RESOLVES

i. to approve the new "*2024 Remuneration and Incentive Policy for the members of the Strategic Supervision, Management and Control Bodies and the Personnel of the BFF Banking Group"* included in Section I of the Board of Directors' Report;

ii. specifically approve the provisions referred to in sub-paragraph (b) of point 6.2.2.7 (amounts recognized under an agreement for the settlement of a current or potential dispute) of the new 2024 remuneration and incentive policy for the members of the management body, and the personnel of the BFF Banking Group – section 1 of the "Annual Report on the remuneration and incentive policies of the BFF Banking Group" relating to the policies for determining compensation in the event of early termination of office or termination of the employment relationship contained therein, including the default formula for determining the amounts recognized under agreements with personnel, in any location reached, for the settlement of current or potential disputes;

iii. to approve Section II of the *ex post* Report on (i) the items making up the Remuneration (including the treatments provided for in the event of termination of office or termination of employment) of the persons indicated above, in accordance with the 2023 Policy; (ii) the general information on the implementation of the 2023 Policy in 2023 and the assessments provided by the Group's control functions, each for aspects falling within its own competence; (iii) an analytical illustration of the remuneration paid in the reference financial year, for whatever reason and in whatever form, by the Bank and its Subsidiaries; (iv) the remuneration to be paid in one or more subsequent financial years, for the activity carried out in the reference financial year;

iv. and to grant the Board of Directors, and on its behalf the Chief Executive Officer, the widest possible powers to complete all the acts, requirements, and formalities necessary to implement each of the above resolutions, and thus also the power to make any changes to the aforesaid Policy that may be necessary to comply with the applicable laws and regulations.”

Milan, March 7, 2024

The Board of Directors