

REPORT ON
CORPORATE GOVERNANCE AND
OWNERSHIP STRUCTURES
BANCA IFIS GROUP
2014



Pursuant to art. 123 of the CFA
(traditional administration and control model)

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Glossary

Code/Corporate Governance Code: the Corporate Governance Code of listed companies approved in July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civil Code / C. C.: the Italian Civil Code.

Board: the Issuer's Board of Directors.

Issuer: the issuer of securities to which this report refers.

Financial Year/FY: the corporate financial year to which this report refers.

Consob's Issuers' Regulations: the Regulations concerning issuers implemented with Consob's (Italian securities & exchange commission) resolution no. 11971 of 1999 (as subsequently amended).

Consob's Market Regulations: the Regulations concerning markets implemented with Consob's resolution no. 16191 of 2007 (as subsequently amended).

Regulations on transactions with related parties: the Regulation concerning related-party transactions implemented with Consob's resolution no. 17221 of 12 March 2010 (as subsequently amended).

Report: the report on corporate governance and company shareholding structure that companies are required to prepare pursuant to Article 123-*bis* of the CFA.

CFA/Consolidated Finance Act: Legislative Decree no. 58 of 24 February 1998 (known in Italian as '*Testo Unico della Finanza*' – TUF).

1. Issuer profile

Governance

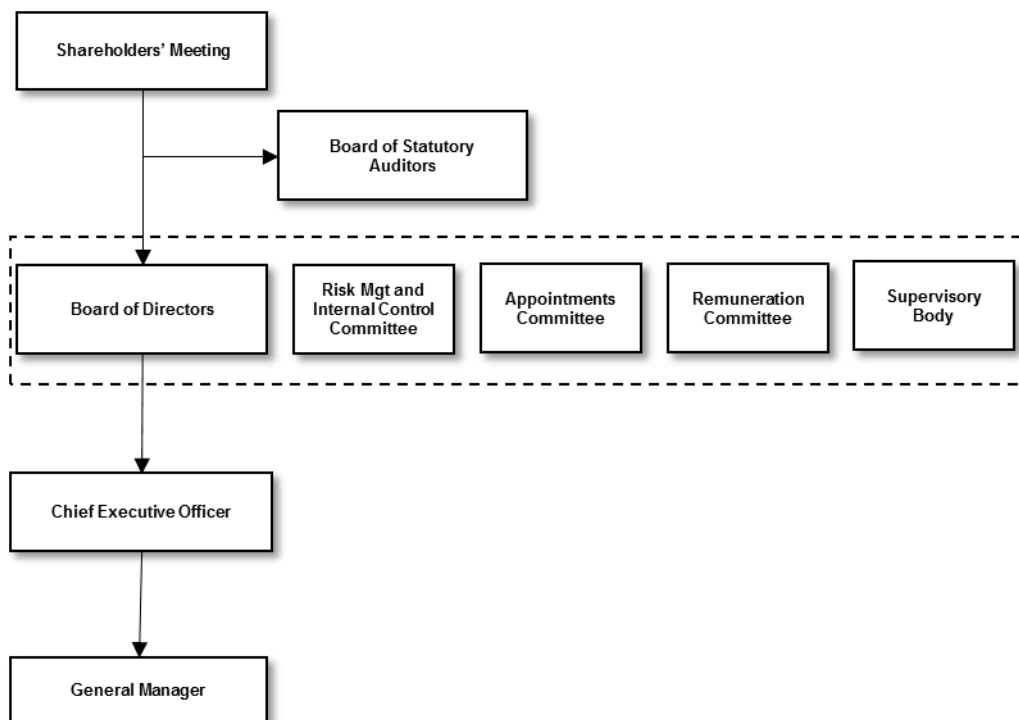
Banca IFIS is the Parent company of the Banca IFIS banking group and applies the traditional model of administration and control, believing it to be the best for its specific corporate reality to ensure efficient management and effective controls.

As regards the Bank of Italy’s supervisory provisions on corporate governance (Circular no. 285 of 17 December 2013 and thereafter), Banca IFIS falls under the category of banks that are larger or more complex in terms of their operations as it is listed in the STAR segment of the Italian Stock Exchange ‘La Borsa Italiana’.

In the model applied by Banca IFIS:

- Strategic supervision is performed by the Board of Directors;
- The Body assigned the management function has been identified in the person of the C.E.O.; The General Manager participates in this management function;
- Control is performed by the Board of Statutory Auditors.

Over the financial year, Banca IFIS carried out certain activities in order to adapt to the Bank of Italy’s 1st Amendment of Circular 285, which came into force on 17 March 2013, such that the Bank’s overall, corporate governance set-up is now as follows:



Over 2014, the procedure was initiated to fully adapt Banca IFIS’s Articles of Incorporation to the amendments introduced by the Bank of Italy in the following Supervisory provisions:

- Amendment no. 15 of 2 July 2013 to Bank of Italy’s Circular 263 of 27 December 2006;
- Amendment no. 1 of 6 May 2014 to Bank of Italy’s Circular 285 of 17 December 2013;

- Amendment no. 7 of 18 November 2014 to Bank of Italy's Circular 285 of 17 December 2013.

This project takes into account the need arising from these provisions to amend the Articles of Incorporation as regards the duties and composition of the Shareholders' Meeting, the Board of Directors and of the Management Body which is made up of the Chief Executive Officer (with the General Manager's help).

Mission

The Banking group currently carries out its activities in the following operational areas:

- Factoring, in Italy and abroad; abroad, this activity is carried out through the Parent company's internal structures (International Area) and through the subsidiary IFIS Finance; the financial assistance and credit management offer is mainly aimed at Small and Medium Enterprises; the outright definitive purchase activity mainly concerns, instead, receivables due from providers of the Italian National Healthcare Service;
- Non-recourse purchase of non-performing loans (due almost exclusively from individuals) from other intermediaries (mainly consumer credit companies and banks) and the management of the connected credit value chain, from assisting the debtors in drawing up sustainable repayment plans through a variety of communication channels (call centre, professional agents and external debt collection companies) to the collection of such loans (also through enforced recovery where debtors have the financial resources to be able to pay but are unwilling to do so);
- Purchase and management of tax receivables;
- Online collection through the rendimax savings account and the contomax current account; although these tools do not represent a specific business line for the bank, they are fully entitled to be classified among the Parent company's operational segments thanks to the type of activity involved and the size of the collection.

Company treasury activities are complementary to the aforementioned ones. Although their contents at certain times are particularly significant, they do not alter the mission of the Banking Group, which continues to be aimed mainly at providing financial assistance and credit management to Small and Medium Enterprises.

Corporate social responsibility

The Bank introduced its Code of Ethics by virtue of the Board resolution passed on 4 July 2003 and last updated on 20 September 2012. This Code states the rights, duties and responsibilities of the Group's components as regards all parties with whom they have dealings in order to accomplish their corporate purpose (clients, debtors, suppliers, employees and/or external collaborators, shareholders, supervisory bodies, institutions). It is therefore a directive with rules of conduct that have to be kept in mind when carrying out daily operations, in compliance with the legislation and regulations in force in the countries where the Group operates. The Code establishes standards and rules of conduct designed to reinforce corporate decision-making processes and guide the conduct of all collaborators of the Group's companies. The Code of Ethics is available on the company website www.bancaifis.it, in the 'Corporate Governance/Italian Lgs. Decree 231/2001' section.

2. Information on the shareholding structure

(as per Art. 123-bis, para. 1, CFA) as at 31/12/2014

a) Structure of share capital (as per Art. 123-bis, para. 1, letter a), CFA)

As at 31 December 2014, subscribed and paid-in share capital totalled 53.811.095,00 Euro, divided into 53.811.095 ordinary shares of the par value of 1,00 Euro each, as shown in the following table:

Share categories forming share capital as at 31 December 2014:

STRUCTURE OF SHARE CAPITAL	No. of shares	% of share capital	Listed (market) / unlisted	Rights and obligations
Ordinary shares	53.811.095	100%	Listed (on MTA – Milan electronic equity market)	Each ordinary share attributes the right to one vote

As at 31 December 2014, there were no other financial instruments outstanding attributing the right to subscribe newly issued shares.

For the shares to be allocated as variable pay to the C.E.O., the General Manager and any other person considered 'Key personnel', please refer to the report on remuneration as per Art. 123-ter of the CFA and the information document on equity-based compensation plans as per Arts. 114bis of the CFA and 84bis of Consob's Issuers' Regulations.

b) Restrictions on the transfer of securities (as per Art. 123-bis, para. 1, letter b), CFA)

There are no restrictions on the transfer of shares, save the retention periods foreseen for the shares to be allocated as variable pay to the C.E.O., the General Manager and any other person considered 'Key personnel'. For more details on the shares to be assigned to these Corporate Officers, please refer to the report on remuneration as per Art. 123-ter of the CFA.

c) Significant shareholdings (as per Art. 123-bis, para. 1, letter c), CFA)

As at 31/12/2014, communications made pursuant to Article 120 of the CFA and communications made by relevant subjects pursuant to Article 152 *octies* of the Issuers' Regulations stated that the following subjects possess, directly or indirectly, shares with voting rights representing more than 2% of share capital:

Declarant	Direct Shareholder		% of ordinary share capital	% of voting capital
FÜRSTENBERG SEBASTIEN EGON	La Scogliera S.p.A.:	52,638	52,651	52,651
	Fürstenberg Sebastien Egon:	0,013		
INVESCO LIMITED	Invesco Asset Management Ltd:	1,539	2,020	2,020
	Invesco Fund Managers Ltd:	0,306		
	Invesco Global Asset Management:	0,153		
	Invesco Canada Limited:	0,022		
SALAMON MARINA	Alchimia S.p.A.		2,001	2,001
PREVE RICCARDO	Preve Costruzioni S.p.A.	2,156	2,321	2,321
	Preve Riccardo	0,165		
BOSSI GIOVANNI	Bossi Giovanni	3,417	3,417	3,417

It is appropriate to point out that:

- The activity of the investment holding company La Scogliera S.p.A. is limited to holding its only significant equity investment - the controlling interest in Banca IFIS S.p.A.;
- Even though it is the majority shareholder, La Scogliera S.p.A. does not perform any management and coordination activity vis-à-vis Banca IFIS S.p.A.;
- The corporate purpose of La Scogliera S.p.A. expressly excludes management and coordination of the financial companies and banks in which it owns equity interests.

d) Securities granting special rights (as per Art. 123-bis, para. 1, letter d), CFA)

No securities have been issued that grant special rights of control.

e) Employee equity participation: mechanism for exercising voting rights (as per Art. 123-bis, para. 1, letter e), CFA)

Any employees holding shares of the Company exercise their shareholder rights in the same ways as other shareholders.

f) Restrictions on voting rights (as per Art. 123-bis, para. 1, letter f), CFA)

The Company knows of no restrictions on voting rights.

g) Shareholder agreements (as per Art. 123-bis, para. 1, letter g), CFA)

The Board of Directors of Banca IFIS S.p.A. knows of no agreements between the Company's shareholders as defined by Article 122 of the CFA.

h) Change-of-control clauses (as per Art. 123-bis, para. 1, letter h), CFA) **and statutory provisions on takeover bids** (as per Arts. 104, para. 1-ter, and 104-bis, para. 1).

Neither Banca IFIS S.p.A. nor its subsidiary IFIS Finance Sp. z o.o. have concluded significant agreements that take effect, are modified or lapse if change of control of the contractual party occurs.

The Articles of Incorporation of Banca IFIS S.p.A. do not contravene the passivity rule laid down by Article 104, paragraphs 1 and 2, of the CFA nor do they envisage the application of the neutralisation rules laid down by Article 104-bis, paragraphs 2 and 3, of the CFA.

i) Delegations of power to increase share capital and authorizations to buy treasury shares (as per Art. 123-bis, para. 1, letter m), CFA)

i.1) Authorised and unsubscribed capital; delegation of authority to the Board of Directors to increase share capital

As at 31 December 2014, the Board was not empowered to increase share capital pursuant to Article 2443 of the Italian Civil Code, i.e. to issue equity securities.

i.2) Treasury shares

The Ordinary Shareholders' Meeting of 17 April 2014 authorised the purchase and sale of treasury shares, pursuant to Article 2357 and thereafter of the Italian Civil Code, as well as Article 132 of Legislative Decree no. 58/98. During this Meeting, the changes in the legal framework governing the Banks' treasury funds was brought to attention, with particular regard to Articles 77 and 78 of EU Regulation no. 575/2013 of 26 June 2013 and the European Union's Commission Delegated Regulation no. 241/2014 of 7 January 2014 (which was published in the European Union Official Journal of 14 March 2014 and entered into force 21 days after publication). Shareholders were ensured that the applicable corporate structures would have executed the above resolution to purchase own funds in compliance with the new laws and any ensuing correspondence from the Bank of Italy. Following this, there was no necessity to apply to the Bank of Italy for authorisation as per the above laws and no new purchase or sale of treasury shares was carried out.

Therefore, the number of treasury shares held as at FY2014 year-end has not changed since the date of the Shareholders' Meeting and totals no. 887,165, accounting for 1,649% of share capital.

l) Management and coordination activity (as per Art. 2497 and thereafter of the Italian Civil Code)

Even though it is the majority Shareholder, La Scogliera S.p.A. does not perform any management and coordination activity in Banca IFIS S.p.A.. In this regard, it should be noted that the corporate purpose of La Scogliera S.p.A. expressly excludes management and coordination of the financial companies and banks in which it owns equity interests.

Note that:

- The information required by Article 123-bis, paragraph 1, letter i) (*'agreements between the company and Directors entailing indemnities in the event of resignation or dismissal without just cause or if the employment relationship ceases following a takeover bid'*), can be found in the report on remuneration published pursuant to Article 123-ter of the CFA;
- The information required by Article 123-bis, paragraph 1, letter l) (*'rules applicable to the appointment and substitution of Directors ... as well as the amendment of the Articles of Incorporation, if different from additional legislative and regulatory rules applicable'*), are illustrated in the section of this report dedicated to the Board of Directors (Section 4.1).

3. Compliance (as per Art.123-bis, para. 2, letter a), CFA)

Banca IFIS S.p.A. complies with the Corporate Governance Code of listed companies approved in 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., as lastly updated in July 2014.

The Code is accessible to the public on the website of the Corporate Governance Committee at the following link: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>.

The corporate governance structure of Banca IFIS is not influenced by non-Italian laws.

IFIS Finance Sp. z o.o., a factoring company wholly owned by the Issuer, is a Polish legal entity and is therefore subject to Polish legislation. This however, also because of the subsidiary's limited size in relation to the Parent company, in no way affects the corporate governance structure of Banca IFIS S.p.A..

4. Board of Directors

4.1. Appointment and substitution (as per Art. 123-bis, para. 1, letter l), CFA)

Members of the Board of Directors are appointed on the basis of lists presented by shareholders. Candidates are listed in sequential order and their number in any case must not exceed the maximum number of Members established by the Articles of Incorporation (fifteen).

Only shareholders who, alone or together with others, own at least 1% of ordinary shares at the time of submittal have the right to submit lists. A lower ownership threshold is possible and – by virtue of current legislation – must be indicated in the notice convening the Shareholders' Meeting called to vote on appointment of the Members of the Board of Directors.

One individual shareholder may not submit or vote for more than one list, including via proxies or trustee companies. Shareholders belonging to the same group and shareholders who are parties to a shareholders' agreement in respect of the issuer's share capital may not submit or vote for more than one list, including via proxies or trustee companies. Individual candidates may only be featured on one list, otherwise they shall become ineligible.

The lists must be submitted to the Company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting in first call, and must be made available to the public at the Company's registered office, on the Company's website and according to other methods provided for by regulations in force at least twenty-one days prior to the date set for the Shareholders' Meeting in first call.

The ownership of the minimum number of shares needed for presentation of lists is determined by taking into account the shares recorded in favour of the individual shareholder or multiple shareholders jointly on the day in which the lists are submitted to the company. In order to substantiate the ownership of the number of shares necessary for presentation of the lists, shareholders may exhibit the relevant certification, even subsequent to the submission of the lists, provided this is within the term set for publication of the lists by the Company.

The lists must be accompanied by:

- Information relating to the identity of shareholders who have presented lists, stating the percentage of shares held as a whole;
- A declaration by shareholders other than those who own, also jointly, a controlling or relative majority interest, certifying the absence of connections with the latter, as indicated in Article 147-*ter* of the CFA and Article 144-*quinquies* of Consob's Issuers' Regulations;
- Exhaustive information on candidates' personal and professional characteristics, as well as by a declaration by the candidates themselves certifying possession of the requirements established by law and acceptance of their candidacy.

Candidates who do not meet the requirements of integrity, professionalism and independence established by Article 26 of Legislative Decree no. 385/1993 cannot be included in lists. In addition, each list must indicate:

- At least two candidates (a quarter after approval of the statutory amendment project presently awaiting authorisation by the Bank of Italy) who met the requirements of independence established both by the Corporate Governance Code for Listed Companies prepared by Borsa Italiana S.p.A. and by Article 148, paragraph 3 of Legislative Decree no. 58/1998. These candidates must be positioned, on the list, in the first four positions in sequential order;
- A number of candidates belonging to the least represented gender, equal to at least one third, except for those lists that include a number of candidates that is less than three.

Board Members are elected as follows:

- 1) All Directors except one are elected, according to the sequential order with which they are indicated on the list, from the list obtaining the highest number of votes at the Shareholders' Meeting;
- 2) One Director is elected from the list obtaining the highest number of votes at the Shareholders' Meeting and that, pursuant to Article 147-*ter*, paragraph 3, of the CFA is in no way connected, not even indirectly, with the shareholders who submitted or voted for the list that came first in terms of the number of votes.

Should such selection criteria fail to ensure proper balance between genders to the extent established by the law from time to time, a sliding mechanism is applied to the selection from the list which obtained, during the Shareholders' Meeting, the highest number of votes based on the consecutive order with which the candidates are indicated. Such mechanism excludes the candidate or candidates of the more represented gender and reselects the candidate or candidates of the missing gender.

If just one list of candidates is submitted, the names indicated on that list will be elected as Members of the Board of Directors, up to the number of Directors to be elected less one, who shall be elected by the Shareholders' Meeting there and then, based on a simple majority but excluding from the vote the shareholders who submitted the single list, and based on the proposal of the shareholders not excluded from the right to vote.

In any case, at least two Members of the Board of Directors (a quarter after approval of the statutory amendment project) must meet the independence requirements established both by the Corporate Governance Code for Listed Companies prepared by Borsa Italiana and by Article 148, paragraph 3 of Legislative Decree no. 58/1998.

If, during the year, fewer than two Directors are found to meet such requirements (a quarter after approval of the statutory amendment project), the Board will resolve the lapse of one or two of its Members who have ceased to meet such requirements, based on a criterion of shorter tenure, or, in the case of equal tenure, lower age, and will co-opt one or two independent Members.

For any substitution of Board Members, without prejudice to the case of cessation of all Directors, legal provisions hold good, without application of the list vote.

The laws in force, without the involvement of list voting, shall govern any replacement of Directors, except in cases involving the termination of all Directors.

In the event of cessation of the Director elected from the list that obtained the highest number of votes at the Shareholders' Meeting and that, pursuant to Article 147-ter, paragraph 3 of the CFA is in no way connected, not even indirectly, with the shareholders who submitted or voted for the list that came first in terms of number of votes, the Board will first check the continued availability of the candidates listed in the list, according to the latter's sequential order, and will co-opt Members based on this criterion of preference.

In case of termination of a Director belonging to the least represented gender, the co-opted Director shall in any event belong to the same gender.

Succession Plans

The Board of Directors has resolved to not adopt a succession plan for Executive Directors in light of interchangeability for purposes of ordinary management between the C.E.O. and the General Manager.

4.2. Composition (as per Art. 123-bis, para. 2, letter d), CFA)

Pursuant to the Articles of Incorporation, the Board of Directors is composed of between five to fifteen Members, elected by the Shareholders' Meeting. They remain in office for a maximum of three years, established at the moment of election and expiring on the date in which the Shareholders' Meeting called to approve the Annual financial statements for the last year of their office takes place.

The composition of the Board in office as at FY2014 year-end, as shown also in Table 2 attached to this report, was as follows:

- Sebastien Egon Fürstenberg (Chairman of the Board of Directors);
- Alessandro Csillaghy (Deputy Chairman of the Board of Directors; Executive Director);
- Giovanni Bossi (CEO);
- Giuseppe Benini (Lead Independent Director);
- Francesca Maderna (Independent Director);
- Andrea Martin;
- Marina Salamon;
- Riccardo Preve;

- Daniele Santosuosso (Independent Director).

The present Board of Directors was elected at the Ordinary Shareholders' Meeting of 30 April 2013 for the years 2013, 2014 and 2015 and will expire on the date in which the Shareholders' Meeting called to approve the Annual financial statements for the year 2015 takes place. Two lists were submitted: one by the majority Shareholder 'LA SCOGLIERA S.p.A.' and one by the shareholders of 'Ersel Asset Management SGR S.p.A. Fund Manager of Fondersel P.M.I.; Eurizon Capital SGR S.p.A. Fund Manager of Eurizon Azioni PMI Italia; Eurizon Capital SA Fund Manager of Eurizon EasyFund Equity Italy LTE; Fideuram Investimenti SGR S.p.A. Fund Manager of Fideuram Italia; Fideuram Gestions SA Fund Manager of Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav Fund Manager of Interfund Equity Italy and Otus Capital Management Limited Fund Manager of Maga Smaller Companies Master Fund Limited' (which certified the absence of connections with the controlling shareholder).

Shown below, for both of them, are the list of candidates, the list of those elected and the percentage of votes obtained in relation to voting capital:

List submitted by the majority shareholder 'LA SCOGLIERA S.p.A.'		
List of candidates	List of those elected	Percentage of votes obtained
Sebastien Egon Fürstenberg Alessandro Csillaghy Giovanni Bossi Giuseppe Benini Francesca Maderna Andrea Martin Riccardo Preve Marina Salamon Lorenza Danzo	Sebastien Egon Fürstenberg Alessandro Csillaghy Giovanni Bossi Giuseppe Benini Francesca Maderna Andrea Martin Riccardo Preve Marina Salamon	80,38%

List submitted by the shareholders 'Ersel Asset Management SGR S.p.A. Fund Manager of Fondersel P.M.I.; Eurizon Capital SGR S.p.A. Fund Manager of Eurizon Azioni PMI Italia; Eurizon Capital SA Fund Manager of Eurizon EasyFund Equity Italy LTE; Fideuram Investimenti SGR S.p.A. Fund Manager of Fideuram Italia; Fideuram Gestions SA Fund Manager of Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav Fund Manager of Interfund Equity Italy and Otus Capital Management Limited Fund Manager of Maga Smaller Companies Master Fund Limited'		
List of candidates	List of those elected	Percentage of votes obtained
Daniele Santosuosso	Daniele Santosuosso	3,83%

Below we show a summary of the personal and professional characteristics of each Director in office as at the end of the 2014 financial year (pursuant to Article 144-*decies* of the Consob's Issuers' Regulations) based on the declarations provided by each of them and attached to the lists, as well as on any subsequent updates notified by those concerned.

The number of official posts held by the Directors, the Statutory Auditors and the General Manager in companies and entities other than Banca IFIS is shown in table 4 attached to this report, while for the posts in 'significant' companies as per the Regulation on the maximum total number of offices that can be held by company Officers, please see Section 4.2.

Chairman of the Board of Directors – Sebastien Egon Fürstenberg

Sebastien Egon Fürstenberg has been active in the factoring sector for over 25 years. In 1983 he founded the company I.Fi.S. S.p.A. – Istituto di Finanziamento e Sconto (now Banca IFIS S.p.A.). As from 1992 he has been the Sole Director and, as from 2 February 2009, Chairman of the Board of Directors of La Scogliera S.p.A., a company whose purpose is to purchase, manage and sell investments in banks and financial companies and which holds the majority equity interest in Banca IFIS S.p.A..

Deputy Chairman – Alessandro Csillaghy

Alessandro Csillaghy has been the Bank's Deputy Chairman since 1996, performing an executive role to develop the Bank's presence abroad, by means of contacts with local institutions and foreign entrepreneurs designed to further Banca IFIS's foreign commercial business.

In particular, he has set up representative offices in Central Europe in Bucharest and Timisoara in Romania and in Budapest in Hungary. He is the Head of the Budapest representative office and, as from April 2010, he was the Officer in charge of the Paris branch up until its closing (30 September 2012). Since 2011, he has been Chairman of the Board of Directors of the subsidiary IFIS Finance Sp. Z o.o, a factoring company in Poland.

Chief Executive Officer – Giovanni Bossi

A graduate in Economics & Commerce and a licensed Professional Accountant, Giovanni Bossi has been registered in the Italian Public Register of Approved Statutory Auditors since 1992. In the past he taught at the faculty of Finance Science and Law at Rome's Luiss University.

As a self-employed professional he provided consulting services to industrial and financial groups, also controlled by European public companies, located in Northern Italy, as well as to Italian companies in relation to the design and development of industrial and financial activities in East European countries.

Since May 1995, he has been the C.E.O. of the Issuer. He was also C.E.O. and then Member of the Board of Directors of La Scogliera S.p.A., office from which he resigned on 20 November 2012.

Director – Giuseppe Benini

He holds a degree in Economics and Business Administration from the University of Padua and has been enrolled since 1986 in the Association of Certified Public Accountants of Verona (section A) and in the Register of Accounting Auditors. He works as a Certified Public Accountant and Auditor and has acquired significant experience in:

- Legality check and accounting check;
- Organization models (Italian Law Decree 231/2001) for banking, industrial and service companies;
- Corporate restructurings as per articles 67 and 182 of the Italian Bankruptcy Law.

He assists leading national banks as a party-appointed consultant in matters such as claw-backs, anatocism and usury.

Director – Francesca Maderna

She graduated in Economics and Business Administration in 1988 and has been registered with the Association of Certified Public Accountants of Belluno since 1990 and with the Italian Register of Legal Auditors under no. 33675 since 1995.

She currently holds the following offices: Sole Director of Immobiliare del Nord S.p.A. - a property asset management company, Sole Director of Vitanova S.r.l. - a leisure-boat charter company, and Member of the Board of Directors of Clinica Mediterranea S.p.A..

She has also held the office of Director in various companies operating in the hollow glass sector (AVIR Group).

Director – Andrea Martin

A graduate in Economics & Commerce, Andrea Martin is registered with the Venice Orders of Labour Consultants and of Professional Accountants & Accounting Experts; since 1986 he's been registered with the Register of Statutory Auditors. Since 1993 he has been registered in the Central List of Expert Auditors for Fiduciary and Audit Firms.

He has performed consulting services for some provincial associations of Veneto manufacturers, as well as for their consortia and service companies, for the Venice Public Prosecution Department for bankruptcy and corporate crimes, and has followed numerous creditor arrangement procedures. He has held offices as Chairman, Deputy Chairman, Executive Committee Member and Internal Statutory Auditor of Banks, Financial and Tax-collection entities. He has also been an External Auditor for various public entities and public and private cultural foundations.

He currently holds office as a Member of the Board of Statutory Auditors of various public entities, companies and foundations.

Director – Preve Riccardo

A Sociology graduate, in 1980 Riccardo Preve founded Preve Costruzioni S.p.A., an infrastructure construction company in the public works sector that controls other road signage and construction companies.

He operates heavily in the real estate field and has invested in the photovoltaic sector.

He currently covers the following offices: President, C.E.O. and Technical Director in different industrial companies, and he is a Member of the Confindustria Council of Cuneo.

He previously acquired longstanding experience in various financial companies and was Chairman of Banca di Credito Cooperativo.

Director – Marina Salamon

With a university degree in History (specialization in Economic History), in 1982 Marina Salamon founded Altana S.p.A. one of the foremost European medium/high-end children's apparel companies.

She controls Doxa S.p.A, Doxa Marketing Advice S.r.l., Connexia S.p.A., Duepuntozero Research S.r.l. and Doxa Metrics S.r.l.: these are some of the major Italian companies in the market research and web communications sector. The group also has minority interests in the companies The Visual Agency S.r.l. and Doxa Pharma S.r.l..

All entrepreneurial and financial undertakings are headed by the holding company Alchimia S.p.A., wholly owned, which is strongly present also in the real estate sector. Alchimia S.p.A. has also invested in the photovoltaic sector, through the construction or acquisition of solar parks in various Italian locations.

Director – Daniele Santosuosso

After obtaining his degree in Commercial Law, Mr. Santosuosso embarked on an academic path initially as a Scholar and Visiting Fellow at various universities abroad. He then became a Researcher, an Associated Professor in Commercial Law at 'La Sapienza' University in Rome and, lastly, a Full Professor in Commercial Law at the same university. He is the author of many papers, articles, essays and books, as well as a Member of certain scientific publications and collaborates with the Italian newspaper *Il Sole 24 Ore*. He is also the Founder and Director of 'Rivista di Diritto Societario' (Corporate Law Review). He has been a Member of the Bar Association since 1992, has his own law firm and has held various institutional and corporate management posts (amongst which Member of the Government Commission for the reform of company law in 2003).

Maximum number of offices held in other companies

The Regulation on the maximum total number of offices that can be held by company Officers was approved by the Shareholders' Meeting on 30 June 2009.

This Regulation first of all establishes that:

'The Officers of Banca IFIS S.p.A. accept office and maintain it insofar as they believe themselves able to dedicate the necessary time to the diligent performance of their tasks, taking into account both the number and the quality of offices held in the management and control bodies of other companies and the commitment required of them by their further professional activities and by association appointments held'.

For the purposes of calculation of the limits on the maximum total number of offices governed by the 'Regulation', the following items are relevant:

- a) Companies with shares listed in Italian or foreign regulated markets;
- b) Italian or foreign companies with shares not listed in regulated markets and that operate in the insurance and banking sectors and in the financial sector in general. As regards the latter sector, the only financial companies relevant are those subject to prudential supervision by the Bank of Italy and registered in the specific list indicated in Article 107 of Legislative Decree no. 385/1993. In the case of foreign companies, an evaluation of substantial equivalence is performed;
- c) 'Companies of significant size' ('companies of significant size' are those that have individual shareholders' equity of at least 100 million Euro based on the last approved set of annual accounts).

Conversely, offices held within the Banca IFIS Group or in companies other than those listed above, do not count.

In the Regulation, the term 'Executive posts' means the following offices:

- C.E.O.;
- General Manager;
- Member of the Management Board;
- Member of the Executive Committee.

The terms 'Non-executive Director and controlling offices', on the other hand, mean the following:

- Member of the Board of Directors without proxies;
- Standing Member of the Board of Statutory Auditors;
- Member of the Supervisory Board.

In addition to the office held at the Bank, an Executive Director:

- Cannot hold other executive offices in the companies identified, in terms of type or size, as per the Regulation;
- Can hold up to a maximum of 5 (five) offices as Non-executive Director or Statutory Auditor in such companies.

In addition to the office held at the Bank, a Non-executive Director cannot hold more than 10 (ten) offices as Director or Statutory Auditor, of which not more than 2 (two) Executive offices, in other companies identified in terms of type or size, as per the Regulation.

Candidates for appointment as Director or Statutory Auditor of Banca IFIS S.p.A. must provide the Bank with an updated statement of the management, direction and control offices held by each of them.

Following their appointment, the Company's Directors and Statutory Auditors promptly notify the Corporate Affairs Department of Banca IFIS S.p.A. of any changes affecting the offices held by them in the management and control bodies of other companies.

The Board of Directors of Banca IFIS S.p.A. has the authority to accord possible exceptions, also temporary, to the maximum limit in the Regulation. To the date of this report, no such exceptions have been accorded.

Upon submittal of the lists for the appointments made by the Shareholders' Meeting on 30 April 2013, all candidates declared – when accepting their candidacy and possible appointment – that they had read the 'Regulation' and checked that they did not hold a number of offices in other companies exceeding the related limits.

No significant changes in this respect were notified subsequent to appointment.

Offices held by Directors of Banca IFIS S.p.A. as at 31 December 2014 in the management and control bodies of other companies 'relevant' for the purposes of said Regulation, based on the information provided by those Directors, were as follows:

Members	Office held in Banca IFIS	Offices held in other companies
Sebastien Egon Fürstenberg	Chairman	--
Alessandro Csillaghy	Deputy Chairman	--
Giovanni Bossi	C.E.O.	--
Giuseppe Benini	Director	Point c) A4Holding S.p.A. (Statutory Auditor) Point c) Fenice Holding S.p.A. (Statutory Auditor)
Francesca Maderna	Director	--
Andrea Martin	Director	--
Riccardo Preve	Director	--
Marina Salamon	Director	Point c) IIY SpA (Director)
Daniele Santosuosso	Director	--

Induction Programme

The aforementioned 1st Amendment of 6 May 2014 of Bank of Italy's Circular 285 of 17 December 2013, amongst other things, suggests training plans that are suitable to ensure the set of technical skills of Members of the Administration and Control bodies, as well as Heads of the main corporate functions, necessary to carry out their roles in a knowledgeable manner, is maintained over time. In the light of this, during the second Half of 2014, some training sessions for the Directors and the Statutory Auditors were conducted by Parente & Partners Srl, with particular focus on the following:

- Changes in the applicable laws and regulations;
- Corporate Officers' roles, responsibilities and risks;
- Strategic planning, information flows and collaboration and interaction methods between corporate bodies and functions;
- Self-assessment of corporate bodies.

The Board of Directors also considered the possibility of providing specific training programmes for new nominees, in order to help integrate them into their new roles in corporate bodies.

4.3. Role of the Board of Directors (as per Art. 123-bis, para. 2, letter d), CFA)

During FY2014, 21 meetings of the Board of Directors were held, each lasting about three and a half hours on average. Attendance percentages are shown in Table 2 attached to this report.

Since the beginning of 2015 up to the date of approval of this report, four Board meetings have been held, including the one during which the report was approved. The number of Board meetings in 2015 is expected to be in line with last year.

In fulfilment of the obligations established for listed issuers by Article 2.6.2 of the Market Regulations of Borsa Italiana S.p.A., the Board of Directors annually approves the Corporate Events Calendar to be notified to Borsa Italiana for disclosure to the public, within the deadline of 30 (thirty) days after the end of the previous corporate financial year.

In particular, the Calendar specifies, within the framework of Board meetings established for the new financial year, the dates fixed for the approval of draft financial statements, interim financial reports and quarterly reports, as well as the date scheduled for the Shareholders' Meeting for the approval of the Annual financial statements.

The 'Regulations on the convening and functioning procedures of Board of Directors' Meetings', whose latest update was made on 27 March 2014, establish that:

- The documentation supporting discussion of agenda items is sent by e-mail or fax, or saved in the shared network folder made available to each Director and Statutory Auditor by the end of the third working day before the date fixed for the meeting, except urgent cases when documentation is made available by the end of the day before the meeting and in any case as soon as possible;
- Such documentation is sent or made available, on the Chairman's order, by the Bank's Corporate Affairs Department;
- When the Chairman deems it advisable due to the topics and related resolution involved – also in order to avoid abusive disclosure of confidential information, possible given the means of communication instruments used and quite apart from the intentions of those concerned – the briefing documentation can be provided directly at the meeting, advising Directors and Statutory Auditors of this beforehand by the deadline indicated above so that, if

they deem it appropriate, they can in any case have access to the information at the Company's registered office by the end of the day before the meeting and in any case as soon as available.

The methods and terms for sending the documentation to the Board as described above were complied with in the normal manner during the course of 2014, whilst the Chairman never saw the need to present information directly during the Meetings.

The evaluations which emerged during the annual self-assessment of the Board of Directors (concluded during the meeting of 3 February 2015) concerning the planning of the Board's meetings, the comprehensiveness of the agenda and the contents of the informative note conveyed prior to the meetings, the participation in said meetings and the management and execution of duties, as well as the precision of the minutes drawn up, are all considered satisfactory as a whole.

Pursuant to the Articles of Incorporation, Board meetings are attended by the General Manager in a consulting role. The Board of Directors chose the Corporate Affairs Office to be the office responsible for carrying out the duties that the Articles of Incorporation entrusts to the Secretary of the Board of Directors. In addition, pursuant to the aforesaid 'Regulation', the Chairman can invite to attend Board meetings managers or other employees of the Company or other parties or external advisors whose presence is deemed useful by the Chairman in relation to the matters to be addressed.

During 2014, meetings were also attended by the Head of the Corporate Affairs Office or other Members of this office, together with:

- The Corporate Financial Reporting Officer and the Investor relator, above all where documents containing financial information were put to the Board;
- The Heads of the Customer and Debtor Areas (or other Members of these offices), to aid the Board in the assessment of assignment dossiers;
- The Head of the Legal Area to report on any complaints and claims;
- The Head of the Organization & Information Systems Area, the Head of Planning and Management Control and the Head of the NPL Area, when topics addressed concerned related activities and responsibilities.

Lastly, the Internal Auditing Officer, the Chief Risk Officer and the Compliance and Anti-money Laundering Officer directly illustrate their reports and work plans to Directors, in accordance with the current supervisory regulations enacted by the Bank of Italy.

Pursuant to Article 14 of the Articles of Incorporation, besides the attributions that, mandatorily, cannot be delegated, the matters reserved to the exclusive prerogative of the Board of Directors include:

- Adaptations of the Articles of Incorporation to regulatory requirements;
- Strategic guidelines and operations, as well as business and financial plans of the Group;
- Purchase and disposal of equity investments, companies and/or company branches leading to changes in the group, or investments or disinvestments exceeding 1% (one percent) of the shareholders' equity reported in the Company's latest financial statements approved.

Over 2014, the Board of Directors approved numerous documents with the aim of adapting to the Bank of Italy's Amendment no. 15 of 2 July 2013 to its Circular 263 of 27 December 2006. Amongst these were, in particular, the necessary updating of its General Regulations, its Group Regulations, the Regulation Governing Control Functions, the Risk Appetite Framework, Guidelines for the Internal Control System and the Policies Governing Management of the Main Corporate Risks. On

the basis of strategic indications, dimensional objectives and additional qualitative-quantitative elements of the Industrial plan, the ICAAP Report and a document setting out the attention and alarm limits for the main risk indicators are drawn up and approved on a yearly basis.

The Board assesses the overall trend of operations at least once every three months, specifically during the analysis of the financial reports required by Art.154-*ter* of the CFA and upon receiving a quarterly informative note (*tableau de bord*) prepared by the Risk Management Office which summarizes, on a time to time basis, the overall trend of operations, both in terms of results and risks taken. In said document, which is forwarded to the Bank of Italy after it has been put to the Board, the main parameters are examined from an objective/final balance/deviation standpoint and in terms of the resulting impacts with regards to management manoeuvres.

The Board of Directors also examined, on a quarterly basis, a document comparing the objectives of the Business plan with the results effectively achieved.

The Board also assesses on an ongoing basis, as part of its handling of matters for which it is responsible, the appropriateness of the Bank's organizational, administration and general accounting set-up. The suitability of the Bank's subsidiary's organizational, administration and general accounting set-up is evaluated by the Board of Directors by means of certain corporate governance and control tools, chief among them the 'Group Regulations' which lay out the roles of the Parent company and its subsidiaries, as well as defining management/coordination activities in both the strategic management and control field and the technical-operational field.

Description of the organisational model of the Group's Internal Control System and the variation of the activities carried out by the Group's control units (that is in the scope of management and coordination by the Parent company over its subsidiaries) is contained in the Document on the Internal Control System of the Company and the Group – Guidelines and in the Regulations Governing Control Functions, all updated during the same Board meeting that approved the present report.

Pursuant to the provisions of the Articles of Incorporation highlighted earlier, the Board has the prerogative of prior review and approval of the transactions of the Issuer and its subsidiaries, when such transactions are of significant importance in strategic, economic, equity or financial terms. In such cases the following procedure is applied: the Board of Directors gives a mandate to the C.E.O. to perform a feasibility study of the transaction, in order to assess its risks and opportunities. This study must contain all the parameters necessary to permit knowledgeable decision-making by the Board of Directors. The Board, after having reviewed the feasibility study, can either approve the transaction or ask for further in-depth analysis.

The Board has not established general criteria to identify transactions of significant strategic, economic, equity or financial importance for the Bank. The reason is due to the fact that the present arrangement of the Banca IFIS Group's governance documentation (with special reference to documents concerning strategic planning and risk policies) already performs this function, including, at any given time, significant transactions.

The Board examined the issue of general criteria to identify transactions with associated parties of significant strategic, economic, equity or financial importance for the Bank when it approves the 'Procedure for Transactions with Associated Parties'.

As previously stated, the Board of Directors, during its meeting of 13 February 2015, and also in light of the provisions and instructions provided by the Bank of Italy, concluded its annual evaluation on the functioning of the Board and its Committees as well as on their size and composition. This evaluation process was carried out by means of distributing a questionnaire, in the weeks prior,

which varied according to the role of the person due to complete it (e.g. the Chairman, Members of Internal Committees etc.).

This evaluation was carried out taking into account the usual elements, such as Members' professional characteristics and experience, both managerial and general, as well as their seniority in office, also with a view to preparing the opinions to be expressed to the shareholders on those figures whose presence in the Board is deemed appropriate.

With regards to the methods used for the evaluation process, first of all the Chairman chose the person within the Bank to manage this process as he fits the criteria set by the Bank in the Regulations governing the Self-assessment Process. In carrying out this process, the subject selected was assisted by an external professional, Ferdinando Parente of the company Parente & Partners Srl.. The consultancy offered by the latter aimed mainly at lending support in the drawing up of the Internal Self-assessment Regulations for Corporate Bodies (approved by the Board of Directors of 18 December 2014), then in preparing the questionnaire and defining the quantitative and qualitative assessment criteria for the Board of Directors to use and later to help in the ensuing self-assessment of whether each Member meets the relative requisites.

After having prepared the questionnaire, the external professional provided support during the following phases of the self-assessment process:

- Initial paperwork: by helping to gather the information and data on which the assessment was based, also through interviews with the Board Members involved;
- Processing: by helping to analyse the information acquired and to present the results;
- Officialising the results of the process within a specific document.

The questionnaire used contained a general section which aimed at assessing the Board of Directors as a whole, and another more specific section concentrating on the competences of the individual Members in order to establish if distinct knowledge/competences existed in the Bank's Board.

Specifically, the questionnaire contained the following sections:

- 1) Qualitative composition of the Board of Directors;
- 2) Quantitative composition of this Board;
- 3) Working principles of the same;
- 4) Role of the Board of Directors in a strategic scope;
- 5) Degree of involvement of the Board of Directors in the definition of risk propensity and the preparation of suitable information on risk performance;
- 6) Information flows and circulation of information;
- 7) Evaluation of the remuneration and incentive system for Board Members;
- 8) Evaluation of the Board of Directors' Chairman;
- 9) Self-assessment of the Board of Directors' Chairman;
- 10) Evaluation of the Chief Executive Officer;
- 11) Self-assessment of the Members of the Committees set up within the Board of Directors.

The information gathered, through the compilation of said questionnaire are evaluated by the Board and the overall results help to define the actions to be taken to resolve any weak points identified.

A further questionnaire on the competences of each individual Director is foreseen. Specifically, this questionnaire aims to assess if certain knowledge and skills exist within the Board of Directors from the viewpoint:

- Of laws and regulations applying to the activities carried out;
- Of specific areas ensuring the sound and prudent management of the Bank.

The questions contained in the questionnaire required an answer in the form of a rating from 1-5 where one is the poorest assessment and five is the best.

The evaluation expressed by the Directors on the existence and variety of necessary competences was highly positive, in that all the areas assessed received a good, or at least sufficient, rating.

Given that the Board of Directors' qualitative/quantitative composition is apt in terms of the Board's complexity and the duties it is required to carry out and is also suitably mixed in its composition to guarantee multiple approaches, for the next renewal of the Board the possibility of increasing the number of Board Members whilst respecting its balance (as per Article 147ter of the CFA) is being considered.

The Shareholders' Meeting has not authorized any exceptions to the ban on competition envisaged by Article 2390 of the Italian Civil Code.

4.4. Delegated Bodies and Officers

C.E.O.s

In the model applied by Banca IFIS:

- Strategic supervision is performed by the Board of Directors;
- The Body assigned a management function has been identified in the person of the C.E.O.. The General Manager participates in this management function.

Management powers cover the following main areas:

- Human resources management;
- Granting and utilization of credit;
- Treasury;
- Spending management.

Distribution of management powers is calibrated at a decreasing rate according to the levels of authorization, from the Board of Directors down to operating units.

The most significant limits in terms of value and area are summarized below, whilst systematic information flows also exist concerning the exercise of powers at any given time, as well as compliance with related quantitative limits:

Human resources management	As regards human resources management, the C.E.O. is responsible for decisions concerning the start, management and cessation of managers' employment, without prejudice to the authorities maintained by the Board for relations with key managers [i.e. strategically accountable] and/or those in staff functions serving the Board.
Granting and utilization of credit	<p>Up to the date of this document, as regards the granting of credit, the C.E.O. has the authority to take on credit risks vis-à-vis third-party corporate counterparties for transactions lasting a maximum of 24 months, up to a maximum amount of 8.000.000 Euro or the lower amount of 4.000.000 Euro depending on the transactions' type of risk.</p> <p>Within the scope of risk positions undertaken by the Board Bodies, the C.E.O. is also granted the following powers:</p> <ul style="list-style-type: none"> • To suspend, revoke and resume operations; • To change the amount, convert the technical form and change

	<p>the operational characteristics without worsening the overall risk position;</p> <ul style="list-style-type: none"> To distribute the risk in terms of 'loans to couples', loan duration, debtor's ceiling (individual or group) and multiple group credit line. <p>With the exception of financial conditions, whose definition is the prerogative of the Loans Committee or the Board of Directors, the C.E.O. also has the right to establish the financial conditions applicable to transactions undertaken with customers, without any type of limit.</p> <p>After approval of the statutory amendments project by the Shareholders' Meeting, the Loans Committee and the Proxy System for the Granting of Credit will be completely reorganised. This proposed reorganisation has already been approved by the Board and will take place according to the following guidelines:</p> <ul style="list-style-type: none"> The C.E.O. will be excluded from the Loans Committee (made up of employees of the Bank) and the General Manager will become the Chairman of this body; The autonomous powers of this Loans Committee will be further limited; The C.E.O.'s proxy level lies between the Loans Committee and the Board of Directors, due to this subject having a management role. As such, proposals made by the Loans Committee will pass through the C.E.O. who will put them to the Board.
Treasury	<p>Among the most significant limits attributed to the C.E.O. in this area (in a perspective of integrated asset & liability management) the one pertaining to exposure to the interest rate risk is equal to:</p> <ul style="list-style-type: none"> 5% in terms of the absolute value of weighted net exposure for each due-date range; 10% in terms of overall weighted net exposure. <p>In reference to the company securities portfolio, the limit on the overall financial lever is equal to 25 times the net consolidated equity.</p>
Spending management	<p>Generally speaking, up to euro 1.000.000 for each spending instruction within the sphere of the annual forecasts contained in the Industrial Plan.</p>

Pursuant to Article 15 of the Articles of Incorporation, in emergencies the C.E.O. can take decisions concerning any deal or transaction that is not the sole prerogative of the Board of Directors, informing the Chairman immediately and notifying the Board at the first subsequent meeting. The C.E.O., Giovanni Bossi, does not cover any offices of Director in other Issuers and hence the situation of interlocking directorate does not apply.

Chairman

The Chairman has not been given any management powers.

As he is the majority shareholder, the Chairman, via the corporate governance mechanisms described in this report and particularly at Shareholders' Meetings, plays a significant role in determining corporate strategies.

Executive Committee (as per Art. 123-bis, paragraph 2, letter d) CFA)

The Articles of Incorporation do not envisage the possibility of setting up an Executive Committee.

Reporting to the Board

During 2014, the C.E.O. did not take any emergency decisions pursuant to Article 15 of the Articles of Incorporation.

The Board received reports on the exercising of management powers at different intervals depending on the subject of the power involved.

The rules for reporting on the use of powers are summarized below:

Trading of financial instruments issued by the Bank	At every meeting up to the month of June 2014, after which the reporting was suspended due to changes in the applicable legal framework and the consequent choice not to carry out any further operations on the Treasury share portfolio.
Report on liquidity status	Monthly
Composition of investment securities book	Monthly
Credit-granting activity	Monthly
Report on use of powers relating to spending	Quarterly
Dashboard report (management report on overall operating progress in terms both of results and risks taken on)	Quarterly
Report on use of powers for Human Resources management	6-monthly
Training of personnel in prevention of money laundering	Annually
Incentive system (report on criteria adopted by Top Management)	Annually

4.5. Other Executive Directors

There are no other Directors considered Executive Directors because they hold:

- Office as the C.E.O. or Executive Chairman of a strategically significant subsidiary;
- Management positions in the Bank or in a strategically significant subsidiary or in the Parent company.

In addition to the C.E.O., the definition of 'Executive Director' also includes the Deputy Chairman for his activities promoting the corporate image and commercial development in some foreign markets.

4.6. Independent Directors

The Board performs its own assessments of the requirements established by the Corporate Governance Code for Directors classified as independent at the first meeting after appointment by the Shareholders' Meeting. It also assesses, periodically, the Directors' level of independence. On

30 April 2013, after appointment, the Board ascertained that three of its Members (Giuseppe Benini, Francesca Maderna and Daniele Santosuosso) met independence requirements as per the criteria contained in the Corporate Governance Code for Listed Companies, making the outcome of its assessments known by means of a communication to the market. In addition, the Board of Statutory Auditors, pursuant to Application Criterion 3.C.5. of the Corporate Governance Code, checked, on the same date, the application of the criteria and of the verification procedures used by the Board of Directors to assess the independence of its Members and deemed it compliant with the indications provided by the Corporate Governance Code.

The Board of Directors, on an annual basis, checked the independence requirements provided for by the Corporate Governance Code and by paragraph 3 of Art. 148 of the CFA as concerns the Directors Giuseppe Benini, Francesca Maderna and Daniele Santosuosso. The latest of these checks took place during the Board meeting of 20 January 2015 and the Board of Statutory Auditors verified whether the criteria and procedures for such an evaluation were carried out correctly by the Board, during their meeting on 2 February 2015.

During the year, the independent Directors, despite not seeing the need to meet officially in the absence of the other Board Members, liaised on a wide variety of issues, comparing and confronting both telephonically and in person prior to Committee meetings and the Board of Directors' Meetings. On the date of this report, those Directors who, in the lists for the appointment of the Board (April 2013) had indicated their suitability to qualify themselves as independent, maintained their independence.

4.7. Lead Independent Director

In line with the guidelines established by the Corporate Governance Code for Listed Companies, as the Chairman of the Board of Directors is also the majority shareholder of La Scogliera S.p.A. and thus controls Banca IFIS, the Board of Directors has designated an independent Director as Lead Independent Director. The latter has the task of being the point of reference and coordination for requests and contributions of (non-executive and in particular independent) Directors to improve Board operations, also ensuring that information flows between Directors are constant and effective. The Lead Independent Director has the power to call, when deeming it appropriate or at the request of other Directors, specific meetings solely for independent Directors for significant matters relating to Board operations and/to company operations in general.

On 30 April 2013, the Board of Directors nominated Mr. Giuseppe Benini as Lead Independent Director for the 3-year period running 2013-2015.

5. Processing of corporate information

Pursuant to Application Criterion 1.C.1, letter j of the Corporate Governance Code, the 'Regulations for Internal Management and External Disclosure of Corporate Documents and Information' has been in force since its approval by the Board of Directors on 11 April 2007. The C.E.O. is responsible for correct corporate information ensuring, via compliance with the above 'Regulations', provision of correct information to the market, with special reference to privileged information.

With resolution of 19 January 2012, the Board of Directors appointed the Head of Communications, Ms. Mara Di Giorgio, as Investor Relations Manager. The staff of the Investor Relations Department reports to the C.E.O.. The 'Regulation for Internal Management and External Disclosure of Corporate Documents and Information' is currently, for this reason among others, being reviewed. The process underway for updating these internal Regulations aims to acknowledge and adopt changes within the Bank that occurred after these Regulations were disseminated and to integrate the contents of these Regulations with any policies and practices not yet formally officialised. Within the legal and regulatory environment of Banca IFIS S.p.A., the Regulations govern internal management and external disclosure of documents and information concerning the Issuer and its subsidiaries, with special reference to information of a privileged nature, establishing:

- The approach for management, processing and circulation of 'confidential information';
- The approach for identification, management and circulation of 'privileged' information' and the issue of related press releases;
- The approach for management of external disclosure of other documents and information concerning the Bank.

Confidential information

The Regulations are designed first of all to avoid selective, untimely, incomplete or inappropriate disclosure of confidential information.

They also govern the processing and management of information and documents that, albeit not relevant pursuant to stock market regulations, are confidential in nature and which it is therefore advisable to protect, in the corporate interest, from indiscriminate access and circulation.

The Regulations therefore establish that the Directors, Statutory Auditors and employees of the Bank who, for reasons of office, come into legitimate possession of confidential information concerning the Bank and/or the Banca IFIS Group, are required to:

- Keep it confidential, strictly protecting it from access by parties who do not have the role, duty and/or need to be informed of this information;
- Transmit such information only to parties legitimately able to come into possession of the same.

Besides observing the above requirements, Directors, Statutory Auditors and employees of the Bank who come into possession of confidential information not relating to their office or to the position held in the Bank, strip themselves of such possession, sending the confidential information to its 'natural' addressee, if identified, or to the C.E.O. in other cases, removing such information from any support on which they are present and ensuring that this deletion is definitive and irreversible.

Privileged information

In order to drive the procedure for the disclosure of information, the Bank has identified the moment when information occurs and acquires the status of 'precise' and 'price-sensitive'.

If information stems from a unilateral decision by the Bank such as – solely by way of example – entry into or exit from a business or an extraordinary finance transaction, the moment of occurrence is the moment when the related decision is taken by the relevant body.

If instead it stems from mere confirmation of objective facts and circumstances such as, for example, resignation of a Member of the management team or from performance of a precise procedure such as, for example, preparation of an accounting document, occurrence respectively coincides with the moment the resignation is received by the corporate organization or when the above-mentioned procedure has been completed.

In the presence of unmistakable signs of the fact that, notwithstanding the use of appropriate procedures to preserve the confidentiality of privileged information concerning the events in question, confidentiality obligations have not been observed by parties having access to the privileged information, the Bank is required to issue a press release simultaneously in the case of wilful disclosure and without delay in the case of unintentional disclosure.

If, when markets are closed or in the pre-opening phase, news is generated in the public domain concerning the Bank's economic and financial position or extraordinary finance transactions (circulated by national news media or by specialized, credible internet sites), not disclosed according to the procedures established by Article 66 of the Issuers' Regulation and capable of tangibly affecting the stocks' price, the C.E.O. evaluates the possibility of informing the public as soon as possible as regards the truthfulness of the news, supplementing or rectifying its contents where necessary. Changes in the Bank's share price are considered significant when they deviate significantly from the previous day's closing price and are not in line with the market or sector trend. In such cases, a correct and timely press release is issued to the public, in the ways and terms indicated in this procedure.

Characteristics of information disclosed to the public

In drafting press releases and in its conduct in disclosing them, the Bank observes criteria of fairness, clarity, equality of access to information and timeliness.

In pursuing the objective of providing exhaustive corporate information that is not misleading, the Bank pays the utmost attention to the legitimate requests for data and news coming from the market, pre-empting them when possible.

Clarity relates to the form of the press release and requires that the latter be complete, intelligible and suited to the various recipients.

To achieve this, the Bank endeavours to communicate all items able to assure representation of the economic, financial and equity repercussions of the event disclosed, also circulating to the public any significant modification that occurs subsequently.

6. Internal Board Committees (as per Art. 123-bis, para. 2, letter d), CFA)

The following Committees existed within the Board of Directors at year-end 2014:

- The Risk Management and Internal Control Committee, consisting of four Non-executive Directors, three of which independent, with an independent Chairman, as better explained in Section 10;

- The Appointments Committee, consisting of three Non-executive Directors, two of which independent, with an independent Chairman, as better explained in Sections 7 and 8;
- The Remuneration Committee, consisting of three Non-executive Directors, two of which being independent, with an independent Chairman, as better explained in Section 9.

The Board of Directors, in view of adapting the corporate set-up to the legal changes introduced by the first Amendment of the Bank of Italy's Circular 285 of 17 December 2013, with its resolution of 18 December 2014:

- Has transformed the Committee for Appointments and Remuneration into the Remuneration Committee only and has approved the applicable regulations;
- Has set up an Appointments Committee and approved the applicable regulations.

Furthermore, the Board of Directors has also appointed a Supervisory Body vested with autonomous powers of initiative and control as indicated in Legislative Decree no. 231/2001. It is currently chaired by a Non-executive Director and consists of three other permanent Members (two independent Directors and the Internal Auditing Officer), as specified in greater detail in the third paragraph of Section 11.

No function of one or more Committees has been reserved to the entire Board, under the Chairman's coordination, as required by the Corporate Governance Code.

No further committees have been set up in addition to those reported in this section.

7. Appointments Committee

As stated in Section 6 of this report, by means of a resolution adopted on 18 December, Banca IFIS's Board of Directors has set up the new 'Appointments Committee' (previously the Board contained a single committee seeing to both appointments and remuneration). This new committee within the Board was composed as per Regulations governing this Appointments Committee (the majority of Members must be independent Directors) and also according to the stricter rules applying to the Remuneration Committee (all Members must be non-executive, the majority of which independent, with an independent Chairman). The reasons for this choice were set out in last year's report.

Composition and role of the Appointments Committee (ex.Art 123-bis, para. 2, letter d) CFA)

The Appointments Committee must be made up of at least three Members chosen from among the non-executive Members of the Parent company's Board of Directors, the majority of which being independent.

The Committee therefore consists of the Director Giuseppe Benini (independent and non-executive), the Director Riccardo Preve (non-executive) and, in the capacity of Chairman, the Director Daniele Santosuosso (independent and non-executive).

During the course of 2014, neither the previous Committee for Appointments and Remuneration, nor the present Appointments Committee, met to discuss matters pertaining to appointments.

At the beginning of 2015, the Appointments Committee met once to express its opinion for the approval by the Board of Directors of the summarised report on the process of self-assessment that the Board started in December 2014 and concluded during the Board Meeting of 3 February 2015.

This meeting, which was recorded to last approximately one and a half hours with two Members participating, was also attended by the Deputy Chairman, the Chairman of the Statutory Auditors' Board and two employees from the Corporate Affairs Office.

So far, no particular activities of the Appointments Committee have been foreseen for 2015, apart from the annual self-assessment process, as the terms of office of the present Directors will expire upon approval of the Annual report this year.

The Regulations governing the Appointments Committee allow the Chairman of the Parent company's Board of Statutory Auditors, or another Statutory Auditor delegated by him on a time to time basis, to attend. Other Members of the Board of Statutory Auditors may also take part, as can the Parent company C.E.O. and the General Manager where the topics to be discussed do not concern them.

The Committee may avail itself and/or request the presence of:

- External consultants, which can be chosen from among the Members of the Parent company's Board of Directors, provided that such experts do not, at the same time, provide the Parent company and/or its subsidiaries, with services whose significance is such as to compromise the independent judgement of said consultants;
- Any Corporate Officer or employee of the Parent company or of another Group company.

Duties of the Appointments Committee (ex.Art 123-bis, para. 2, letter d) CFA)

This Committee helps the Board of Directors and the other corporate bodies in the following processes:

- Nominating and co-opting Directors; The Committee gives advice during the assessment of the Board of Directors prior to the nomination process as to the best qualitative and quantitative size and composition of this Board, also in terms of Members whose presence on the Board is considered opportune and in terms of legal rules and regulations in force. The Committee also gives advice after the nomination process has taken place, checking correspondence between the qualitative and quantitative size and composition of the Board considered optimal prior to this process and the real situation after it; in cases of co-optation substituting independent Directors, the Committee proposes candidates to the Board;
- The self-assessment of corporate bodies; specifically, the Committee proposes to the Chairman of the Board of Directors, the person or persons in charge of strategically supervising over and managing the self-assessment process of corporate bodies;
- Verifying existence of the requisites of professionalism, honour and independence in those subjects with accounting, management and control roles, in compliance with article 26 of Legislative Decree no. 385/1993 (The 1993 Banking Law);
- Defining succession plans for top management positions (C.E.O. and General Manager) due to expiry of mandates or any other reason, in order to ensure business continuity and to avoid the company suffering financially or from a reputational point of view.

Furthermore, this Committee:

- Helps the Risk Management and Internal Control Committee to find and propose to the Board of Directors suitable candidates to nominate for managerial positions of control;
- Gives its opinion to the Board of Directors on limits to the number of positions Directors and Statutory Auditors can hold and on any departure from the non-competition clause as per Article 2390 of the Italian Civil Code.

The Chairman of the Committee reports to the Board of Directors on activities carried out, at the first convenient meeting.

Summarized minutes of the Committee meetings are prepared and signed by the Members. The Committee may access all company information deemed relevant for the performance of its tasks and may use, autonomously, the Bank's financial resources in the amount established by the Board and with the requirement of reporting with regards to any use of funds, at least once a year, usually during the review of the report on corporate governance and ownership structures. The Board of Directors, with its resolution of 3 February 2015, assigned to the Appointments Committee financial resources in the amount of 60,000 Euro that can be used autonomously, with the requirement that this Committee report back to the Board detailing its use of these funds as per the applicable regulations.

8. Remuneration Committee

Please refer to the relevant parts of the remuneration report published in compliance with Article 123-ter of the CFA.

9. Remuneration of Directors

Please refer to the relevant parts of the remuneration report published in compliance with Article 123-ter of the CFA.

10. The Risk Management and Internal Control Committee

The Board has set up a Risk Management and Internal Control Committee within itself.

Composition and role of the Risk Management and Internal Control Committee (ex. Art 123-bis, para. 2, letter d) CFA)

This Committee is made up of the Director Giuseppe Benini (independent and non-executive) with the role of Chairman, and by the Directors Francesca Maderna (independent and non-executive), Andrea Martin (non-independent and non-executive) and Daniele Santosuosso (independent and non-executive).

Its works are coordinated by the Chairman and minutes are duly taken during its meetings.

During 2014, the Committee met twenty-six times, as shown in Table 2 enclosed with this report, with meetings lasting an average of two hours. Eight of these meetings were joint meetings with the Board of Statutory Auditors and one was a joint meeting with the Supervisory Body as per Legislative Decree 231/2001.

To date in 2015, the Committee has held six meetings, three of which were joint meetings with the Board of Statutory Auditors and one was a joint meeting with the Supervisory Body as per Legislative Decree 231/2001.

It is expected that the number of meetings that will be held by this Committee in 2015 will be no less than last year.

The Risk Management and Internal Control Committee is made up of four out of the nine Members of the Board of Directors, chosen from the Non-executive Directors, the majority of which being independent. Members of this Committee must have the necessary knowledge, competence and experience to be able to fully understand and monitor the risk strategies and appetite of the Bank.

At least one of its Members must have suitable experience in financial and accounting matters or in risk management, and this is assessed by the Board of Directors upon appointment. The Board of Directors has, from among its independent Members, deemed the Chairman of the Committee, Mr. Giuseppe Benini, as being the Member having the necessary experience in accounting and financial matters or risk management. The Board's decision regarding Mr. Benini's experience was reached during its meeting of 30 May 2013 and again later during the self-assessment process for summit bodies.

In addition to holding joint meetings with the Supervisory and Control bodies as per Legislative Decree 231/2001, during its meetings the Committee also interacted, based on prior agreement and to address individual topics, with the C.E.O., the General Manager, the Corporate Financial Reporting Officer, the Compliance and Anti-money Laundering Officer, the Anti-money Laundering Supervisor, the External Auditing firm and the Chief Risk Officer. It systematically interacted with the Internal Auditing Officer, who normally attends the Committee's meetings with a view to achieving synergy between the various players in the Internal Auditing System.

This Committee, in a preparatory role as opposed to the Board's, also had meetings with the Head and other Members of the Problem Credit Area, the Head of the Strategic Planning and Management Control Area and the Head and other Members of the Organisation and ICT Area.

It is normal for the Head of Corporate Affairs and other Members from this Office to be invited to Risk Management and Internal Control Committee meetings.

Duties of the Risk Management and Internal Control Committee

The Committee provides its preliminary opinion to the Board of Directors on:

- The Guidelines of the Internal Control and Risk Management System;
- The adequacy of the Internal Control and Risk Management System with respect to the company's characteristics and to the assumed risk profile, as well as its efficacy;
- The work plan prepared by the Head of the Internal Auditing Office;
- The main characteristics of the Internal Control and Risk Management System and its adequacy;
- The results presented by the external auditor in the letter of recommendations, if any, and in the report on the main issues which came up during the external audit.

With regards to the appointment and revocation of the Head of the Internal Auditing Office and the allocation of resources suited to the fulfilment of his responsibilities by the Board of the Directors,

the Risk Management and Internal Control Committee is required to provide its favourable opinion (which is binding).

When aiding the Board of Directors, the Risk Management and Internal Control Committee:

- Evaluates, together with the Corporate Financial Reporting Officer, and having heard the opinion of the External Auditor and of the Board of Statutory Auditors, the proper application of accounting standards and their uniformity for the purpose of drawing up the consolidated financial statements;
- Expresses opinions on specific aspects pertaining to the identification of the main corporate risks;
- Examines the periodical reports covering the evaluation of the Internal Control and Risk Management System, and the specifically relevant ones prepared by the Internal Auditing Office;
- Monitors the autonomy, adequacy, efficacy and efficiency of the Internal Auditing Office;
- May ask the Internal Auditing Office to carry out checks on specific operational areas, at the same time notifying the Chairman of the Board of Statutory Auditors;
- Examines the annual plans of the Control Office/Departments and the reports on their implementation.

The Risk Management and Internal Control Committee reported to the Board of Directors after the first half on its activities, as well as on the adequacy of the Internal Control and Risk Management System.

As regards finances, this Committee did not avail itself of its financial autonomy in 2014. As the Committee's Chairman adopts a practice of reporting on its activities to the Board of Directors on a time to time basis at the first convenient meeting, during amendments to this Committee's Regulations, the obligation to prepare an official half-yearly report was removed, as approved by the Board of Directors of 3 February this year. Said amendments were made in order to comply with the supervisory provisions introduced with the 1st Amendment (6 May 2014) of the Bank of Italy's Circular 285 of 17 December 2013.

On the subject of transactions with related parties and/or affiliated subjects, the Risk Management and Internal Control Committee (consisting of independent Directors only), also performs the functions assigned to it by the Board of Directors, as governed within the scope of the 'Procedure' in force.

During 2014, the Committee's activity regarded the following key guidelines:

- Procedure for transactions with related parties (obtaining the green light in advance from independent Directors and receiving a quarterly report on trends in these positions);
- Adaptation of corporate governance to the supervisory provisions introduced with the 1st Amendment (6 May 2014) of the Bank of Italy's Circular 285 of 17 December 2013;
- Adaptation to the 15th update to Circular 263/2006 of 2 July 2013 on the Internal Control and Risk Management System;
- Presentation and implementation of the 2014-2016 Auditing Plan;
- Presentation and implementation of the activity plans for the Risk Management and the Compliance and Anti-money Laundering Offices;
- Preparatory work for the Board of Directors for matters concerning:
 - Quarterly impairment losses/recoveries for non-performing and substandard loans;

- Liaison with the external auditing company (KPMG S.p.A. over the first few months of 2014, followed by Reconta Ernst and Young S.p.A.);
- Internal regulations (organisational policies, processes and procedures);
- Management of corporate projects;
- Management trends and prospects;
- Liaison with Supervisory Authorities.

The Chairman of the Board of Statutory Auditors - or another Auditor delegated by the Chairman from time to time - participates in the works of the Committee. If deemed appropriate in connection to the issues to be discussed, the Risk Management and Internal Control Committee and the Board of Statutory Auditors meet jointly.

Committee meetings were properly documented in minutes and signed by the Members.

The Risk Management and Internal Control Committee may access all company information deemed relevant for the performance of its tasks and may use, autonomously, the Bank's financial resources in the amount established by the Board and with the requirement to report on any use of these funds.

The Board of Directors allocated the Risk Management and Internal Control Committee annual economic resources of 60,000 Euro, to be used autonomously, subject to reporting to the Board on their use of funds.

11. Internal Control and Risk Management System

The strategic planning process of the Banca IFIS Banking Group is based on a three-year industrial plan approved by the Board of Directors on a yearly basis. Said Plan annually adjusts the strategic prospects drawn up in the previous document and extends their temporal horizon to the following year. On the basis of the strategic indications, dimensional objectives and additional qualitative-quantitative elements of the Industrial Plan, the ICAAP Report is drafted and approved by the Board of Directors every year.

Moreover, during the course of 2014, the Board also approved the Risk Appetite Framework.

The risk appetite of the Banca IFIS Group can be outlined as follows:

- Capital adequacy;
- Exposure to the interest rate risk;
- Overall liquidity position.

and it is operationally translated through key risk indicators that:

- Provide an expression of both the current and future situations, under ordinary conditions and under conditions of stress;
- Basically consist of operational limits that effectively guide future strategic choices (said operational limits are set out in specific policies).

The Board of Directors has also approved the Document on the Internal Control System – Guidelines which defines:

- a) The principles underlying the Group Internal Control System;
- b) The development process of this System, with a comprehensive description of the tasks assigned to the governance bodies with regards to the following phases: a) design of the Internal Control System; b) its implementation; c) its assessment; d) communication to the public on this System;
- c) The elements that characterize risk governance;
- d) The control organizational model;
- e) The control roles and tasks assigned to the organizational units that carry out the company control functions;
- f) The liaison methods between organizational units that carry out the company control functions;
- g) Information flows between the organizational units that carry out the company control functions themselves and between these units and the corporate bodies.

The ‘Internal Control System’ consists of an ensemble of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with healthy and prudent management, the achievement of the following purposes:

1. Verifying the implementation of company strategies and policies;
2. Containing risks within the maximum accepted limit;
3. Safeguarding the value of assets and protecting against losses;
4. Efficacy and efficiency of company processes;
5. Reliability and security of company information and of IT procedures;
6. Preventing the risk of the company being involved, including involuntarily, in illegal activities;
7. Compliance of transactions with the law and regulations, including of a supervisory nature, as well as with internal policies, regulations and procedures.

The term ‘Group Internal Control System’ means furthermore the set of rules, procedures and organizational structures aimed at allowing the Parent company to carry out:

- A. Strategic control over both the trend of activities performed by the companies of the group, as well as over the latter’s acquisition and disposal policies;
- B. Managerial control aimed at ensuring the maintenance of conditions of economic, financial and equity balance of both the individual subsidiaries and of the Group as a whole;
- C. The technical-operational check aimed at evaluating the various risk profiles of each individual subsidiary and consequently the Group and of the Group’s overall risks.

Since July 2013, the Internal Control System was updated also in light of the 15th Amendment (dated 2 July 2013) of Bank of Italy’s Circular no. 263/2006 (New prudential supervisory provisions for banks) on the subject of the Internal Control System, the IT system and Business continuity. Specifically, the following documents defining corporate systems have been drawn up/updated and approved:

- The Internal Control System – Guidelines;
- Guidelines: Identification of the Main Operational Functions in Banca IFIS and IFIS Finance;

- The regulations governing control functions. In particular:
 - Regulations governing the Group Internal Auditing Office;
 - Regulations governing the Group Risk Management Office;
 - Regulations governing the Compliance Office;
 - Regulations governing the Anti-money Laundering Office;
 - Regulations governing the Corporate Financial Reporting Officer;
- Group policy for capital adequacy assessments (ICAAP);
- Group policies for the control and management of the main corporate risks. In particular;
 - Group Policy for the Control and Management of the Credit Risk;
 - Group Policy for the Control and Management of the Operating Risk;
 - Group policy for the Control and Management of the Concentration Risk;
 - Group policy for the Control and Management of the Interest Rate Risk;
 - Group policy for the Control and Management of the Liquidity Risk;
- Group Policy for the Outsourcing of Corporate Functions;
- Group Policy for the Development and Certification of the Internal Rating System.

Key characteristics of present risk management and internal control systems in relation to the financial reporting process

1. Foreword

In relation to the financial reporting process, the Risk Management and Internal Audit Systems are components of the same overall 'System', which is designed, among other things, to ensure the trustworthiness, accuracy, reliability and timeliness of financial reporting.

Together with the central body of administration & accounting procedures, the provisions in the Articles of Incorporation concerning the 'Corporate Financial Reporting Officer' (hereinafter also 'Financial Reporting Officer'), the appointment of the present Financial Reporting Officer, and the 'Regulation of the Corporate Financial Reporting Officer', approved by the Board, form the overall set of measures applied by the Bank to cover the risk of erroneous financial reporting.

As regards this, the approaches, via which the appropriateness and effective application of the said administration & accounting procedures are ensured, are based on our internally developed methodology. The latter is based on assessment of the risk of erroneous financial reporting, meaning an intentional or unintentional action potentially capable of producing errors in financial statements. This methodology, as described at the beginning of the present paragraph, is consistent with the requirements established by Supervisory Regulations concerning risk assessment and the Internal Control System.

2. Description of key characteristics of present risk management and internal audit systems in relation to the financial reporting process (the ‘System’)

The System is described in the following documentation approved by the Board of Directors, also bearing in mind its supervisory tasks pursuant to Article 154-*bis* of the CFA (Consolidated Finance Act):

- Group Accounting Manual, which describes the guidelines underlying preparation of the individual and consolidated financial statements in accordance with the requirements of current regulations;
- Financial Reporting Process, which governs the activity of production and approval of the individual financial statements, of the interim report and of quarterly reports, as well as of the consolidated financial statements and related annexes;
- Regulation of the Corporate Financial Reporting Officer, which includes the methodological document describing the process for managing the risks of erroneous financial reporting. Specifically, this latter document establishes the approach followed by the Financial Reporting Officer to assess the individual administration & accounting processes, examining their:
 - Riskiness;
 - Appropriateness;
 - Efficacy and effective application.

2.1 Phases of the process for managing risks of erroneous financial reporting

The process is illustrated below in chart form.



2.1.1 Identification of administration & accounting processes

An ‘administration & accounting process’ is a corporate process comprising operations/transactions capable of positively or negatively affecting the correctness of data and therefore the preparation of financial statements and further corporate acts and notifications.

2.1.2 Assessment of inherent risk

Administration & accounting processes can generate events featuring the risk of erroneous financial reporting, i.e. events able to violate one or more financial statement assertions.

Each risk event identified has a given level of inherent riskiness, which depends on the following criteria:

- Risk associated with a significant accounting item;
- Risk generated by an operation/transaction featuring high frequency;
- Risk generated by an operation/transaction subject to a specific valuation (e.g. securities, impairment).

In the face of the inherent risk within an activity, specific criteria are established as the basis to assess efficacy, as described in the subsequent point addressing this topic.

2.1.3 Assessment of the appropriateness of administration & accounting procedures

Assessment of the appropriateness of administration & accounting procedures is performed by analysis of the documentary set-up of these procedures examined and of the line controls existing and consequently documented.

Documentary analysis of the administration & accounting procedure

Documentary analysis concerns the combination of internal regulations and operating practices. In view of the risk-based approach applied, the analysis is carried out with reference to risks, to the operations/transactions generating them and to the line controls established to mitigate such risks.

For each risk the analysis assesses:

- The level of formalization of procedures, consisting of various parameters, such as, by way of non-exhaustive example, formalization, updating and circulation;
- The level of responsibility, consisting of the existence and attribution of roles and responsibilities in the execution of the operation/transaction generating the risk.

In addition, for each line control the analysis assesses the:

- Level of formalization;
- Attribution of roles and responsibilities;
- Level of traceability and verifiability of the controls themselves.

Combination of assessments of appropriateness

Adequacy is assessed by combining the assessments of appropriateness of the:

- Documentary analysis of procedures;
- Analysis of line controls.

2.1.4 Ex ante assessment of residual risk

For each risk event, ex ante assessment of the residual risk is performed by combining the level of 'inherent risk' with the related assessment of appropriateness.

2.1.5 Assessment of efficacy

Based on the assessment of inherent risk at the level of activity (see point 2.1.2), efficacy is then assessed.

The aim of the assessment of efficacy is to check that conducts and corporate operations (which, for the purposes of this analysis, translate into processes and activities) are able to ensure achievement of the Bank's established objectives, while covering the risks identified.

The tools used to make this assessment are:

- Testing of controls: these are checks designed to verify that line controls have been executed or, in the latter's absence, to check the proper functioning of the process by means of testing transactions;
- Compliance with the International Accounting Standards: these are checks designed to ascertain that accounting entries are recorded in compliance with the requirements of current relevant regulations and the International Accounting Standards;
- Operating environment factors: these are analyses designed to detect the presence of organizational or regulatory changes that may affect achievement of process objectives.

2.1.6 Ex post assessment of residual risk

Ex post assessment of residual risk is performed by comparing the level of residual risk ex ante, found for each individual risk, with the related assessment of efficacy.

Specifically, for each risk a comparison is performed – as regards the administration & accounting procedures and controls in place – between the assessment of the set-up and the assessment of the operation of these organizational approaches.

2.1.7 Assessment of appropriateness and effective application of administration & accounting procedures

To assess appropriateness and effective application of administration & accounting procedures, the ex post assessments of residual risk at the level of activity are grouped.

Further grouping of the assessments obtained at activity level leads to attribution of a rating of appropriateness and effective application of administration & accounting procedures at process level.

Lastly, the overall evaluation of the appropriateness and effective application of administration & accounting procedures in terms of the Bank as a whole, is based on the qualitative evaluation of the Financial Reporting Officer, developed on the basis of his professional judgement stemming from the evidence obtained on the individual processes.

The Financial Reporting Officer uses the evaluation of the appropriateness and effective application of administration & accounting procedures to provide the certification required pursuant to Article 154-bis, paragraph 5, of Legislative Decree no. 58/1998. The Financial Reporting Officer reports back to the C.E.O. on occasion of this certification.

2.2 Roles and functions involved

In the light of the important responsibilities entrusted to him, the Financial Reporting Officer is attributed appropriate powers and resources for performance of his functions, as detailed in the last paragraph of this Section. Specifically, the Accounting Reporting Officer, who retains responsibility for, and coordination of, the activity, draws on the support of both internal personnel and of an auditing firm other than the one appointed to audit accounts, which has been given the task of assisting the Financial Reporting Officer in the assessment activity described earlier.

As regards relations with the Bank's units/Bodies, besides the necessary information flows envisaged by regulations with the various control functions and vis-à-vis the Management & Control

Bodies, the Financial Reporting Officer receives from all Organizational Units the utmost collaboration needed to carry out the activities for which he is responsible, with assurance of free access to all premises, information, accounting records and documentation and timely, complete, accurate and reliable supply of all data requested. If any of the activities managed by the Organizational Unit in question have been outsourced to third parties, the Head of the Organizational Unit ensures that the Financial Reporting Officer is also able to access the information at such parties' disposal. The Financial Reporting Officer agrees the procedures for the implementation of appropriate information flows with each Organizational Unit.

In addition, as regards coordination of Group companies for the preparation of consolidated financial reports, specific information flows are established for provision to the Parent company. Specifically, Group companies identify the delegated parties to be empowered to interact with the Financial Reporting Officer, in order to enable the latter to fulfil his responsibilities.

In particular, the delegated parties provide the Financial Reporting Officer with the information and with any certifications deemed necessary to enable the latter to comply with the requirements established pursuant to Articles 123-*bis* and 154-*bis*, paragraph 5, of the CFA, as well as with those established by Circulars 272 and 115 issued by the Bank of Italy concerning the matrix for accounts and production of supervisory reports on a consolidated basis.

11.1. Director in charge of the Internal Control and Risk Management System

The Board of Directors appointed by the shareholders in the AGM of 30 April 2013 has confirmed the C.E.O. as the Director in charge of overseeing the functionality of the Internal Control and Risk Management System. As a managing body, he constantly reported back to the Board of Directors on all aspects of corporate management, including verification of the overall appropriateness, effectiveness and efficiency of the Internal Control and Risk Management System.

Furthermore, the CEO:

- Coordinated, over 2014, the drawing up of Group policies for the control and management of the main corporate risks and their presentation to the Board of Directors for approval on a time to time basis (compliance risk, operating risk, credit risk, interest rate risk, concentration risk, IT risk etc..);
- Coordinated the drawing up of the document 'Group and Individual Internal Control System – Guidelines', its presentation to the Board of Directors for approval and the ensuing amendments made to this document;
- Saw to the adaptation of this system to changes in operating conditions due to the legal and regulatory framework governing these.

Over 2014, there was no need for the C.E.O. to report, in a timely manner, to the Risk Management and Internal Control Committee nor to the Board of Directors, as no critical problems were encountered by him while carrying out his role and neither were problems reported to him by others. The Director in charge of the Internal Control and Risk Management System may ask the Internal Auditing Office to carry out checks on specific operational areas and in compliance with internal rules and procedures when performing corporate operations, at the same time notifying the

Chairman of the Board, the Chairman of the Risk Management and Internal Control Committee and the Chairman of the Board of Statutory Auditors. The outcome of Internal Auditing inspections that are negative or have revealed serious shortcomings are immediately sent in a complete and timely manner directly to the applicable corporate bodies.

11.2. Head of the Internal Auditing Office

Since mid-2006, the position of Head of the Internal Auditing Office, reporting to the Board of Directors, has been held by the manager Ruggero Miceli. The mission assigned to this office by the relevant regulations approved by the Board of Directors also includes verification that the Internal Control and Risk Management System is always complete, adequate, fully operational and working properly.

Mr. Miceli's appointment took place at the Board meeting held on 4 August 2006, on the proposal of the Director in charge of overseeing the functionality of the Internal Control and Risk Management System. On the basis of supervisory provisions and corporate governance rules in force at the time, no other opinions were acquired in explicit form.

At the time of hiring, the remuneration of Mr. Miceli was approved by a Committee within the Board having duties back then similar to the current Remuneration Committee. Remuneration policies for the Members, employees and outside staff members of the Banca IFIS Banking group approved by the Shareholders' Meeting subsequently decreed his exclusion from stock option plans, as with other managers of control functions, as established by supervisory requirements concerning banks' organization and corporate governance. The mechanism for the possible acknowledgement of variable salary portions is governed within the scope of 'policies' approved by the Shareholders' Meeting, and requires the opinion of the Remuneration Committee and the competence of the Board of Directors. The Office/Department is equipped, from time to time, with resources suited to the fulfilment of its duties.

The Internal Auditing Office is not responsible for any operating area. The position of the Internal Auditing Office in the organization chart as a staff department of the Board of Directors, in addition to assuring its independence - consistently with the Bank of Italy's guidance and with sector best practice - facilitates the appropriate exchange of information with the Internal Risk Management and Internal Control Committee, with the Board of Statutory Auditors and, in general, with corporate bodies and Officers.

The Regulations for Group Internal Auditing require the Parent company's Internal Auditing Office to define a plan of activities that, basing itself on a structured process of analysis and prioritization of the main risks, takes into account the different levels of risk involved in the various activities and structures of the Parent company and its subsidiaries.

The Programmatic plan of audit activities lists the control activities planned for the three-year period (multi-year plan) and contains a separate and detailed presentation of the activities planned for the first 12 months (annual plan). A specific section of this plan is dedicated to the revision activities made in the IT area (ICT auditing).

In the Programmatic plan of audit activities, the Internal Auditing Office, with the aim of providing a summary framework linked to the Programmatic plan of audit activities for the previous financial period, reports on:

- The level of adaptation to the observations made within the context of the audits carried out;

- The completeness, adequacy, functionality and reliability of the Internal Control System.

The Programmatic plan of audit activities is forwarded simultaneously to the Board of Statutory Auditors, to the Risk Management and Internal Control Committee, to the Chairman of the Board of Directors, to the Director in charge of the Internal Control and Risk Management System as well as to Top Management for subsequent review by the Board of Directors. The Programmatic plan is updated any time it is deemed necessary, upon request from corporate bodies and/or proposed by the Head of the Internal Auditing Office.

During 2014, the Head of the Internal Auditing Office:

- Had direct access to all information useful for the performance of his office;
- Constantly interacted with the Risk Management and Internal Control Committee, with the Board of Statutory Auditors and with the Supervisory Body as per Legislative Decree no. 231/2001 (of which he is a Member), also reporting on his work;
- Forwarded the outcome of all activities to the Risk Management and Internal Control Committee, to the Board of Statutory Auditors, to the Chairman of the Board of Directors and to the Director in charge of the Internal Control and Risk Management System, as well as to the Chief Executive Officer and the General Manager;
- Reported on its doings to the Board of Directors providing, in reference to the audited processes and/or areas, adequate information on the activity carried out, as well as evaluations on the Internal Control System and on the residual risk, including through instructions on compliance of the plans defined for the purpose of mitigating risks. The quarterly reports (tableau de bord), the Annual report and any other reports and documents on specific and important topics fall within this scope.
- Carried out specific activities concerning the reliability of information systems and accounting systems.

During approval of the 2014-2016 Audit Plan, the Board of Directors also confirmed the decision-making autonomy of the Internal Auditing Officer concerning training of the Office's staff, purchase of publications and payment of association dues, as well as assignment of further economic resources of 100,000 Euro, that can be drawn upon independently by the Head of the Internal Auditing Office for external consultancy.

The main activities carried out by the Head of the Internal Auditing Office during the course of 2014, on the basis of the aforementioned Programmatic plan, concerned, with varying depth according to the risk level, both the Parent company (Banca IFIS S.p.A.) and the subsidiary (IFIS Finance Sp. z o.o.).

The main sectors of operation refer to the following areas: business loans, non-performing loans, online collection and management of company liquidity, the latter including transactions in government bonds. Activities were also implemented concerning line offices lending support to business operations, second-level corporate control functions and the IT system, as well as certain additional company processes not directly ascribable to a particular office or department.

Besides the quarterly reports (Tableau de Bord) and the Annual report on the work done, in compliance with the requirements of Supervisory Bodies, the Head of the Internal Auditing Office also prepared specific reports concerning:

- Assessments of the subsidiary;
- Remuneration policies;
- The ICAAP process;
- Government and management of the liquidity risk.

The Internal Auditing Officer also interacted with Level 2 control units with reference to the areas of risk covered by such units.

The Internal Auditing Office availed itself of the collaboration of BDO Sp. z o.o. for the performance of audit activities within the Polish subsidiary.

11.3. Organizational Model as per Legislative Decree no. 231/2001

Banca IFIS, sensitive to the need to ensure conditions of transparency and fairness in conducting its business, in order to safeguard its institutional role and image, the expectations of shareholders and those who work for and with the Bank, has deemed it consistent with its corporate policies to implement the Organizational & Management Model envisaged by Legislative Decree 231/2001.

This initiative was taken also in the conviction that application of the Organizational Model is a sound means of increasing the sensitivity of those who work for the Bank, spurring them to adopt, in performing and conducting their activities, fair and linear conduct, such as to prevent the risk of perpetration of the crimes contemplated in Legislative Decree no. 231/2001.

The Bank condemns conduct contrary to current legislative requirements and to the ethical principles also stated in the Bank's Code of Ethics. In this respect, application and effective implementation of the Model improves the Bank's Corporate Governance, limiting the risk of crimes being committed.

In preparing its Organizational Model, Banca IFIS has based itself on the guidelines issued by the ABI (Italian Banking Association) for the adoption of organizational models in relation to banks' administrative liability. These guidelines provide orientation for the interpretation and analysis of the legal and organizational implications stemming from introduction of Legislative Decree no. 231/2001.

Crimes pursuant to Legislative Decree no. 231/2001

As regards the crimes to which the set of rules in question is applicable, at present they consist of the following types:

- Crimes in dealings with Public Administration;
- Computer crimes and unlawful processing of data;
- Organized crime;
- Counterfeiting of coins, legal tenders, government stamps and identification instruments or signs;
- Crimes against industry and trade;
- Some types of corporate crimes;
- Crimes with terrorist intent or aiming to subvert the democratic order;
- Mutilation of female genitals;
- Crimes against the person;
- Market abuses;
- Crimes (manslaughter and negligently causing serious or grievous bodily harm) committed with breach of occupational health and safety regulations;
- Receiving, laundering and use of cash, assets or other benefits of unlawful provenance, as well as self-laundering (as from 1 January 2015);
- Copyright breaches;

- Convincing people to be reticent or to make false statements to the court authorities;
- Environmental crimes;
- Crimes on the subject of employment of third-country citizens with no regular work permits;
- Crimes of corruption between private individuals.

For full observance and interpretation of the Organizational Model, a Supervisory Body has been set up. The Supervisory Body is a collective body formed by Members of the Board of Directors, chosen from among the Non-executive Directors, and the Internal Auditing Officer. Following resolution of the Board of Directors appointed by the Shareholders' Meeting of 30 April 2013, the Body is currently chaired by the Director Andrea Martin and is composed of another three permanent Members: the Directors Giuseppe Benini and Daniele Santosuosso and the Internal Auditing Officer Ruggero Miceli.

During its meeting held on 13 November 2013, the Board of Directors confirmed its decision not to assign to the Board of Statutory Auditors the functions of the Body as per Italian Leg. Decree 231/2001, and reserved itself the option to consider, next time the corporate offices are renewed, the solution of entrusting the Control body with the Supervisory Body's tasks as per Italian Legislative Decree 231/2001 (recommended by the supervisory provisions issued with the 15th Amendment dated 2 July 2013 of Bank of Italy's Circular no. 263/2006).

The Body holds office for three years and meets at least once a quarter. Meetings are regularly documented in minutes, which are recorded in the minutes register. The Committee reports on its work to the Board of Directors every six months. This Body is in possession of independent powers of initiative and control, as per Legislative Decree no. 231/2001 'Rules for the administrative liability of legal entities, companies and associations, including those without legal personality'.

Insofar as it is applicable, the Organizational Model adopted by the Bank also refers to the subsidiary, considering the current Group structure, particularly as regards:

- Group Regulations;
- Code of Ethics;
- Group Accounting Manual;
- Proxy Systems;
- Group policies;
- Business procedures (where present).

The Regulations of the Supervisory Body are available on the Bank's website, in the section 'Corporate Governance – Corporate Documents – Supervisory Body Regulations'.

11.4. External Auditing Firm

The Shareholders' Meeting of 17 April 2014 appointed Reconta Ernst and Young S.p.A. to audit the Company's annual financial statements and the Group's consolidated financial statements as well as the limited auditing of Banca IFIS's half-yearly interim report, for each of the nine financial years running from 31 December 2014 until 31 December 2022.

The audit of the individual financial statements and the consolidated one, means auditing those of controlled and affiliated companies. Auditing of IFIS Finance Sp z o.o. is officialised by means of a separate agreement.

11.5. Corporate Financial Reporting Officer

On 27 September 2007, the Board of Directors appointed Carlo Sirombo as Corporate Financial Reporting Officer, effective from 1 October 2007. Mr. Sirombo is also Head of Administration and Accounting and the General Affairs Areas.

Pursuant to Article 19 of the Articles of Incorporation:

- the Board of Directors, pursuant to Article 154-*bis* of Legislative Decree no. 58/1998, after having received the mandatory opinion of the Board of Statutory Auditors, appoints a Corporate Financial Reporting Officer;
- the Corporate Financial Reporting Officer must meet the same requirements of integrity as those necessary for election as Statutory Auditor as per Article 2 of Ministry Decree no. 162 of 30 March 2000 and of professionalism necessary for election as a Director of Banks that are joint-stock companies as per Article 1, paragraph 1, of Ministry Decree no. 161 of 18 March 1998.

Following a proposal made by the Risk Management and Internal Control Committee, the Board of Directors allocated a budget of 100.000 Euro to the Corporate Financial Reporting Officer with the obligation to report to the Board on how the funds are utilised. The Financial Reporting Officer may exceed the approved budget limits in the case of specific and proven needs, pursuant to the general provisions laid down by the 'Regulations Governing the Corporate Financial Reporting Officer' approved by the Board of Directors on 7 March 2011.

Shown below are the Heads of the other company functions who have been assigned specific tasks on the subject of internal control and risk management:

- The position of Chief Risk Officer (CRO) is assigned to Mr. Kristian Tomasini. The Parent company Risk Management Office has an annual expenses budget, agreed upon with the Chief Executive Officer, according to the action plan presented;
- The position of Compliance and Anti-money Laundering Officer is assigned to Mr. Francesco Peluso, who is provided with an annual budget of € 25.000.
- The position of Anti-money Laundering Supervisor was assigned to Ms. Giovanna Bazzaro during 2014.

The duties and responsibilities of the afore-mentioned second-level control functions are in line with recalled supervisory provisions on Internal Control Systems issued by the 15th Amendment to Bank of Italy's Circular 263/2006 of 2 July 2013 (new provisions for prudential supervision of Banks).

11.6. Coordination between subjects involved in the Internal Control and Risk Management System

The cross-membership mechanisms and the non-excessive composition of committees, bodies and structures facilitate coordination between the subjects involved in the Internal Control and Risk Management System. During the course of its meetings, the Risk Management and Internal Control Committee and the Board of Statutory Auditors interact frequently, subject to agreement and to discuss individual topics, with the CEO, the Corporate Financial Reporting Officer, the External

Auditing Firm, the Chief Risk Officer and the Compliance and Anti-money Laundering Officer. They also systematically interact with the Internal Auditing Officer who usually takes part in the meetings. The Supervisory Body as per Italian Leg. Decree 231/2001 also benefits from the same cross-membership mechanisms and similar systematic methods when interacting with other parties involved in the Internal Control and Risk Management System.

With a view to reinforcing coordination and the sharing of information between control functions and in order to achieve economies of scope whilst respecting the mutual autonomy of the parties, as well as developing control methods that are consistent with the business operations:

- ✓ Despite there already being contact and inter-relations between these functions, particularly in cases of bilateral discussions;
- ✓ In the light of provisions as per 15th Amendment to the Bank of Italy's Circular 263.

The Compliance and Anti-money Laundering Office, the Anti-money Laundering service, the Risk Management Office, the Internal Auditing Office and the Financial Reporting Officer formally organised further opportunities for coordination and collaboration between the control functions.

Lastly, with regards to coordination between the parties involved in the Internal Control and Risk Management System, a specific web application was developed during 2014 (launched at the beginning of 2015) to support reporting activities and the charting of possible improvement areas in the aforementioned functions and corporate bodies, particularly with regards to the Internal Control System.

12. Directors' interests and related-party transactions

During 2013, following approval by the Risk Management and Internal Control Committee (composed solely of independent Directors) and the Corporate Financial Reporting Officer, the Board of Directors approved the updating of the 'Procedure for Transactions with Associated parties' (definition which, as per the Bank of Italy's provisions, includes related parties and the parties connected to these).

The 'Procedure', which describes the criteria for identifying transactions that must be approved by the Board after receiving the opinion (or after involvement) of the Risk Management and Internal Control Committee, is available on the Website www.bancaifis.it (in the section 'Corporate Governance – Corporate documents').

The Board has not found any need for further operating solutions to facilitate identification and appropriate management of situations in which a Director has an interest, either personal or on behalf of third parties.

13. Appointment of Statutory Auditors

The appointment of Members of the Board of Statutory Auditors is regulated by Article 21 of the Articles of Incorporation and takes place based on lists presented by shareholders on which candidates are listed in sequential order and with a number of candidates not exceeding the

Members to be elected. Each list consists of two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor.

A list can be presented by the shareholder or shareholders who, at the time of submittal of the list, own an equity interest equal to at least 1% of ordinary shares, or to another lower ownership threshold that – pursuant to current regulations – must be indicated in the notice convening the Shareholders' Meeting called to resolve the appointment of Statutory Auditors.

A shareholder can neither submit nor vote for more than one list, not even via agents or fiduciary companies. Shareholders belonging to the same group and shareholders forming part of a shareholder agreement concerning the Company's shares cannot submit or vote for more than one list, not even via agents or fiduciary companies. A candidate can be present on only one list or will be considered ineligible.

Two Standing Auditors and one Alternate Auditor from the list that obtained the highest number of votes are elected, based on the progressive order in which they appear on said list; from the list that obtained the highest number of votes among the lists presented and voted upon by shareholders who are not associated with the reference shareholders pursuant to Art.148, paragraph 2 of Italian Leg. Decree no. 58/1998, the candidate indicated in first position of the relevant section of said list is elected as Standing Auditor; from the same list, the candidate indicated in first position of the relevant section of said list is elected as Alternate Auditor.

In the case of a tie between two or more lists, the oldest candidates will be elected as Statutory Auditors.

If said selection criteria do not ensure the presence within the Board of at least one Standing Auditor and one Alternate Auditor belonging to the least represented gender, a sliding mechanism is applied to the selection from the list which obtained, during the Shareholders' Meeting, the highest number of votes based on the consecutive order with which the candidates are indicated. Such mechanism excludes the candidate or candidates of the more represented gender and reselects the candidate or candidates of the missing gender.

Chairmanship of the Board of Statutory Auditors is the prerogative of the Standing Auditor elected from the minority list mentioned above.

Outgoing Statutory Auditors can be re-elected.

If, notwithstanding the provisions of the Articles of Incorporation, as indicated above, only one list is presented or only one list receives votes, three Standing and two Alternate Auditors will be elected – on condition that the list in question receives the majority of the votes represented at the Shareholders' Meeting – in the order in which they are indicated for the respective office on that list. The candidate for the office of Standing Auditor indicated in the first position on the list will be appointed Chairman of the Board of Statutory Auditors.

In case of substitution of a Standing Auditor, his/her place is taken over by the Alternate Auditor belonging to the same list as the Auditor who has ceased to hold office.

If it is necessary to appoint Standing and/or Alternate Auditors in order to reconstitute the Board of Statutory Auditors following Auditors' early cessation from office, the Shareholders' Meeting will proceed as follows: if it is necessary to substitute Auditors elected from the majority list, appointment of the Statutory Auditor(s) takes place on the basis of a majority vote, without the constraint of lists. If instead it is necessary to substitute a Statutory Auditor designated by the minority, the Shareholders' Meeting will substitute him/her, with a relative majority vote, choosing the candidate from among the candidates indicated in the list to which the Auditor to be replaced belonged, who have confirmed their candidacy at least 25 days before the date set for the Shareholders' Meeting in

first call, together with statements concerning the absence of causes of ineligibility or incompatibility, as well as possession of the requirements needed to hold the office.

The lists must be submitted to the Company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting in first call, and are made available to the public at the registered office, on the Company's website and according to other methods provided for by regulations in force at least twenty-one days prior to the date of the Shareholders' Meeting in first call.

The ownership of the minimum number of shares needed for presentation of the lists is determined by taking into account the shares recorded in favour of the individual shareholder or multiple shareholders jointly on the day in which the lists are submitted to the Company. In order to substantiate the ownership of the number of shares necessary for presentation of the lists, the shareholders may exhibit the relevant certification even subsequent to the submission of the lists, provided it is within the term set for publication of the lists by the Company.

The lists must be accompanied by:

- Information relating to the identity of shareholders who have presented the lists, stating the percentage of shares held as a whole;
- A declaration by shareholders other than those who own, also jointly, a controlling or relative majority interest, certifying the absence of connections provided for by Art.144-*quinquies* of the 'Regulations implementing Italian Leg. Decree no. 58/1998 concerning the Issuers' Regulations' with the latter, as well as of any other significant relationships;
- Exhaustive information on candidates' personal and professional characteristics, as well as a declaration by the candidates themselves certifying possession of the requirements established by law and acceptance of their candidacy.

Those candidates who already cover Auditor positions in five other listed companies or who do not possess the honourableness, professionalism and independence requirements set forth by applicable regulations or that fall within the cases referred to in Art.148, para. 3 of Italian Leg. Decree no. 58/1998 may not be included in the lists of candidates.

Each list has to indicate at least one candidate for the office of Standing Auditor and at least one candidate for the office of Alternate Auditor belonging to the least represented gender.

Such requirement does not apply to lists with less than three candidates.

14. Composition and functioning of the Board of Statutory Auditors (as per Art.123-bis, para. 2, letter d), CFA)

The membership of the Board of Statutory Auditors in office as at FY2014 year-end date, as is also shown in Table 3 attached to this report, is as follows:

- Chairman: Giacomo Bugna;
- Standing Auditor: Giovanna Ciriotto;
- Standing Auditor: Mauro Rovida;
- Alternate Auditor: Luca Giacometti;
- Alternate Auditor: Sonia Ferrero.

The Shareholders' Meeting that made the appointment took place on 30 April 2013 according to the Articles of Incorporation in force. The election for the 3-year period 2013-2015 took place based on a list vote. Two lists of candidates were submitted: one by the majority shareholder 'LA SCOGLIERA S.p.A.' and the other by the shareholders 'Ersel Asset Management SGR S.p.A. Fund Manager of Fondersel P.M.I.; Eurizon Capital SGR S.p.A. Fund Manager of Eurizon Azioni PMI Italia; Eurizon Capital SA Fund Manager of Eurizon EasyFund Equity Italy LTE; Fideuram Investimenti SGR S.p.A. Fund Manager of Fideuram Italia; Fideuram Gestions SA Fund Manager of Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav Fund Manager of Interfund Equity Italy and Otus Capital Management Limited Fund Manager of Maga Smaller Companies Master Fund Limited'(which certified the absence of connections with the controlling shareholder).

Shown below, for both of them, are the list of candidates, the list of those elected and the percentage of votes obtained in relation to voting capital:

List of candidates presented by the majority shareholder 'La Scogliera S.p.A.'		
Candidates for the office of Standing Auditor	List of those elected	Percentage of votes obtained
Mauro Roviada Giovanna Ciriotta	Mauro Roviada Giovanna Ciriotta	80,38 %
Candidates for the office of Alternate Auditor		
Luca Giacometti Francesca Rapetti	Luca Giacometti	

List of candidates presented by the shareholders 'Ersel Asset Management SGR S.p.A. Fund Manager of Fondersel P.M.I.; Eurizon Capital SGR S.p.A. Fund Manager of Eurizon Azioni PMI Italia; Eurizon Capital SA Fund Manager of Eurizon EasyFund Equity Italy LTE; Fideuram Investimenti SGR S.p.A. Fund Manager of Fideuram Italia; Fideuram Gestions SA Fund Manager of Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav Fund Manager of Interfund Equity Italy and Otus Capital Management Limited Fund Manager of Maga Smaller Companies Master Fund Limited.'		
Candidates for the office of Standing Auditor	List of those elected	Percentage of votes obtained
Giacomo Bugna	Giacomo Bugna	3,83 %
Candidates for the office of Alternate Auditor		
Sonia Ferrero	Sonia Ferrero	

Below we summarize the personal and professional characteristics of each Standing Auditor (pursuant to Article 144-*decies* of Consob's Issuers' Regulations) based on the statements provided by each of them and attached to the lists, as well as on any subsequent updates notified by those concerned.

Chairman of the Board of Statutory Auditors – Giacomo Bugna

Mr. Bugna acquired his experience at a leading auditing firm, focusing on the sector of financial institutions with regards to both the auditing and advisory activity. In 1997-1998, he was responsible for introducing the certification of financial statements at the Bank of Italy. Since 2011 and until April 2014, he was a Member of the Board of the 'Fédération des Experts-comptables Européens' (Federation of European Expert Accountants), which groups together the professional associations of the 27 Member States that make up the European Community.

Standing Auditor – Giovanna Ciriotto

Director of the Board of Certified Public Accountants and Expert Bookkeepers of Venice, Director as well as Member of the same Board's continuous professional training commission, Ms. Ciriotto obtained a Degree in Economics and Business Administration from the Università Cà Foscari di Venezia. Since 2011, she has been a Director of the Fondazione Università Cà Foscari and is an expert in the following areas: corporate law and corporate governance, extraordinary transactions, tax-real estate planning and consulting and tax litigation. She is a partner with the accounting firm De Perini & Ciriotto, located in Venice.

Standing Auditor – Mauro Rovida

A 1973 graduate in Economics and Business Administration and scholarship holder at the Chair of Economic Politics of the Faculty of Economics and Business Administration at the Università degli Studi di Genova, Mr. Rovida has been a Certified Public Accountant since 1975, a Legal Auditor, a Member of the Association of Technical Consultants of the Court of Genoa. He currently carries out consulting activities, mainly in Genoa, in the corporate, litigation and bankruptcy proceedings areas; he is also a consultant for various Genoa-based companies and groups with interests in the following sectors: construction, maritime tourism services, goods handling harbour services, industries associated with the shipbuilding activity, real estate trading, mechanical industry apparel, IT and services; Lastly, he is a Member of the Boards of Directors and Boards of Statutory Auditors of various different companies.

Alternate Auditor – Sonia Ferrero

A Certified Public Accountant, she has been a Member of the Board of Certified Public Accountants and Expert Bookkeepers of Turin since 2001. After obtaining a degree in Economics from the Università di Torino, she attended the IPSOA Master in International Taxation. Ms. Ferrero currently works for the law and taxation firm Di Tanno&Associati, where she deals with Italian and international taxation issues, tax litigation and assistance on the subject of collection and transactions involving private equity funds.

Alternate Auditor – Luca Giacometti

Luca Giacometti graduated in Economics & Commerce. He has been a Certified Public Accountant since 1995, and since 1999 has been a Member of the Register of External Auditors; he is also enrolled in the Register of Technical Consultants of the Court of Genoa. He attended the training course to become an Auditor as per Lgs.Decree 231/01 – Member of the Supervisory Body as per Lgs. Decree 231/01 - Professional/Consultant as per Lgs. Decree 231/01. He is also a Member of the Board of Certified Public Accountants and Expert Bookkeepers for the circumscription of the Court of Genoa.

He has acquired in-depth knowledge and experience in the corporate, tax, accounting, administrative and financial fields; moreover, he provides consulting services for companies and groups of companies mainly located in the area of Genoa and operating in the sector of construction and of maritime and harbour tourist services, for which he also holds the office of Director and Member of the Board of Statutory Auditors.

During FY2014, the Board of Statutory Auditors met at the Bank 25 times, during which it interacted with the Chief Executive Officer, the General Manager, the Risk Management and Internal Control Committee, the Supervisory Body as per Legislative Decree no. 231/2001, the External Auditing Firm, the Internal Auditing Officer, the Financial Reporting Officer and other control departments, as well as with numerous managers and employees of the Bank. The meetings and/or audits lasted about 3 hours on average.

Since the beginning of 2015, until the date of approval of this report, the Board of Statutory Auditors has met nine times, three of these were joint meetings with the Risk Management and Internal Control Committee and one was a joint meeting with the Remuneration Committee. The Board of Statutory Auditors is likely to hold a similar number of meetings during 2015 as it did last year.

There have been no changes in the Board of Statutory Auditors' composition as of the closing of the period.

After its nomination, the Board of Directors, in its meetings on 30 April and 30 May 2013 checked Statutory Auditors' possession of the requirements of integrity, professional experience and independence, as per Article 148, paragraph 3 of Legislative Decree no. 58/1998, based on the Substitute Declarations envisaged by Italian Presidential Decree no. 445 of 28 December 2000. During the Board of Directors' session held on 17th July 2013, an overall presentation was given on the verifications carried out on the subject of the requirements of professionalism, honourableness and independence of Directors and Auditors. The Board of Statutory Auditors was present during the above-mentioned meetings of the Board of Directors.

In addition, the Board of Statutory Auditors periodically checks the suitability of its Members to perform the functions of the control body in terms of professionalism, availability of time and independence, as well as its own adequacy in terms of powers, functioning and composition, taking into account the entity and complexity of Banca IFIS and of its business activities. During this verification, it has been confirmed from time to time that the Members of the Board of Statutory Auditors continue to meet the independence requirements as per all the criteria established by the Corporate Governance Code for Directors' independence.

The Board of Statutory Auditors in its Meeting of 2 February 2015 confirmed the continuing presence of the independence requirements of its Members foreseen by the Corporate Governance Code and by paragraph 3 of Art. 148 of the CFA. In carrying out this evaluation, the Board of Statutory Auditors applied all the criteria set out in said Code. With regards to the fact that the Director Mr. Rovida has exceeded nine years out of twelve in office (application criterion 3.C.1, letter e of the Corporate Governance Code), the other two Members of the Board have studied the assessments made by the Board of Directors' Meeting of 30 April 2013 in terms of Mr. Rovida's judgements and his freedom to evaluate Management performance and can confirm that he has maintained an independent and unbiased attitude over time. They also took into account Mr. Rovida's declaration filed in the Bank's records regarding the insignificance of his remuneration from the Bank for being a Statutory Auditor when compared to his overall income from all his professional activities.

Over 2014, the Board of Statutory Auditors attended the aforementioned training sessions carried out by Parente & Partners. Furthermore, the Chairman of the Statutory Auditors' Board, together with an independent Director, also took part in an induction session organised at the beginning of 2015 by Assogestione and Assonime and paid for by the Bank.

Consistently with the provisions of the Corporate Governance Code, and also pursuant to the provisions of Article 136, para. 1 of the Consolidated Banking Act ('Obligations of banking officers'), if a Statutory Auditor either directly or on third parties' account has an interest in a certain transaction of the Issuer, he/she must inform the other Statutory Auditors and the Chairman of the Board promptly and exhaustively about the nature, terms, origin and extent of his/her interest. The Statutory Auditors also fall within the field of application of the 'Procedure for transactions with associated parties' discussed in Section 12.

As part of the coordination with the other players of the Internal Control and Risk Management System, the Board of Statutory Auditors had primarily relations, as envisaged by the Corporate Governance Code, with the Internal Auditing Office, whose Head normally attends the Board of Statutory Auditors' meetings, and with the Risk Management and Internal Control Committee, as well as with the Appointments and Remuneration Committee (two separate Committees since December), whose meetings are normally attended by the Chairman of the Board of Statutory Auditors. In addition, during 2014, eight joint meetings of the Board of Statutory Auditors and the Risk Management and Internal Control Committee were held.

15. Relations with shareholders

The Bank has created a specific section on its website, easy to identify and access by clicking on the item 'Corporate Governance' in the menu at the top of the home page, which makes available information of importance to shareholders in order to enable them to exercise their rights knowledgeably.

With Board resolution of 19 January 2012, the role of Investor Relator was assigned to the Head of Communications, Ms. Mara Di Giorgio.

The Investor Relations Department, which reports to the C.E.O., was also resolved and set up.

16. Shareholders' Meetings (as per Art. 123-bis, para. 2, letter c), CFA)

The duties of the Shareholders' Meeting are similar to those found in the majority of listed Italian banks. Specifically, the Shareholders' Meeting:

- Approves the Annual report;
- Appoints (applying the list vote mechanism) and revokes Members of the Board of Directors, establishing their remuneration;
- Appoints (applying the list vote mechanism) and revokes Members and the Chairman of the Board of Statutory Auditors, establishing their remuneration;
- Resolves on remuneration policies for Directors, employees and outside staff Members and receives reports on the same;
- Resolves on remuneration plans based on financial instruments;

- Resolves on transactions that involve amendments to the Articles of Incorporation;
- Resolves on the other matters reserved for it by the Articles of Incorporation or by law.

Shareholders' Meetings can also be held outside the Company's registered office, as long as the venue is in Italy. The Shareholders' Meeting is held at least once a year, within 120 days of the end of the corporate financial year.

Shareholder's Meetings may be attended by holders of voting rights for whom the Company has received the notification by the intermediary at the end of the third day of open trading preceding the date set for the Shareholders' Meeting in first call. The communication is made based on the evidence at the end of the seventh accounting day of open trading set for the Shareholders' Meeting in first call.

The above is without prejudice to legitimate attendance and the exercise of the right to vote should such communication be received by the Company beyond the aforementioned term, provided that this is before the start of the Shareholders' Meeting of the single call.

Those who are entitled to vote may have themselves represented at the Shareholders' Meeting, pursuant to the law, by means of written proxy or proxy granted by electronic means.

The electronic notification of the proxy may be made using the special form available on the Company website.

The Company designates for each Shareholders' Meeting, indicating it in the notice to convene, one or more individuals to whom the holders of voting rights can grant, following the methods established by applicable normative provisions, a proxy with voting instructions on all or some of the proposals on the agenda. The Proxy has effect only with regards to the proposals for which voting instructions have been provided.

With regards to the majorities for the validity of resolutions and the drafting of the minutes, reference is made to the provisions of the law, to applicable regulations, to the Articles of Incorporation and to the Shareholders' Meeting Regulations.

Only shareholders who, alone or together with others, own at least 1% of ordinary shares at the time of submittal have the right to submit lists for the appointment of Members of the Board of Directors. A lower ownership threshold is possible – if allowed by current legislation – and must be indicated in the meeting notice convening the Shareholders' Meeting called to vote on appointment of the Members of the Board of Directors. A shareholder can neither submit nor vote for more than one list, not even via agents or fiduciary companies. Shareholders belonging to the same group and shareholders forming part of a shareholder agreement concerning the Company's shares cannot submit or vote for more than one list, not even via agents or fiduciary companies. A candidate can be present on only one list or they are considered ineligible. One Director is taken from a list other than the one receiving the most votes. In the event of the latter's cessation from office during the mandate, the Board will first check the continued availability of the candidates listed on the list concerned, according to the latter's sequential order, and will then proceed with co-optation based on this criterion of preference.

No proposals were made to the Shareholders' Meeting by shareholders who control the Issuer with regards to topics for which a specific proposal was not formulated by the Directors.

The 'Shareholders' Meeting Regulations', the current version of which was approved by the Shareholders' Meeting on 30 April 2013, governs the manner in which meetings are held and function. The Regulation, which specifies the maximum duration of individual contributions by attendees, their order, the voting procedure, the contributions of Directors and Statutory Auditors, and also the powers to settle and prevent the occurrence of conflict during Shareholders' Meetings, is available on the internet site www.bancaifis.it in the section 'Shareholders' Meetings'.

Pursuant to the Shareholders' Meeting Regulations, the Meeting's Chairman, also drawing on the assistance of Company personnel, checks: that proxies are correct, the right of attendees to take part in the Meeting and the latter's proper constitution.

All those who attend have the right to take the floor on each of the topics discussed. Those with rights may ask questions on the items on the agenda even before the Meeting takes place, within the terms set forth by the regulations in force and indicated in the notice to convene. The questions received within the term indicated in the notice will be answered during the Meeting, at the latest. A single answer may be given to questions with the same content. Those who intend to speak must ask the Chairman, by written request containing an indication of the topic to which the question refers, after the Chairman has read out the agenda items and up until he declares discussion of the relative topic closed. As a rule, the Chairman gives permission to speak according to the chronological order in which requests are submitted. If two or more requests are submitted simultaneously, the Chairman gives permission to speak according to the alphabetical order of the requesters' surnames. The Chairman can authorize the submission of requests to speak by a show of hands. In such case, the Chairman gives permission to speak according to the alphabetical order of requesters' surnames. Members of the Board of Directors, the Board of Statutory Auditors and Top Management of the Bank, or Members of other Group companies, as well as the representatives of the Firm assigned the task of the legal auditing of accounts and Company and Group personnel may all ask to join the discussion when the Chairman deems it useful in connection with the topic to be discussed.

During the Ordinary Shareholders' Meeting held on 17 April 2014, only one Member of the Board of Directors was absent. Consequently, the total number of attending Directors was equal to 8. The entire Board of Statutory Auditors was on hand.

During the Shareholders' Meetings, the C.E.O., on behalf of the Board of Directors, makes himself available to report on the activity performed and planned by the Board, while in any case observing the rules for privileged information. The Board, also by means of the reports made available to shareholders in the terms established by the CFA and through ongoing fine-tuning of the organization of institutional communication via the Website, commits itself to ensuring that shareholders receive sufficient information on the items necessary to enable them to take informed decisions as regards the resolutions that are the prerogative of the Shareholders' Meeting.

During the Ordinary Shareholders' Meeting held on 17 April 2014, as concerns the Appointments and Remuneration Committee, Francesca Maderna (Chairman) and the two Members Sebastien Egon Fürstenberg and Daniele Santosuosso were present. Shareholders were informed with regards to the methods used to exercise the Committee's functions as part of the Remuneration report as per Art.123-ter of the CFA.

During the financial year, no changes occurred in the control structure of Banca IFIS S.p.A..

On 10 March 2014, the majority shareholder La Scogliera S.p.A., through a selling procedure reserved to institutional investors (transaction duly communicated to the market and to the Supervisory Authority), transferred 2.168.332 Banca IFIS ordinary shares, corresponding to 4.03% of the share capital.

In February 2015, La Scogliera S.p.A. sold a block of 650,000 ordinary Banca IFIS shares, corresponding to 1.21% of share capital. To date, it continues to maintain control of Banca IFIS with a majority share of about 51.43% of said capital (the overall percentage of La Scogliera is 51.44%). The market capitalisation of shares recorded the following values at the beginning and end of the period:

Date	Share price (€)	No. of shares forming share capital	Capitalization (€)
30 December 2013	12,95	53.811.095,00	696.853.680,30
30 December 2014	13,69	53.811.095,00	736.673.890,55

Source: Bloomberg, closing price (PX-LAST)

The increase in capitalisation reflects the changes observed in the trends of Banca IFIS's securities and such changes are directly due to the results achieved and the future outlook of the company.

17. Further corporate governance practices (as per Art. 123-bis, para. 2, letter a), CFA)

No further committees have been appointed other than those described in the previous sections. Adoption of the Organizational Model pursuant to Legislative Decree no. 231/2001 is discussed in the third paragraph of Section 11.

18. Changes since the end of the financial year

Since FY2014 year-end up to the date of approval of this report there have been no changes in the corporate governance structure.

This report also takes into account the first part of 2015 and, in particular, of the following decisions taken by the Board of Directors in its Meeting of 3 February 2015:

- Amendments to the Regulations Governing the Risk Management and Internal Control Committee so as to comply with the supervisory provisions set out in Title IV, Chapter 1 of the Bank of Italy's' Circular 285;
- Granting of financial autonomy to the other two Committees within the Board of Directors.

Tables

TABLE 1: INFORMATION ON SHAREHOLDING STRUCTURE

STRUCTURE OF SHARE CAPITAL				
Structure of share capital	No. of shares	% of share capital	Listed (market) / unlisted	Rights and obligations
Ordinary shares	53.811.095	100%	Listed (on MTA Milan electronic equity market)	Each ordinary share attributes the right to one vote

Declarant	Direct Shareholder		% of ordinary share capital	% of voting capital
FÜRSTENBERG SEBASTIEN EGON	La Scogliera S.p.A.:	52,638	52,651	52,651
	Fürstenberg Sebastien Egon:	0,013		
INVESCO LIMITED	Invesco Asset Management Limited:	1,539	2,020	2,020
	Invesco Fund Managers Limited:	0,306		
	Invesco Global Asset Management:	0,153		
	Invesco Canada Limited:	0,022		
SALAMON MARINA	Alchimia S.p.A.		2,001	2,001
PREVE RICCARDO	Preve Costruzioni S.p.A.	2,156	2,321	2,321
	Preve Riccardo	0,165		
BOSSI GIOVANNI	Bossi Giovanni	3,417	3,417	3,417

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Role	Member	Board of Directors											Risk Management and Internal Control Committee		Remuneration and Appointments Committee	
		Year of birth	Date of first appointment *	In office since	In office until	List (M/m) **	Exec.	Non exec.	Indep. as per Code	Indep. as per CFA	Number of official posts held ****	(*)	(**)	(*)	(**)	(*)
Chairman	Furstenberg Sebastien Egon	1950	05/08/1983	2013	2015	M		X			-	19/21			M	5/5
Deputy Chairman	Csillaghy Alessandro	1966	09/05/1995*	2013	2015	M	X				-	21/21				
C.E.O.	Bossi Giovanni	1960	09/05/1995	2013	2015	M	X				-	21/21				
Director (LEAD)	Benini Giuseppe	1954	30/04/2013	2013	2015	M		X	X	X	-	21/21	P	26/26		
Director	Madema Francesca	1963	29/04/2010	2013	2015	M		X	X	X	-	20/21	M	26/26	P	5/5
Director	Martin Andrea	1950	28/04/2004	2013	2015	M		X			-	20/21	M	21/26		
Director	Preve Riccardo	1951	10/10/2005	2013	2015	M		X			-	20/21				
Director	Salamon Marina	1958	10/10/2005	2013	2015	M		X			1	18/21				
Director	Daniele Santosuosso	1964	30/04/2013	2013	2015	m		X	X	X	-	21/21	M	21/26	M	5/5
DIRECTORS WHO LEFT DURING THE YEAR 2014																
--																
Quorum required for the presentation of lists during last appointment: 1%																
No. of meetings held during the year 2014:				BoD: 21			Risk Mgt. and Int. Control Comm.: 26				Comm. for Remun & Appoints: 5					

NOTE

* Date of first appointment means the date in which the Director was nominated to the Bank's Board of Directors for the very first time;

** This column shows the list from which each Director was taken ("M": majority list; "m": minority list; 'BoD': List presented by the BoD);

*** This column shows the number of posts held by the Director or Statutory Auditor in other listed companies on regulated markets, even foreign, in financial companies, banks, insurance companies or very large companies. In the second paragraph of Section 4 the list of these companies for each Director is shown; None of the Directors has a role in Banca IFIS S.p.A.'s only subsidiary.

(*). This column shows the participation of the Directors in the Board of Directors Meetings and the Committee Meetings respectively (shows number of meetings attended over total number of meetings held; e.g. 6/8; 8/8 etc.).

(**). This column shows the role of the Director in the Committee: "P": President/Chairman; "M": Member.

*Mr. Alessandro Csillaghy has been the Deputy Chairman of the Bank since 1996.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Role	Member	Year of birth	Date of first appointment *	In office since	In office until	List **	Independence as per the Code	***	Number of official posts held****
Chairman	Giacomo Bugna	1953	30/04/2013	2013	2015	m	X	25/25	-
Standing Auditor	Mauro Rovida ¹	1949	05/08/1983	2013	2015	M	X	25/25	14
Standing Auditor	Giovanna Ciriotto	1961	30/04/2013	2013	2015	M	X	25/25	-
Alternate Auditor	Giacometti Luca	1968	28/04/2004	2013	2015	M	X	-	-
Alternate Auditor	Sonia Ferrero	1971	30/04/2013	2013	2015	m	X	-	-
STATUTORY AUDITORS WHO LEFT DURING THE YEAR 2014									
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Number of Meetings held in 2014: 25									
Quorum required for the presentation of lists by the minority for the election of one or more Members (as per art. 148 TUF): 1%									

NOTE

* Date of first appointment means the date in which the Auditor was nominated to the Bank's Board of Statutory Auditors for the very first time;

** This column shows the list from which each Auditor was taken ("M": majority list; "m": minority list). The current composition of the Board of Statutory Auditors was resolved by the AGM of 30 April 2013 for the 3 years 2013/2015 using list voting.

*** This column shows the participation of the Statutory Auditors to the Board of Statutory Auditors' Meetings (shows number of meetings attended over total number of meetings held; e.g. 6/8; 8/8 etc.).

**** This column shows the number of posts held by the Director or Statutory Auditor as per Art. 148bis CFA. This list of posts is published by Consob on its internet site as per Art. 144quinquiesdecies of Consob's Issuers' Regulations. Those Directors or Statutory Auditors with a controlling role in only one company are excluded from this disclosure obligation.

1. To ascertain independence of the Standing Auditor Mauro Rovida (Auditor in the Bank since 30 April 2002 with a short interruption before Banca IFIS became a Bank), please refer to Section 14 of this report.

TABLE 4: NUMBER AND TYPE OF POSTS HELD BY EACH CORPORATE OFFICER IN OTHER COMPANIES AND ENTITIES

CORPORATE OFFICER	TYPE OF ROLE		TOTAL POSTS
	Executive roles*	Non-executive Directors or non-controlling roles **	
DIRECTORS			
Furstenberg Sebastien Egon	1	-	1
Csillaghy Alessandro	1	-	1
Bossi Giovanni	1	-	1
Benini Giuseppe	-	31	31
Maderna Francesca	1	1	2
Martin Andrea	-	7	7
Preve Riccardo	4	-	4
Salamon Marina	2	4	6
Daniele Santosuosso	-	-	-
STATUTORY AUDITORS			
Giacomo Bugna	-	-	-
Mauro Rovida	-	14	14
Giovanna Ciriotto	1	7	8
OTHER CORPORATE OFFICERS			
Staccione Alberto	-	-	-
<p>*The following roles are considered 'executive roles' as per the Regulation on the number of official posts held by Corporate Officers:</p> <ul style="list-style-type: none"> - Chief Executive Officer; - General Manager; - Member of the Management Board; - Member of the Executive Committee. 			
<p>**The Regulations on the number of official posts held by Corporate officers defines 'Non-executive Directors or non-controlling roles' as:</p> <ul style="list-style-type: none"> - Member of the Board of Directors without powers of attorney; - Alternate Auditor to the Board of Statutory Auditors; - Member of the Surveillance Committee. 			