

REPORT ON REMUNERATION

pursuant to article 123-*ter* of the Italian Consolidated Finance Act

Banca IFIS S.p.A.

Document approved by the Board of Directors
during the session held on 18th February 2015

Banca IFIS S.p.A. – Registered office in Via Terraglio 63, 30174 Venice–Mestre – Registration number in the Companies Register of Venice and Tax Code 02505630109 – VAT number 02992620274 – REA (Administrative Economic Index) number: VE - 0247118 – Share capital Euro 53,811,095 – Register of Banks no. 5508 - Parent Company of the Banca IFIS Banking Group S.p.A., enrolled in the register of Banking Groups – Member of the Interbank Deposit Protection Fund, of the Italian Banking Association, of the Italian Factoring Association, of Factors Chain International

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Dear Shareholders,

Pursuant to art. 123 *ter* of Legislative Decree 24th February 1998 no.58 (Consolidated Finance Act), you are called to decide for or against Section I of this report.

With this document the Board of Directors of Banca IFIS S.p.A. aims to comply with the above-mentioned law referred to in art. 123 *ter* of the Consolidated Finance Act, the banking regulations and the self-regulatory rules contained in the Self-Governance code for listed companies, as specified below.

In particular, in light of the possibility given in Annex 3A, Scheme No 7-bis of the "Issuer's Regulations", to comply, in a single document, with the regulations referred to in art. 123 *ter* of the Consolidated Finance Act and with the Supervisory Provisions of the Bank of Italy with regard to remuneration, this report includes additional information, in aggregate form, on so-called "*Risk Takers*" not included within the scope of the afore-mentioned Consolidated Finance Act article. With regard to the incentive plans based on financial instruments, detailed information is supplied with reference to the information contained in the Information Document concerning remuneration plans based on financial instruments (pursuant to article 114 *bis* of the Consolidated Finance Act and article 84 *bis* of the Consob Issuer Regulations) available on the website www.bancaifis.it Information about the requirements of reporting to the public pursuant to the Supervisory Provisions for banks – Circular 285 of 17th December 2013 – on corporate governance, can be found in the report on corporate governance and information about the ownership structures that can be found on the Bank's website <http://www.bancaifis.com/Corporate-Governance/Corporate-documents>

INTRODUCTION

Provisions applicable to the Banca IFIS banking Group

The provisions applicable to the Banca IFIS banking Group concerning remuneration and incentive systems can be summarised as follows:

1. primary and secondary legislation applicable to publicly traded companies:
 - a. with the Legislative Decree of 30th December 2010 no. 259 of transposition of European Commission Recommendations 2004/913/EC of 14th December 2004 and 2009/385/EC of 30th April 2009 on the remuneration of directors of publicly traded companies, the legislator introduced in the Consolidated Text of Legislative Provisions relating to financial intermediation (Legislative Decree no. 58 of 24th February 1998, the so-called Consolidated Finance Act), art. 123 *ter* (Remuneration Report) containing the provision of making available to the public (at least twenty-one days before the date of the Ordinary Shareholders' Meeting referred to in art. 2364, second paragraph) of a report on remuneration. This Report must contain the information specified by this standard and the additional specifications indicated by Consob through the relevant regulation (resolution no. 18049 of 23rd December 2011);
 - b. with resolution no. 18049 of 23rd December 2011 Consob, after consultation with the Bank of Italy and ISVAP:
 - deleted paragraph 1 of art. 78 and art. 79 of the regulation adopted with resolution no. 11971 of 1999 (as subsequently amended) relating to issuers (hereinafter referred to as "Issuer's Regulations");
 - added to the Issuer's Regulations art. 84 quater (Remuneration Report) on the obligation to make available to the public the afore-mentioned Report on remuneration in accordance with the new "Scheme 7 bis" of Annex 3 of the Issuer's Regulations; this scheme provides that if banks and insurance companies *"with a single document aim to comply with the regulation referred to in art. 123 ter of the Consolidated Finance Act and with the industry regulations, they may also include in the Remuneration Report ... information, in aggregate form, on risk-takers not included within the scope of art. 123 ter of the Consolidated Finance Act"*;
 - added into the Issuer's Regulations at art. 65 the following paragraph 65 1 quater: *<< by "managers with strategic responsibilities" it is meant the persons defined in Annex 1 to the Consob Regulations no. 17221 of 12th March 2010 laying down the rules on operations with related parties, as amended>>*;

2. secondary legislation applicable to Banks and banking Groups:
 - a. general criteria and lines of address for the organisation and corporate governance urgently approved by the Minister of Economy and Finance, in his capacity as President of the Interministerial Committee for Credit and Savings (CICR), with Ministerial Decree of 5th August 2004;
 - b. the 1st update of Circular no. 285 of 17th December 2013- «Supervisory regulations for banks» of 6th May 2014 under which was inserted the amendment of the supervisory provisions on organisation and corporate governance of banks that, taking into account the guidelines of the European Banking Authority and the guidelines issued by the Basel Committee on banking supervision, implemented the provisions of Directive 2013/36/EU (CRD IV) on corporate governance;
 - c. the 7th update of Circular no. 285 of 17th December 2013 - «Supervisory regulations for banks» of 20th November 2014 that, transposing the provisions of Directive 2013/36/EU (CRD IV) concerning prudential rules for banks and investment firms, updated the provisions on remuneration and incentive policies and practices in banks and banking groups in line with the requirements of article 23 of the law of 28th December 2005, no. 262, to take account of the practices and the evolutions of the market;
 - d. the Measure of 30th March 2011 by which the Bank of Italy issued the "Remuneration and incentive policies and practices in banks and banking groups" in implementation of the Community Directive 76/2010/EU (the so-called CRD III) which remain in force until full compliance with the provisions referred to in the preceding paragraph;
 - e. Circular no. 285 of 17th December 2013 which, defined to implement and facilitate application of the new Community rules, and in order to carry out an overall review and to simplify the supervisory regulations for banks and to identify the information to be published for information to the public, refers to Regulation (EU) no. 575/2013 (CRR);
 - f. Delegated Regulation (EU) no. 604/2014 of the Commission of 4th March 2014 published on 6th June 2014 in the Official Journal of the European Union no. 167 that establishes the regulatory technical standards regarding the qualitative and quantitative criteria suitable to identify the categories of staff whose professional activities have a substantial impact on the risk profile of the institution. These criteria (Regulatory Technical Standard – RTS) are of a binding nature and are directly applicable without the need for transposition. Staff that meet any of the quantitative or qualitative criteria are considered to have a substantial impact on the risk profile;
 - g. the supervisory Provisions regarding "Transparency of operations and banking and financial services – Correctness of relationships between brokers and customers" of

29th July 2009 and subsequent amendments and integrations that involve, inter alia, the adoption of forms of remuneration and evaluation of sales personnel that do not constitute an incentive to market inappropriate products in relation to the financial needs of customers;

- h. the communication of 3rd March 2013 on "2012 Budgets: evaluation of receivables, remuneration, distribution of dividends", also transmitted to banks through relevant communication;
 - i. the Bank of Italy's Communication of 7th October 2014 for the collection of data from banks and investment firms in implementing the guidelines of the EBA which seeks, in particular, to upgrade reporting schemes through which Italian intermediaries fulfil the disclosures on remuneration;
 - j. the Recommendation from the European Central Bank of 28th January 2015 on policies for the distribution of dividends with which it recommends dividend policies focused on conservative and prudent assumptions that allow, after each distribution, full compliance with the capital requirements and preparation to comply with higher capital standards. The European Central Bank made direct contact with significant banking institutions requiring the national supervisory authorities to also apply these recommendations to the less significant bodies under their direct supervision;
- 3) self-regulatory standards of publicly traded companies: the Format for the report on corporate governance and ownership structure for publicly traded companies made available by Borsa Italiana S.p.A. in January 2015 which incorporates changes to the Self-governance Code, approved by the Committee for Corporate Governance in July 2014 - with particular reference to points 8.0 and 9.0 (the Committee for remuneration and Remuneration of Directors).

Composition of the Banca IFIS Banking Group

The Banca IFIS banking group is currently made up of the Parent Company Banca IFIS S.p.A. and by the wholly owned subsidiary IFIS Finance Sp. z o.o. with registered office in Warsaw (Poland).

Business areas of the Banca IFIS Banking Group

The activity of the banking group is currently divided into the following operating areas:

- *factoring*, in Italy and abroad; the activity abroad is carried out either through the internal structures of the Parent Company (International Area) or through the IFIS Finance subsidiary; the offer of financial support and credit management is primarily aimed at the segment of Small and Medium-sized Enterprises; the task of buying outright mainly concerns receivables from the institutions of the National Health Service providers;

- purchase and management of *non-performing* loans;
- purchase and management of tax credits;
- *online* collection developed via the rendimax deposit account and the contomax current account; these tools, while not constituting a specific line of corporate business, for the type of activity and the dimensions attained by the collection, fall fully within the Parent Company's operating segments.

SECTION I

On the basis of the information provided in Annex 3A, Scheme No. 7-*bis* of the Issuer's Regulations, "*...with reference to members of the administrative bodies, to the general managers and to the other managers with strategic responsibilities ...* ", this section illustrates the remuneration policy of the Banca IFIS Banking Group and the procedures used for the adoption and implementation of this policy.

Additional information is provided, in particular on the policy regarding the "most important personnel" (as provided by the banking sector regulation) in order to include in this document information about the "*risk-takers*" not included within the scope of art. 123 *ter* of the Consolidated Finance Act.

1. Organs and individuals involved in the preparation, approval and implementation of the remuneration policies

The role of corporate Bodies, of control departments and of other corporate departments is described in the By-Laws and/or in the corporate rules and complies with the regulatory requirements of the Bank of Italy as summarised below.

1.1 Role of the Shareholders' Meeting

The Ordinary General Meeting, in accordance with art. 10 of the By-Laws, "*in addition to establishing the remuneration of the bodies it has appointed, approves:*

- *the remuneration policies for directors, employees or employees not linked to the company from employment relationships;*
- *any remuneration plans based on financial instruments.*

The Shareholders' Meeting is adequately informed on the implementation of the remuneration policies".

1.2 Role of the Board of Directors

The Board of Directors, as decided by the Shareholders ' Meeting of 30th April 2013, is composed 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 (Independent Director; *Lead Independent Director*);
- Francesca Maderna (Independent Director);

- Andrea Martin;
- Riccardo Preve;
- Marina Salamon;
- Daniele Santosuosso (Independent Director).

The Board of Directors adopts and reviews annually the remuneration policy, including for the purposes of reporting and the formulation of proposals to the Shareholders' Meeting.

During the investigation, the Board used its own internal Committee as specified below. It is the responsibility of this Committee to ensure the involvement of the corporate departments in the process of preparation and control of the remuneration policies and practices. The main departments of the Parent Company involved are the Human Resources Area and the Strategic Planning and Management Audit departments for the preparation and implementation and, for the profiles of consultancy and of audit, the Risk Management, the Compliance and Anti-Money Laundering department and the Internal Audit department.

The Board of Directors defines the remuneration and incentive systems of the "most outstanding staff," according to the findings of the self-assessment process performed from time to time by the Board itself, falling within the following categories:

- directors with executive duties;
- The General Manager and managers of the main business lines, corporate departments or geographic areas, in addition to those who report directly to the bodies with functions of strategic supervision, management and control;
- higher level managers and personnel of internal control departments.

Within the context of employees, the managers with strategic responsibilities of Banca IFIS, as at the date of preparation of the financial statements, are:

- the General Manager
- the Appointed Manager for preparation of the accounting and corporate documents.

With reference to art. 14 of the By-Laws, *"the following resolutions are the exclusive competence of the Board of Directors:*

...

- *the appointment, the dismissal and the emoluments of the members of General Management;*
- *evaluation of the consistency of the system of remuneration and the incentive schemes with the long-term strategies of the Bank, ensuring that the system does not increase corporate risks".*

1.3 Role of Senior Management

Senior Management (consisting of the CEO and the General Manager) oversees the practical implementation of the remuneration policy.

With reference to art. 17 of the By-Laws *"The General Manager oversees implementation of the directives of management of the CEO and assists in implementation of the resolutions of the Board of Directors"*.

2. Composition, competencies and operation of the Remuneration Committee

The preparation of this chapter also takes into account the format of Borsa Italiana S.p.A. for the Report on corporate governance and ownership structure pursuant to art. 123 *bis* of the Consolidated Finance Act.

Composition, operation and meetings of the Remuneration committee (former art. 123-bis, paragraph 2, letter d), Consolidated Finance Act)

During 2014 the Board of Directors approved the transformation of the Appointments and Remuneration Committee into two autonomous bodies, thereby creating the Appointments Committee and the Remuneration Committee, approving the relevant regulations.

The Remuneration Committee is composed of three members chosen from among the non-executive members of the Board of Directors of the Parent Company, the majority of whom are independent; the composition outlined by the Board of Directors on 3rd February 2015 identifies the following participants: the director Andrea Martin (non-executive and non independent), the director Francesca Maderna (independent and non-executive) as Chairman, the director Daniele Santosuosso (independent and non-executive).

The Board, with reference to the *curricula vitae* of the members, expressed a conformity assessment on the composition of the Body with respect to the regulatory provisions, in particular with regard to the adequate knowledge and experience matured in financial matters and remuneration policies by Ms. Francesca Maderna.

The Committee remains in Office for three years and meets regularly, also via video link/phone, whenever required in relation to the tasks conferred to it.

The current Regulations stipulate that the Chairman of the Board of Statutory Auditors of the Parent Company or another auditor designated by him from time to time must participate in the work of the Committee; the other members of the Board of Statutory Auditors may in any case participate. The CEO and the General Manager of the Parent Company may also participate, where they are not addressing the issues that involve them, with the prohibition, for the other

directors, to take part in meetings of the Committee at which the proposals to the Board of Directors relating to their remuneration are formulated. The Chairman of the Committee evaluates, in relation to the topics to be addressed, the opportunity to allow participation of the *Risk management* department in order to ensure that the incentive scheme systems are adequately correct to take account of all the risks assumed by the banking Group, according to the methodologies that are consistent with those adopted for risk management for regulatory and internal purposes. The Committee may request the presence:

- of external consultants who are expert with regard to remuneration policies, who may also be chosen from among the Directors of the Parent Company, provided that these experts do not provide at the same time to the Human Resources Area, to the Executive Directors or to the managers with strategic responsibilities of the Parent Company and/or of the other companies of the Group services of such importance that they could in practice compromise the independence of the consultants themselves;
- of any member or corporate officer of the Parent Company or of other companies of the Group.

Functions of the Committee

The Committee assesses at least once a year the adequacy, the overall coherence and the practical application of the Group's remuneration policy approved by the Shareholders' Meeting of the Parent Company. With the same minimum frequency, the Committee reports to the Board of Directors and to the Shareholders' Meeting of the Parent Company on the activities carried out. The Chairman or at least one member of the Committee must be present at the Shareholders' Meeting.

The Committee is responsible for the following tasks relating to remuneration:

- to provide advice and to formulate proposals to the Board of Directors of the Parent Company for the remuneration and incentive scheme of the corporate representatives (including the Executive Directors and the other managers vested with particular tasks), of the executives with strategic responsibilities and of the persons in managers of internal audit departments of the Parent Company and of the other companies of the Group and for the establishment of performance goals related to the variable component of this remuneration;
- to provide advice on the establishment of criteria for the remuneration of the remaining "most relevant" staff identified within the Parent Company and within the other companies of the Group in accordance with the regulatory provisions in force;
- to monitor directly the correct application of the rules relating to the remuneration of managers of internal audit departments within the Parent Company and the other companies of the Group, in close connection with the Board of Statutory Auditors;

- to oversee the preparation of the documentation to be submitted to the Board of Directors of the Parent Company for its decisions;
- to collaborate with other committees within the Board of Directors in particular with the Committee for Control and Risk, where the coincidence of a significant component of the members of the two Committees does not guarantee *ipso facto* such collaboration;
- to ensure the involvement of the Internal Audit Department, the Human Resources Area, the Strategic Planning department, the *Risk Management* department and the *Compliance* and Anti-Money Laundering department of the Parent Company in the process of preparation and control of the remuneration policies and practices of the Group;
- to monitor application of the decisions taken by the Board of Directors of the Parent Company and of the other companies of the Group with regard to remuneration and, in particular, to express itself, also using the information received from the corporate structures, on the achievement of performance goals related to incentive schemes and assessment of the other conditions established for the provision of remuneration;
- to formulate proposals to the Board of Directors of the Parent Company with regard to the criteria for the awarding of *stock options* or the allocation of shares to the directors and employees of the Group;
- in the latter regard, where possible, to provide interpretation in controversial cases and to rectify the conditions of allocation of each tranche and to regulate the exercise of rights that arise in the event of extraordinary operations on the Parent Company's capital (mergers, capital increases for free or for a fee, splits or grouping of shares etc.).

Each meeting of the Committee is minuted and recorded in the relevant register of minutes.

The Committee may access all the company information relevant to the conduct of its duties and has financial resources (60,000 Euro), that can be activated independently and with the requirement to report on the possible use of funds at least once a year, usually during examination of the report on corporate governance and ownership structure.

Meetings of the Committee

In 2014 the Committee met 5 times. The meetings were preceded by exchanges between the members and/or the prior individual examination of the documentation. The average duration of the meetings was approximately forty minutes. The Committee did not make use of the services of external consultants.

All the members in office participated in the meetings held in 2014. The CEO attended the meetings, where the discussion of issues that concerned him was not envisaged. The Chairman of the Board of Statutory Auditors and on one occasion additionally another auditor also attended the meetings.

During those meetings, the Committee expressed its evaluations in relation to:

- incentive systems of the Sales Network;
- information on remuneration of the "most important personnel";
- implementation of the remuneration policies approved by the Shareholders' Meeting and review requirements;
- proposal on remuneration of the managers of internal audit departments;
- the process of self-evaluation of the most important personnel.

It was not necessary to make available to the Committee specific financial resources for the performance of its duties.

In 2015 a meeting has already been held on the investigation conducted by the corporate structures for the purposes of verifying and updating the self-assessment document of the "most important personnel".

At least two more meetings of the Committee were also planned in order to express its evaluations (in time for discussion by the Board of Directors and/or by the Shareholders' Meeting):

- of this report on remuneration in accordance with art. 123 *ter* of the Issuer's Regulations;
- of remuneration (and/or on the determination of the criteria for remuneration) of the most important personnel (performance of advisory and/or proposal tasks);
- of verification of the *Internal Audit* Department regarding compliance of the practices of remuneration with the policies and with the regulatory context.

3. Independent experts involved in preparation of the remuneration policy

No independent experts were involved in the preparation of the remuneration policy of the Banca IFIS Banking Group.

4. Purposes and principles of the remuneration policy

4.1 Purposes pursued with the remuneration policy

Adequate mechanisms of remuneration and incentive scheme of the directors and of *management* can promote competitiveness and good governance. The remuneration, especially of those that have major roles within the Bank, tends to attract and retain within the company individuals with professionalism and capacity adequate to the needs of the Banca IFIS Banking Group.

At the same time, the remuneration systems must not be contrary to the corporate objectives and values, the long-term strategies and policies of prudent risk management of the Bank in line with what has been defined within the context of the provisions on the supervisory control process.

The remuneration and incentive scheme of the Banca IFIS Banking is inspired by the following principles:

- to promote healthy and effective management of risk that does not encourage risk-taking above the level of risk tolerated;
- to make consistent the corporate *performance* with the objectives for sustainable growth of the Group;
- to encourage and recognise individual contributions, producing motivation in the persons concerned;
- to retain its staff, also instilling loyalty to the company through medium to long term systems;
- to seek better alignment between the interests of different *stakeholders*;
- to focus on risk reduction policies;
- to promote respect for legality and to discourage any violation;
- to avoid creating situations of conflict of interest.

4.2 The principles and content of the policies established for 2014

4.2.1 Principles approved by the Shareholders' Meeting of 217th April 2014

The contents of the document "Remuneration policy for representatives, employees and collaborators of the Banca IFIS S.p.A. Banking Group" approved by the Shareholders' Meeting of 30th April 2013 were adjusted in 2014 as part of its "Report on remuneration in accordance with article 123 *ter* Consolidated Finance Act" subject to the approval of the Shareholders' Meeting of 17th April 2014 (hereinafter the "Report").

The "Report" is available on the Bank's website in the section "Corporate governance" path > Shareholders' Meeting > 2014) together with the minutes of the Shareholders' Meeting of 17th April 2014, pursuant to art.125 *quater* of Consolidated Finance Act.

The Group's remuneration policies approved by the Shareholders' Meeting, taking into account the proportionality criteria relating to the characteristics, size and complexity of the activity being carried out, contained a number of adjustment proposals concerning the variable part of the remuneration of "more relevant" staff, particularly with regard to the CEO and the General Manager (increase of the part deferred from 40% to 60% if the variable is equal to or greater than 50% of the fixed part and the payment of 50% of the variable part in shares) and approval of a remuneration plan based on assignment of IFIS Bank shares to a number of corporate figures, described in the information document prepared pursuant to art. 114 *bis* of Consolidated Finance Act and its implementing standards (article 84 *bis* of the Issuer's Regulations) and made available to the shareholders under the terms of law.

The policies were defined taking into account the criteria of proportionality related to the characteristics, size and complexity of the work being performed. In this context, the following elements are of particular importance:

- the Banca IFIS banking group falls within the Class 2 intermediaries (total assets exceeding 3.5 billion and use of standardised methodologies for measurement/assessment of risks and determination of the relevant internal capital) with dimensional levels however still far from the level of entry into the category of so-called "major" banking groups (total assets exceeding 40 billion);
- Banca IFIS, admitted to the STAR segment of the Italian Stock Exchange, has a significant concentration of share capital. The determinants that affect the stock price, which has a floating content, can be significantly influenced by external factors, such as the general trend of the stock market and/or the specific trend of banking shares;
- the *business* developed by the Group is aimed at activities whose quantifiable risks mainly express their importance in the short term. In this context, of particular interest, by size:
 - the *factoring* activities, main source of identification of risk of credit and counter-party towards customers. This activity, mainly aimed at sellers belonging to the market segment of small and medium-sized enterprises, is focused on the financing of short-term receivables, usually not more than six months with the exception of receivables from the Public Administration, which can present medium term collection periods normally up to 12 months;
 - the treasury activity, main source of identification of risk of credit and counter-party towards financial institutions and risk of concentration and market risk, interest rate and liquidity. This activity predominantly developed by a bond portfolio consisting of

eligible securities at the Central European Bank mainly having a residual life of less than two years is under a *run off system*.

The remaining activities, by type, size and/or management mode, do not contain elements of relevant risk in the medium term.

These considerations affect the:

- definition of the criteria for determining the variable component of the remuneration in which context is provided the payment of part of the remuneration in shares of the company;
- identification of the "most important personnel";
- definition of the Group's remuneration policies with different modes depending on the category of staff.

The Bank requires its employees not to use personal hedging strategies or insurance on remuneration or on other aspects that may alter or impact on the risk alignment effects inherent in the compensation mechanisms applied to them

4.2.2 Self-assessment process of "most important personnel"

4.2.2.1 "Most important personnel" of the Parent Company

According to the findings of the self-evaluation process conducted by the Board of Directors in March 2014, the following categories constitute the most important personnel:

- Directors with executive tasks (two directors);
- General Manager
- Audit department managers (as identified by the provisions of the Bank of Italy);
- Managers of main *business* lines, corporate departments and other employees deemed relevant that do not fall within the control departments This category can be further divided into:
 - ✓ Managers of corporate departments that report directly to the bodies with functions of strategic, managerial and audit supervision (Communication Department and Investor Relations Department);
 - ✓ The Managers of the main business areas (Sales Area Italy, International Area, *Non-Performing Loans* Area, Customer Area, Debtors Area, Treasury Area, Problematic Receivables Area, B.U. Pharma Area);
 - ✓ Managers of other relevant corporate departments and/or additional "most important personnel" in accordance with the instructions provided by the Bank of Italy (Organisation and Information Services Area, Corporate Affairs).

The additional resources of the Departments/Areas listed above do not fall within the scope of the "most important personnel", regardless of their contractual framework, or the higher level

managers or personnel of other corporate Departments or Areas as the activities carried out by the same, and more generally by the structures for which they are responsible, although not alien to generating and managing risks, are performed with a view to containing the same and/or to supporting the company's operations also transversally to other structures. More precisely, not valid for the purposes of identification of the "most important personnel" are:

- certain *staff* functions for the General Manager;
- certain operational areas;
- certain operational areas managed by resources already covered by the "most important personnel".

4.2.2.2 "Most important personnel" of subsidiary companies

The "most important personnel" are normally the Directors with executive tasks of subsidiaries. While taking into account the marginal dimensions of the subsidiary and the contained level of effect on the overall Group risk, both the IFIS Finance administrators SP. z o.o. directors fall within the category of the most important personnel.

4.2.3 Directors' remuneration

The preparation of this paragraph also takes into account the *format* of Borsa Italiana S.p.A. for the Report on corporate governance and ownership structures pursuant to art. 123 *bis* of Consolidated Finance Act.

Remuneration policy

The policy for the remuneration of executive directors or of directors vested with particular tasks is defined in accordance with the criteria provided for by the *self-governance code for publicly traded companies (Application criterion 6.C.1. et seq.)*, in particular:

- a) the fixed component and the variable component are adequately balanced according to the strategic objectives and risk management policy of the issuer, also taking into account the sector of activity and the characteristics of the business carried out in practice;
- b) there are maximum limits for the variable components;
- c) the fixed component is sufficient to remunerate the performance of the director in the case where the variable component was not paid due to the failure to achieve the performance objectives;
- d) the financial results to which payment of the variable components is linked are predetermined, measurable and linked to the creation of value for shareholders in the medium to long term;
- e) the payment of a significant portion of the variable component of the remuneration is deferred by an adequate period of time with respect to the maturation time; the extent of

that portion and the duration of deferral are consistent with the nature of the business performed, with the related risk profiles and with the sector discipline (the Supervisory Provisions of the Bank of Italy);

- f) the Group may request the refund, in whole or in part, of the variable components of remuneration paid (or to withhold sums subject to deferral);
- g) within the Banca IFIS Banking Group there is no compensation for early termination of the employment of directors or owing to its non-renewal.

Since 2009 the General Shareholders' Meeting has been called to decide once a year the remuneration policy, then receiving adequate feedback on its implementation.

Plans for share-based remuneration

The shareholders, with resolution of 17th April 2014, approved a remuneration plan based on the assignment of IFIS Banca shares for a number of corporate figures. The plan is described in the information document prepared pursuant to art. 114 *bis* of Consolidated Finance Act and its implementing rules (article 84 *bis* of the Issuer's Regulations) and was made available to the shareholders under the terms of law. The issuance of new plans, in accordance with the By-Laws, subject to the approval of the Shareholders' Meeting.

Remuneration of Executive Directors

The remuneration of the CEO involves, in addition to a fixed recurring fee, a variable part whose payment is conditional on the verification that, at 31st December of the reference year, the "total share capital" is not lower than the "overall internal capital" in the "ICAAP report" to be transmitted annually to the Bank of Italy. The variable portion is equal to 1.5% of the Bank's consolidated result gross only of the taxes pertaining to the financial year, for the part exceeding 40 million euro. In any case, the incidence of the variable component on the fixed component is identified according to the 1:1 maximum ratio.

The variable remuneration in excess of 50% of the fixed salary is considered to be a particularly high amount; in this case the percentage to be deferred, ordinarily already fixed at 40% of the variable portion, is 60%.

The share of deferred variable remuneration of the CEO is subject to a deferment of three years and does not take place if:

- in one of the three financial years closed after determination of the variable component the Bank's consolidated result net only of the taxes pertaining to the financial year is negative;
- in one of the three financial years closed after the determination of the variable component, the "total share capital" is less than the total internal share capital in the "ICAAP report" to be transmitted annually to the Bank of Italy;

- during the period of deferral the CEO has voluntarily waived the office or the Shareholders' Meeting has approved termination for just cause.

The allocation of the variable portion of the remuneration takes place upon occurrence of the conditions necessary for its granting (*grant date*).

The variable *up-front* remuneration is then allocated and paid after approval of the financial statements and of the ICAAP report relating to the financial year closed on 31st December of the previous year. 50% of the same is paid in shares of the Bank subject to a retention period¹ of two years. The number of shares to be allocated is calculated by taking as *the fair value* of the share the stock price average from 1st to 30th April of the year of allocation and payment.

The variable *up-front* compensation is subject to full recovery (*claw back*) in the case where in the year following attribution of the variable remuneration, the right to receive the variable component of the remuneration has not been matured.

The variable remuneration subject to a deferral period (*vesting* period) is the subject of annual reassessment at the legal rate from time to time in force. The same is allocated and paid after the period of deferral of three years after approval of the financial statements and of the ICAAP report for the financial year of reference and upon occurrence of the conditions provided. 50% of the same is paid in shares of the Bank subject to a retention period² of one year. The number of shares to be allocated is calculated by taking as *the fair value* of the share the stock price average from 1st to 30th April of the year of allocation and payment.

The amount of variable remuneration due to the CEO is however subject to compliance with the overall limit for the compensation of the Board of Directors established by the Shareholders' meeting, from which will be deduced on a priority basis all the other remuneration which the Board decides to assign to other members in any manner.

The remuneration of the Deputy Chairman is composed of a fixed recurring fee established by the Board of Directors upon proposal of the Remuneration Committee. The substantial absence of managerial powers within the context of the tasks conferred to it leads to considering appropriate remuneration not related to the achievement of specific *performance* objectives.

Remuneration of executives with strategic responsibilities

The General Manager's remuneration consists of a comprehensive annual salary (RAL) and a variable remuneration, whose payment is contingent on verification that, at 31st December of the

¹ Period during which there is a prohibition on the sale of shares

² Period during which there is a prohibition on the sale of shares

reference year, the "total capital" is not lower than the "overall internal capital" in the "ICAAP report" to be transmitted annually to the Bank of Italy. The variable portion is equal to 0.75% of the Bank's consolidated result gross only of the taxes pertaining to the financial year, for the part exceeding 40 million euro. In any case, the variable component may not exceed 60% of the RAL.

It is considered to be a particularly high amount the variable remuneration in excess of 50% of the fixed salary; in this case, the variable salary percentage to be deferred, ordinarily already fixed at 40% of the variable portion, will be 60%.

The share of deferred variable remuneration of the General Manager is subject to a deferral of three years and does not take place if:

- in one of the three financial years closed after determination of the variable component the Bank's consolidated result net only of the taxes pertaining to the financial year is negative;
- in one of the three financial years closed after the determination of the variable component, the "total share capital" is less than the total internal share capital in the "ICAAP report" to be transmitted annually to the Bank of Italy;
- during the period of deferment, the General Manager has voluntarily submitted his resignation from service (unless due to request for retirement) or the Board of Directors has approved the termination for just cause from the employment contract.

The assignment of the variable portion of the remuneration takes place upon occurrence of the conditions necessary for its granting (*grant date*).

The variable *up-front* remuneration is then allocated and paid after approval of the financial statements and of the ICAAP report relating to the financial year closed on 31st December of the previous year. 50% of the same is paid in shares of the Bank subject to a retention period³ of two years. The number of shares to be allocated is calculated by taking as the fair value of the share the stock price average from 1st to 30th April of the year of allocation and payment.

The variable *up-front* compensation is subject to full recovery (*claw back*) in the case where in the year following attribution of the variable remuneration, the right to receive the variable component of the remuneration has not been matured.

The variable remuneration subject to a deferral period (*vesting period*) is the subject of annual reassessment at the legal rate from time to time in force. The same is allocated and paid after the period of deferral of three years after approval of the financial statements and of the ICAAP report for the financial year of reference and upon occurrence of the conditions provided. 50% of the

³ Period during which there is a prohibition on the sale of shares

same is paid in shares of the Bank subject to a retention period⁴ of one year. The number of shares to be allocated is calculated by taking as the fair value of the share the stock price average from 1st to 30th April of the year of allocation and payment.

The amounts subject to temporal deferral are re-evaluated annually at the legal rate from time to time in force.

The remuneration of the only other Manager with strategic responsibilities identified in addition to the General Manager consists of a recurring fixed fee and a variable part determined by the Board of Directors upon a proposal from the Remuneration Committee. The variable portion is not significant in relation to the remuneration and is not linked to the achievement of specific *performance* objectives in consideration of assignment to the same of responsibility of an audit function.

Determination of the remuneration of managers with strategic responsibility was decided in accordance with the remuneration policy established by the Shareholders' Meeting.

Incentive scheme mechanisms of the Internal Audit Manager and of the Appointed Manager for preparation of the corporate accounting documents

The Appointed Manager for the preparation of the corporate accounting documents and the Manager of the *Internal Audit* Department (in addition to the other Audit Department Managers) are excluded from the *stock options* plans, in accordance with the relevant supervisory provisions.

Any variable components of the remuneration of the Manager of the *Internal Audit* Department and of the Appointed Manager (as is the case with the other Managers of the audit departments) are submitted for the approval of the Board of Directors following the opinion of the Remuneration Committee.

Remuneration of non-executive directors

The remuneration of non-executive directors is not linked to the financial results achieved by the Bank. Those directors are also not recipients of share-based incentive plans. There is also reimbursement of expenses incurred by reason of their office.

Individual contracts and payment provided in the event of termination of the employment/administration relationship

⁴ Period during which there is a prohibition on the sale of shares

The Bank has not entered into agreements with directors that provide compensation in the event of resignation or dismissal/termination without just cause or if their employment ceases as a result of a takeover bid (art. 123 *bis*, paragraph 1, letter i) of the Consolidated Finance Act). Currently there is no compensation in the event of termination from office or termination of employment for Managers with strategic responsibilities.

As a general rule, the company does not enter into agreements that govern *ex-ante* the possible early termination of the relationship upon the initiative of the Company or of the individual, (including cases of early termination of the relationship of directors or due to its non-renewal) without prejudice, in any case, to the obligations of the law and/or of the Collective Labour Agreement.

4.2.4 Most important personnel of the control departments

The "most important personnel" of the audit departments have been identified as the *Internal Audit* Department Managers, the *Compliance* and Anti-money Laundering Department, the *Risk Management* Department and the Human Resources Area in addition to the Appointed Manager.

The Remuneration Committee holds an advisory and proposal role regarding remuneration for managers of internal audit departments.

Payments must be of a level that is adequate to the significant responsibilities and commitment associated with the role carried out.

In determining the compensation are in any case excluded incentive scheme mechanisms linked to the financial performance both of Banca IFIS and of the Group as a whole. The managers of the audit departments are therefore excluded from any *stock option* plans.

During recruitment, without prejudice to the consultative and proposal role of the Remuneration Committee, determination of remuneration is attributable to:

- the Board of Directors for the most important personnel of the audit departments *in staff* to the same or of the Chief Executive Officer (currently Manager of the *Internal Audit* Department, Manager of the *Compliance* and Anti-money Laundering Department and of the *Risk Management* Department and the Appointed Manager). For operational fluidity requirements, the Board of Directors, at the phase of analysis of the possible candidates, in consultation with the Remuneration Committee, can delegate to the CEO definition of the negotiation, indicating the reference parameters. After formalisation, the Managing Director informs the Committee and the Board;
- of the CEOs for the remaining most important personnel of the audit department (currently the Manager of the Human Resources area). Following definition, the Managing Director informs the Committee and the Board.

At least annually the Committee analyses the individual positions and in consultation with the CEO and the General Manager with reference to the Managers of the Departments in staff to the same:

- expresses its opinion and makes proposals to the Board of Directors regarding the most important personnel of the *Internal Audit, Compliance* and Anti-Money Laundering, *Risk Management Departments* and for the Appointed Manager;
- expresses its opinion and formulates proposals to the CEO regarding the most important personnel of other internal audit departments. Information is provided to the Board of Directors of any decisions taken.

During evaluation, are taken into consideration the level of risk protection, any problems that have arisen in that regard, the individual salary situation in recent years and any additional element in this context considered useful for the overall assessment.

<u>Fixed remuneration</u>	<u>Variable remuneration</u>
maximum % increase on the previous year's RAL	% maximum on the previous year's RAL, regardless of any company award paid with generalised criteria
20%	15%

4.2.5 Additional most important personnel of the Parent Company

Falling within this category are the Managers of the main *business* lines are company department Managers and the other employees of the Parent Company including, upon the outcome of the self-assessment process, within the context of the "most important personnel" and not belonging to the category are managers of internal audit departments.

The Remuneration Committee has a consultative role in determining the remuneration criteria that are subject to examination by the Board of Directors annually.

During recruitment, the remuneration of this staff is defined by the CEO who undertakes to inform the Committee at the first possible meeting.

Subsequent interventions on a fixed and/or variable remuneration are defined by the CEO under the criteria specified below. At least on an annual basis the CEO informs the Committee on the decisions taken.

While in the context of evaluation that is purely qualitative in character, access to the variable part (to be paid upon approval of the financial statements for the year) is subject to exceeding of the minimum limits specified below for the following quantitative parameters:

- Group *solvency ratio* not less than 9%;
- the Bank's consolidated net profit gross only of the taxes pertaining to the financial year not less than 5% of the consolidated equity before profit for the year.

Failure to achieve either or both parameters results in resetting of any variable remuneration.

Upon the outcome of the qualitative assessment (regarding variable remuneration) and/or on the basis of additional elements (with regard to fixed remuneration), provided that the quantitative parameters defined *ex ante* are respected, the CEO determines the remuneration within the following maximum percentage values.

The same rules of deferral and partial payment in treasury shares of the Bank are applied, stated above, where the variable remuneration is greater than 33% of the RAL of the General Manager.

Managers of the areas of commercial *business* (Sales Italy, International, Non Performing Loans) and of the Treasury Area

<u>Fixed remuneration</u> maximum % increase on the previous year's RAL	<u>Variable remuneration</u> % maximum on the previous year RAL, regardless of any the company award paid with generalised criteria
20%	80%

Other most important personnel

<u>Fixed remuneration</u> maximum % increase on the previous year's RAL	<u>Variable remuneration</u> % maximum on the previous year's RAL, regardless of any company award paid with generalised criteria
20%	50%

4.2.6 Most important personnel of subsidiary companies

IFIS Finance Sp. z o.o.

The actual IFIS Finance Sp. z o.o. directors, falling into the category of most important personnel of the Parent Company, do not receive remuneration from the Subsidiary. In general terms, it is in any case expected that any fees for administrative or supervisory positions covered by employees of the Parent Company are repaid to the same.

4.2.7 The remuneration of non-employee collaborators

The Group may also use non-employee collaborators whose relationships can largely be grouped into two contractual forms:

- consultancy contracts;
- project contracts.

For consultancy contracts appointments can be awarded *ad personam* with the content of the activity of consultancy, the fee (or the criteria for determining the same) and its method of payment.

Project contracts may be concluded with persons to whom is entrusted, without any bond of subordination, the task of realising certain specific projects with definition of the contents, the results expected and the implementation time.

The remuneration for these types of contract is determined in close connection with the profit derived from the work of those offering their services considering the professionalism of staff, the complexity of the service and the market rates of reference.

4.3 Policy changes for 2015

The third paragraph of art. 123 *ter* of the Consolidated Finance Act states that the first section of the report on the remuneration must illustrate:

- a) *"the company's policy regarding the remuneration of members of the administrative bodies, the general managers and managers with strategic responsibilities with reference at least to the following year;*
- b) *the procedures used for the adoption and implementation of this policy".*

The change needs for 2015 are:

- from the adoption of the seventh update of Circular no. 285 of 17th December 2013 - «Supervisory provisions for banks» of 18th November 2014 that, transposing the provisions of Directive 2013/36/EU (CRD IV) concerning the prudential rules for banks and investment firms, has updated the provisions on remuneration and incentive policies and practices in banks and in banking groups in line with the requirements of article 23 of the law 28th December 2005, no. 262, to take account of the practices and the evolutions of the market;
- from certain revisions in light of the development of the organisation and of the Parent Company's organisation chart (with subsequent updates in identification of the so-called "most important personnel");
- from amendment of Delegate Regulation (EU) no. 604/2014 that establishes the regulatory standards regarding the qualitative and quantitative criteria to identify the categories of staff whose professional activities have a significant impact on the risk profile of the institution.

The new regulation is applicable starting from the remuneration policies for 2015; it is expressly provided that until full adaptation to the new provisions, the intermediaries must comply with the measures established in the Provision of 30th March 2011.

In this perspective the remuneration policies and incentives are submitted for the approval of the Shareholders' Meeting convened to approve the 2014 financial statements.

4.3.1 Remuneration of the CEO

The remuneration of the CEO involves, in addition to a recurring fixed fee, a variable part equal to 1.5% (the so-called *percentage*) of the Bank's consolidated result gross only of the taxes pertaining to the financial year, for the part exceeding 40 million euro, which is correct in turn for the ratio between the ⁵Group final balance sheet RORAC (return on risk adjusted capital)⁶ and the Group prospective RORAC⁷, in formula:

$$Variabile = [1.5\% * (Utile\ Ante\ Imposte_{Periodo} - 40.000.000)] * \left(\frac{RORAC_{Consuntivo}}{RORAC_{Prospettico}} \right) (A)$$

In any case, the incidence of the variable component on the fixed component is identified according to the 1:1 maximum ratio.

Where the variable remuneration amount is not particularly high, ⁸the percentage of the variable part to be deferred is set at 40% for a period of 3 years.

The share of deferred variable remuneration of the CEO is subject to the following mechanisms of *malus*, which must be reduced to zero, *ex-post* the so-called *percentage* applied in the formula (A) according to the criteria listed in the following table. These policies have occurred in each of the three financial years ⁹ closed after determination of the variable component (*accrual period*).

		Total Solvency ratio			
		<10.5%	10.5%< <11.5%	11.5%< 12.5%	>12.5%
RORAC	≥ 15%	-100.0%	---	---	---
	10%< < 15%	-100.0%	-30.0%	-20.0%	-10.0%
	< 10%	-100.0%	-40.0%	-30.0%	-20.0%

Furthermore the share of variable compensation of the CEO is subject to *claw back*, with reference to the recognised and/or paid part, if the same has determined or led to determining:

- a significant budget reduction for the Bank (losses equal to or exceeding 5% of the net assets);

⁵ Indicator calculated as the ratio between Net Profit for the period and Absorbed Capital for first pillar risks. Elements are not to be considered in the calculation that derive from extraordinary operations such as: capital gains, corporate mergers, splits, acquisitions or in any case other non-recurring operation that the Board of Directors may deliberate and that is likely to change the value of the indicator.

⁶ The reference period is the same as for the one for objective RORAC (*ex-ante* measurement).

⁷ Industrial plan defined with 12 months horizon.

⁸ The Bank considers a particularly high amount the variable remuneration that exceeds the fixed remuneration.

⁹ A condition sufficient for application of the corrective factors listed in the table is the occurrence of these same conditions in at least one of the three years of observation (*accrual period*).

- violations of the obligations imposed under article 26, or when the subject is an interested party, of article 53, paragraphs 4 et seq., of the TUB or of obligations regarding remuneration and incentive schemes;
- fraudulent behaviour or misconduct to the detriment of the Bank.

In addition, the mechanism of *claw back* is also applied if the Ratio of Total Funds available¹⁰ is less than the statutory threshold from time to time in force.

The variable component will not be paid if during the period of deferment the Shareholders' Meeting has approved termination of the appointment for just cause.

These policies have occurred in each of the three financial years (*accrual period*) closed after determination of the variable component applicable to the occurrence of the above conditions.

The variable *up-front* compensation is therefore payable upon approval of the financial statements for the year ended on 31st December of the previous year. 50% of this is paid in shares of the Bank subject to a retention period¹¹ of three years, in line with the strategic planning horizon. The number of shares to be allocated is calculated by taking as *the fair value* of the share the average stock price of the month prior to the date of assignment, the latter to be performed at the date of the Shareholders' Meeting approving the financial statements. The number of shares is determined by rounding to the nearest integer.

The variable remuneration subject to a deferral period (*vesting period*) is the subject of annual reassessment at the legal rate from time to time in force. The deferred share will be paid after the three-year deferral period from the approval of the budget of the financial year of reference. 50% of the same is paid in shares of the Bank subject to a retention period¹² of one year. The number of shares to be allocated is calculated by taking as *the fair value* the average stock price of the month preceding the date of allocation. The number of shares is determined by rounding to the nearest integer.

4.3.2 Remuneration of executives with strategic responsibilities

The General Manager's remuneration consists of a comprehensive annual salary (RAL) and a variable remuneration equal to 0.75% (the so-called *percentage*) of the Bank's consolidated result

¹⁰ EU Regulation no. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV)

¹¹ Period during which there is a prohibition on the sale of shares

¹² Period during which there is a prohibition on the sale of shares

gross only of the taxes pertaining to the financial year, for the part exceeding 40 million euro, which is correct in turn for the ratio between the ¹³Group final balance sheet RORAC (return on risk adjusted capital)¹⁴ and the Group prospective RORAC¹⁵, in formula:

$$\text{Variabile} = [0.75\% * (\text{Utile Ante Imposte}_{\text{Periodo}} - 40.000.000)] * \left(\frac{\text{RORAC}_{\text{Consuntivo}}}{\text{RORAC}_{\text{Prospettico}}} \right) \text{ (B)}$$

In any case, the incidence of the variable component may not exceed 60% of the RAL.

Where the variable remuneration is not particularly significant¹⁶, the percentage of the variable portion to be deferred is set at 40% for a period of 3 years.

The share of deferred variable compensation of the General Manager is subject to the following mechanisms of *malus*, which must be reduced to zero, *ex-post* the so-called *percentage* applied in the formula (B) according to the criteria listed in the following table. These policies have occurred in each of the three financial years¹⁷ closed after determination of the variable component (*accrual period*).

		Total Solvency ratio			
		<10.5%	10.5%< <11.5%	11.5%< 12.5%	>12.5%
RORAC	≥ 15%	-100.0%	---	---	---
	10%< < 15%	-100.0%	-30.0%	-20.0%	-10.0%
	< 10%	-100.0%	-40.0%	-30.0%	-20.0%

Furthermore, the share of variable remuneration of the General Manager is subject to *claw back*, with reference to the part recognised and/or paid, if the same has determined or led to determining of:

- a significant budget reduction for the Bank (losses equal to or exceeding 5% of the net assets);
- violations of the obligations imposed under article 26, or when the subject is an interested party, of article 53, paragraphs 4 et seq., of the TUB or of obligations regarding remuneration and incentive schemes;

¹³ Indicator calculated as the ratio between Net Profit for the period and Absorbed Capital for first pillar risks. Elements are not to be considered in the calculation that derive from extraordinary operations such as: capital gains, corporate mergers, splits, acquisitions or in any case other non-recurring operation that the Board of Directors may deliberate and that is likely to change the value of the indicator.

¹⁴ The reference period is the same as for the one for objective RORAC (*ex-ante* measurement).

¹⁵ Industrial plan defined with a 12 months horizon.

¹⁶ The Bank considers a particularly high amount the variable remuneration that exceeds the fixed remuneration.

¹⁷ A condition sufficient for application of the corrective factors listed in the table is the occurrence of these same conditions in at least one of the three years of observation (*accrual period*).

- fraudulent behaviour or misconduct to the detriment of the Bank.

In addition, the mechanism of *claw back* is also applied if the Ratio of Total Funds available¹⁸ is less than the statutory threshold from time to time in force.

The variable component will not be paid if during the period of deferment, the Board of Directors has approved the termination for just cause from the employment contract.

These policies have occurred in each of the three financial years (*accrual period*) closed after determination of the variable component applicable to the occurrence of the above conditions.

The variable *up-front* compensation is therefore payable upon approval of the financial statements for the year ended on 31st December of the previous year. 50% of this is paid in shares of the Bank subject to a retention period¹⁹ of three years, in line with the strategic planning horizon. The number of shares to be allocated will be calculated by taking as *the fair value* the stock price average of the month prior to the date of allocation, the latter to be made at the date of the Shareholders' Meeting approving the financial statements. The number of shares is determined by rounding to the nearest integer.

The variable remuneration subject to a deferral period (*vesting* period) is the subject of annual reassessment at the legal rate from time to time in force. The deferred share will be paid after the three-year deferral period from the approval of the budget of the financial year of reference. 50% of this remuneration is paid in shares of the Bank subject to a period of *retention*²⁰ of one year. The number of shares to be allocated is calculated by taking as *the fair value* the average stock price of the month preceding the date of allocation. The number of shares is determined by rounding to the nearest integer.

Most important personnel of the control departments

In view of the new regulations, the relationship between fixed and variable component of remuneration for the most relevant audit personnel is redefined that does not exceed one third, as required by banking legislation.

Other "most relevant" staff

Access to the variable part by the remaining "most important personnel", different from the CEO and from the Managing Director and not belonging to the category of internal audit department

¹⁸ EU Regulation no. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV)

¹⁹ Period during which there is a prohibition on the sale of shares

²⁰ Period during which there is a prohibition on the sale of shares

managers, whose payment can take place after approval of the budget for the year, will be subject to the minimum limits specified below for the following quantitative parameters:

- Group *solvency ratio* not less than 10.5%;
- Group consolidated profit gross only of the taxes pertaining to the financial year not less than 8% of the consolidated equity before profit for the year.

Therefore, failure to achieve one of the parameters will result in resetting of any variable remuneration.

The same rules of deferral and of partial payment in treasury shares of the Bank are applied, as referred to in paragraph 4.3.1 if the variable remuneration is more than 33% of the RAL of the General Manager.

Chairman

The new provisions provide that the amount of the remuneration of the Chairman of the organ with strategic monitoring function is consistent with the central role attributed to it and is determined *ex ante* to an extent not exceeding the fixed remuneration paid by the head of the organ with management function (CEO). The Bank aligned to the new regulatory requirements during the first few months of 2015.

Agents in financial activities

The seventh update of Circular no. 285 of 17th December 2013 - «Supervisory Provisions for banks» of 20th November 2014 on remuneration and incentive policies and practices also involves the applicability of those Regulations to the agents involved in financial activities.

Adjustment of the remuneration criteria of agents engaged in consulting and management for the purposes of the restructuring and recovery of credit managed by the NPL Area will take place in order:

- to evaluate the applicability of the discipline to agents as it is expected that the provisions do not apply to the agents, as they do not qualify as most important personnel, as they are entered in the register for less than 3 years and have not previously had business relationships with banks or non-banking financial intermediaries;
- to also include in the identification process of the most important personnel agents involved in financial activity in order to verify possible inclusion in the category of "*risk-takers*" in light of the changes in the new provisions which include, among others:
 - the distinction of the "recurring" component of the remuneration which is the most stable and ordinary element, equivalent to the fixed remuneration, from the "non-recurring" element (equivalent to the variable remuneration) taking into account the operational risk indicators in order to promote correctness of behaviours and the link with the legal

and reputational risks that could reflect on the Bank, in addition to promoting regulatory compliance and the protection and the encouraging of customer loyalty;

- the *ex post* correction of the "non-recurring" remuneration through granular indicators determined with reference to the Bank's characteristics (criterion of proportionality) suitable to effectively reflect and anticipate abnormalities or criticalities in client relations and in the risks assumed on behalf of the Bank.

These adjustments, if needed, will also be incorporated in the contractual documentation that governs the relationship.

Employees holding commercial roles

Variable remuneration is linked to the achievement of performance levels that, based on the weight and complexity of the position held, up to a maximum of 100% of the RAL, except as before indicated for the most important personnel. The logics of the incentive system are defined by the CEO and brought to the attention of the Board which is also informed, similarly *ex post*, on their application.

Other types of employees

On the occasion of the annual assessment provided for by the Collective Labour Agreement, the CEO and/or the Executive Board may provide *one-off* payments up to a maximum of three months, except as indicated above for the most important personnel.

In addition the Board of Directors, even in the absence of a corporate integrative negotiation, can decide on payment of "corporate award" established by the Collective Labour Agreement applicable to all the employees, determining its measure and criteria.

5. Non-monetary benefits

The Company organs and employees may enjoy certain *benefits*, having different gradation in relation to the corporate role and/or to the service reasons, with reference to: health policy, occupational and non-occupational accident policy, company car and service accommodation.

The attribution of *benefits* in 2014, in accordance with the "remuneration policy" and the system of powers, is summarised as follows:

- health policy, in accordance with the Collective Labour Agreement, to all employees and, in relation to contractual situations acquired previously, to the professional areas that were employees of Fast Finance and Toscana Finanza at the time of incorporation of these companies;
- occupational and non-occupational accident policy for all employees;

- corporate contributions to supplementary pension provision to the extent of 2.5% of the RAL for managers and administrative staff and 1% for professional areas (subject to certain contractual situations previously acquired);
- company car for certain corporate leaders, for all executives and for all staff that hold commercial roles and certain administrative staff who do not hold commercial roles.

The allocation of service accommodation is limited to only a few cases.

Since 2013 the assignment of a *Smartphone* is also provided on loan to all employees.

6. Performance goals under which the variable components are allocated

Reference should be made to the considerations set out in the introduction in paragraph 4.2 "Principals and contents of the policies established for 2014" and as provided in paragraph 4.3 "2015 Policy changes regarding definition of the criteria to determine the variable component of the remuneration.

In particular, as previously specified, the variable component of the remuneration of the CEO and of the General Manager is linked to the overall results of the Bank and follows its trend while the deferral mechanism considers the stability of results from a long-term perspective, the capital resources and the liquidity necessary to address the activities undertaken.

For the most important personnel of the audit department, the variable part is not significant in relation to the remuneration and is not linked to the achievement of specific *performance* objectives. During evaluation, are taken into consideration the level of risk protection, any problems that have arisen in that regard, the individual salary situation in recent years and any additional element in this context considered useful for the overall assessment.

For the remaining most important personnel, any payment of the variable component is primarily based on qualitative assessments, without prejudice to the application of certain general parameters defined *ex-ante* (in terms of consolidated profit and *solvency ratio*), and is implemented at a later date upon approval of the financial statements.

The variable remuneration system for the sales network is defined by the CEO and communicated to the Board of Directors.

For the remaining personnel, the variable remuneration is mainly linked to qualitative assessments.

7. The evaluation criteria underpinning the allocation of shares, options and other financial instruments or other variable components of remuneration

Reference should be made to the "*Information document on remuneration plans based on financial instruments*".

8. Consistency of the remuneration policy with pursuit of the long-term interests and risk management policy

For the evaluation of the consistency of the remuneration policy with pursuit of the long-term interests of the Banca IFIS Banking Group and with general government risk policy, refer to the previous parts of this report. In this context, of relevance is:

- the deferral period for payment of the variable component of the remuneration of the CEO and of the Managing Director, under the conditions of *malus* and *claw back* identified;
- exclusion of the audit departments from any *stock option* plans ;
- the task of the Remuneration Committee to ensure the involvement of the various company departments, in particular with regard to the functions of audit, and to evaluate at least annually the adequacy, the overall coherence and the concrete application of the Group's remuneration policy approved by the Shareholders' Meeting.

9. Vesting period, deferred payment systems, ex post correction mechanisms

Reference should be made to the *"Information Document on compensation plans based on financial instruments"*.

10. Provision for maintenance in the portfolio of the financial instruments

Reference should be made to the *"Information Document on compensation plans based on financial instruments"*.

11. Payment provided in case of cessation from the assignment or termination of the employment relationship

In the event of termination of the relationship, no additional payments are intended for directors and managers with strategic responsibilities, with respect to the provisions of law. The only payment provided is the severance pay for employees.

12. Insurance, social security or retirement benefits, other than those required

As reported in chapter 5 on "non-monetary benefits", all employees are recipients of health policy, in accordance with the Collective Labour Agreement. In addition, some of these, in relation to contractual situations previously acquired, are recipients of marginal discretionary pension benefits.

13. Remuneration policy with reference to independent directors, to participation in committees and to the performance of specific tasks

The current remuneration policies stipulate that the annual remuneration for members of the Audit and Risk Committee and for its co-ordinator, in addition to the members of the Supervisory Body pursuant to former Legislative Decree 231/2001 is established by the Board of Directors, if considered necessary, if the Shareholders' Meeting has not already done so.

In addition to the appointment allowance of 25,000 euro, established by the Shareholders' Meeting of 30th April 2013 for each member of the Board of Directors, on the occasion of the appointment, for each of the members of the Risk Control Committee (Francesca Maderna, Andrea Martin and Daniele Santosuosso) there is an additional annual remuneration of 30,000 euro while the Chairman of the Committee (Dr. Giuseppe Benini) is entitled to a fee of 45,000 euro. For directors who are members of the Supervisory Body pursuant to Legislative Decree 231/2001 a fixed annual remuneration for this position is awarded amounting to 25,000 euro.

For all the Directors, except those vested with particular appointments (Chairman, Deputy Chairman and CEO), a presence allowance of 1,250 euro for the participation of each person in the meetings of the Board of Directors or of 500 euro per participation via audio/video conferencing link.

The remuneration of the Chairman consists of:

- the afore-mentioned allowance of 25,000 euro provided for each director;
- a salary for the position of Chairman of 800,000 euro (until 28th February 2015 and starts at 650,000 euro with effect from 1st March).

The remuneration of the Vice Chairman consists of:

- the afore-mentioned allowance of 25,000 euro provided for each director;
- a salary for the position of Vice Chairman of 450,000 euro.

The remuneration of the CEO consists of:

- the afore-mentioned allowance of 25,000 euro provided for each director;
- a fixed salary of 650,000 euro;
- a variable fee within the time limits previously described.

14. Criteria used for selection of the companies that are used as a reference for definition of the remuneration policies

For definition of the remuneration policy of the Banca IFIS Banking Group, the remuneration policies of other companies were not used as a reference.

SECTION II

1. Part One

1.1 Entries that compose the remuneration

With regard to the directors and statutory auditors, the following details are provided on the items that compose the remuneration and that, for the financial year 2014, are summarised in the following Table 1.

In the "fixed remuneration" column are illustrated:

- in the relative section the appointment allowance of 25,000 for each member of the Board of Directors, in accordance with the resolution adopted by the Shareholders' Meeting of 30th April 2013 on the occasion of the appointment;
- in the relevant section the total amount of attendance allowances paid to directors, according to the rules established by the Shareholders' Meeting of 30th April 2013, for participation in subsequent meetings of the Board of Directors during 2014;
- in the sub column "lump sum expenses" the amount possibly invoiced in the form of a flat-rate sum of the costs incurred by reason of their appointment as directors and statutory auditors;
- in the relevant section the fees for particular appointments approved by the Board of Directors pursuant to former art. 2389 of the Italian Civil Code to the Chairman, Vice Chairman and CEO;
- finally, in the column "fixed remuneration from the work of employees" are indicated, for the CEO and other employees, the annual remuneration before the social security and tax deductions borne by the employee, excluding the collective social security charges paid by the company and the severance pay provision, and any remuneration corresponding to authorisations for former annual leave not used.

The variable portion of the remuneration of the CEO and General Manager acquired in relation to the profit for the year 2014 is indicated in the section "participations in profit" of the "*not equity* variable remuneration" column.

Any bonuses earned, for the work in 2014, by other employees falling within the definition of "managers with strategic responsibility" (for 2014 one person only) or in definition of the "most important personnel" are shown in the section "bonuses and other incentives" of the "*not equity* variable remuneration" column. In that section is also indicated for the CEO and other employees, the "corporate award" established by the collective labour agreement in force and approved by the Board of Directors in favour of employees at the meeting of 3rd December 2014, despite the absence of corporate integrative negotiation.

The column "remuneration for participation in committees" shows the remuneration established by the Shareholders' Meeting of 30th April 2013 for each of the members of the Risk Control

Committee at the rate of 30,000 euro and the fee of 45,000 euro for the Chairman of the Committee.

For directors who are members of the Supervisory Body pursuant to Legislative Decree 231/2001 is shown a fixed annual remuneration for this position amounting to 25,000 euro.

The "non-monetary benefits" column shows the value of the following *fringe benefits*, generally according to a criterion of tax liability:

- health policy (recognised to all employees);
- occupational and non-occupational accident policy (recognised to all employees) also includes the share of the occupational accident policy, though not liable to tax;
- luncheon vouchers (recognised to all employees of the Bank) include the entire amount recognised, including the non-taxable share (€ 5.29);
- company car (for all managers, all staff that hold commercial roles and for some administrative staff who do not hold commercial roles);
- contributions to supplementary pensions paid by the Bank to the extent of 2.5% of the RAL (recognised to Managers and Administrative Staff who chose to participate and pay the minimum fee of 1% of the contribution into one of the two pension funds to which the Bank is affiliated) and 1.5% of the RAL for employees engaged in Professional Areas with a contribution paid by the same of 1%.

The insurance policy against civil liability of corporate leaders, approved by the Shareholders' Meeting, is not included in this column as, from investigations carried out, it is not a *fringe benefit*.

For the "most important personnel" identified for 2014 in accordance with the regulatory provisions of the Bank of Italy of 31st March 2011, the average amounts per person are shown (this involves 17 employees, of whom 13 officers and 4 administrative staff members).

1.2 Further information on the consistency of fees with the remuneration policy

In a logic of consistency with reporting provided to the Shareholders' Meeting of 17th April 2014 in relation to implementation of the remuneration policies approved the previous year (the relevant documentation is available on the website of the Bank in the section "Corporate governance" (> path > Shareholders' Meeting > 2014) together with the minutes of the Shareholders' Meeting of 17th April 2014, pursuant to article 125 quater of the Consolidated Finance Act) are provided - in addition to what is already stated in other parts of this Report - some further synthetic information on the implementation, in 2014, of the policies approved one year ago.

Executives (not included in the definition of managers with strategic responsibilities)

The average ratio between the variable component of reference of 2014 for managers who received it and fixed remuneration (RAL) for 2014 amounted to 24.31%.

Administrative Staff and Professional Areas that hold commercial roles

The average ratio between variable component and fixed remuneration (RAL) for the 2014 was 22%.

Other Administrative Staff and Professional Areas

For the year 2014 bonuses were paid equal to 6.81% of the corporate population with an average amount equal to 7.95% of the RAL.

Other information

For completeness of information and with reference to the entire corporate population, the following is also pointed out:

- salary increases were 4.03% of the corporate population with an average increase of RAL of 8.92%;
- promotions (increase in rank) concerned 15.40% of the corporate population;
- in 2014, the RAL underwent a gross increase (inclusive of inflation rate and contractual increases) of 3.23%;
- at the end of 2014 there was a project collaboration relationship.

AVERAGE SALARIES BY QUALIFICATION AND BUSINESS LINES

The following table shows the levels of Annual Gross Wage (RAL) and Annual Global Remuneration (RGA) – composed of the RAL, the variable retribution and the annual corporate award - for grading, calculated over the entire corporate population.

Furthermore, in order to fulfil the reporting requirements under the Supervisory Provisions for banks - Circular 285 of 17th December 2013 – on "remuneration and incentive policies and practices", evidence is provided of aggregate quantitative information on remuneration, broken down by lines of activity.

Grading	no.	Gross Annual Salary Average €	Annual Variable Salary Average Gross €
Management	22	128,783	33,246
Administrative Staff 4°- 3°	48	71,312	15,749
Administrative Staff 2° - 1°	75	49,782	5,901
3° Area	360	32,453	3,116

The Annual Gross Remuneration (RAL) levels, taking into account the positions held, does not contain major changes compared to those of the Italian banking system (source ABI).

Lines of activity	Total remuneration
Fast Finance	1,288,656.29
International	528,670.04
Factoring (branches)	8,228,031.76
Non Performing Loans	2,795,886.56
B.U. Pharma	557,340.61
Retail collection	576,909.16
General Management	13,085,536.97
TOTAL	27,061,031.39

Group Company

The emoluments paid to directors and employees of the Polish subsidiary IFIS Finance Sp. z o.o. are a result consistent with the logic of remuneration and incentive scheme of the Group. In particular:

- The mandate of the directors was carried out:
 - ✓ by a manager of the Parent Company free of charge and thus without the need for repayment of the emoluments for appointments held by employees of the Parent Company;
 - ✓ by the Deputy Chairman of the Parent Company that has carried out the mandate free of charge.
- to the staff in force on the date of 31/12/2014, whose employment relationship would be continuing into the year 2015 and with the exclusion of resources with commercial tasks was paid in the month of December 2014 with a corporate award equal to one month;
- four resources were paid a variable component according to a model similar to that used at the Parent Company for the incentive system of the commercial network.

2. Second part: compensation paid in 2014

Table 1: remuneration paid to members of the administration and audit bodies, to the general managers and to the other executives with strategic responsibilities (figures in thousands of euro)

First name and surname	Charge	Period for which the appointment was held	End date of appointment	Fixed remuneration					Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Allowance for end of appointment or termination of employment	
				Emoluments approved by the Shareholders' Meeting	Presence allowances	Lump sum expense reimbursements	Remuneration for special duties pursuant to art. 2389 of the Italian Civil Code	Fixed remuneration of employees	Compensation for participation in committees	Bonuses and other incentives						Participation in profits
Fürstenberg Sebastien Egon	Chairman	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				25	-	-	800	-	-	-	-	-	-	825	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	-	-	800	-	-	-	-	-	-	825	n.a.	-
Csillaghy Alessandro	Deputy Chairman	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				25	-	-	450	-	-	-	-	-	-	475	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	-	-	450	-	-	-	-	-	-	475	n.a.	-
Bossi Giovanni	CEO	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				25	-	-	650	-	-	-	650	-	-	1.325	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	-	-	650	-	-	-	650	-	-	1.325	n.a.	-

First name and surname	Charge	Period for which the appointment was held	End date of appointment	Fixed remuneration					Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Allowance for end of appointment or termination of employment	
				Emoluments approved by the Shareholders' Meeting	Presence allowances	Lump sum expense reimbursements	Remuneration for special duties pursuant to art. 2389 of the Italian Civil Code	Fixed remuneration of employees	Compensation for participation in committees	Bonuses and other incentives						Participation in profits
Giuseppe Benini	Board of Directors	from 01/01/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				25	25	-	-	-	70	-	-	-	-	120	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	25	-	-	-	70	-	-	-	-	120	n.a.	-
Madama Francesca	Board of Directors	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				25	22	-	-	-	30	-	-	-	-	77	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	22	-	-	-	30	-	-	-	-	77	n.a.	-
Martin Andrea	Board of Directors	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				25	25	-	-	-	55	-	-	-	-	105	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	25	-	-	-	55	-	-	-	-	105	n.a.	-
Preve Riccardo	Board of Directors	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 12/31/15													
Remuneration at Banca IFIS S.p.A.				25	18	-	-	-	-	-	-	-	-	43	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	18	-	-	-	-	-	-	-	-	43	n.a.	-
Salamon Marina	Board of Directors	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 12/31/15													
Remuneration at Banca IFIS S.p.A.				25	20	-	-	-	-	-	-	-	-	45	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	43	-	-	-	-	-	-	n.a.	-
Total				25	20	-	-	43	-	-	-	-	-	45	-	-

First name and surname	Charge	Period for which the appointment was held	End date of appointment	Fixed remuneration					Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Allowance for end of appointment or termination of employment	
				Emoluments approved by the Shareholders' Meeting	Presence allowances	Lump sum expense reimbursements	Remuneration for special duties pursuant to art. 2389 of the Italian Civil Code	Fixed remuneration of employees	Compensation for participation in committees	Bonuses and other incentives						Participation in profits
Daniele Santosuosso	Board of Directors	from 01/01/2014 to 31/12/2014	Approval of the financial statements at 12/31/15													
Remuneration at Banca IFIS S.p.A.				25	23	-	-	-	55	-	-	-	-	103	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				25	23	-	-	-	55	-	-	-	-	103	n.a.	-
Giacomo Bugna	Chairman of the Board of Statutory Auditors	from 01/01/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				75	20	-	-	-	-	-	-	-	-	95	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				75	20	-	-	-	-	-	-	-	-	95	n.a.	-
Giovanna Ciriotto	Acting statutory auditor	from 01/01/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				50	18	-	-	-	-	-	-	-	-	68	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				50	18	-	-	-	-	-	-	-	-	68	n.a.	-
Rovida Mauro	Chairman of the Board of Statutory Auditors until 30/04/2013 (then acting Auditor)	from 1/1/2014 to 31/12/2014	Approval of the financial statements at 31/12/15													
Remuneration at Banca IFIS S.p.A.				50	16	-	-	-	-	-	-	-	-	66	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				50	16	-	-	-	-	-	-	-	-	66	n.a.	-

First name and surname	Charge	Period for which the appointment was held	End date of appointment	Fixed remuneration					Compensation for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Allowance for end of appointment or termination of employment
				Emoluments approved by the Shareholders' Meeting	Presence allowances	Lump sum expense reimbursements	Remuneration for special duties pursuant to art. 2389 of the Italian Civil Code	Fixed remuneration of employees		Bonuses and other incentives	Participation in profits					
Staccione Alberto	General Manager	from 1/1/2014 to 31/12/2014	n.a.													
Remuneration at Banca IFIS S.p.A.				-	-	-	-	307	-	24	184	25	-	540	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	307	-	24	184	25	-	540	n.a.	-
Other administrative staff with strategic responsibility (one person in 2013)																
Remuneration at Banca IFIS S.p.A.				-	-	-	-	104	-	18	-	11	-	133	-	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	104	-	18	-	11	-	133	n.a.	-
"Most important personnel" under the provisions of supervision of the Bank of Italy (17 persons at 31st December 2014)																
Remuneration at Banca IFIS S.p.A.				-	-	-	-	112	-	28	-	10	-	150	-	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	112	-	28	-	10	-	150	n.a.	-

Other tables: monetary incentive plans for members of the board, general managers and other executives with strategic responsibilities

From the tables provided by Annex 3A, Scheme No. 7-bis of the "Issuer's Regulations", is currently applicable to the Banca IFIS Banking Group only Table 3B that is shown below with the details of participation in earnings expected for the CEO and the General Manager that, in the past required deferral of a share of 40% for three years and that according to the policies for the year 2014 require the deferral of a share equal to 60% of the variable component if it is considered a particularly high amount.

Name and surname	Appointment	Plan	Annual bonus			Bonus of previous years			Other bonuses
			Payable / paid	Deferred	Period of deferral	No longer payable	Payable / paid	Deferred again	
Bossi Giovanni	CEO								
Remuneration at Banca IFIS S.p.A.		Plan A (participation in operating profit)	260	390	3 years	0	*130	412	0
Remuneration from Banca IFIS S.p.A. subsidiaries		N/a	0	0		0	0	-	0
Total			260	390		0	130	412	
Staccione Alberto	General Manager								
Remuneration at Banca IFIS S.p.A.		Plan A (participation in operating profit)	74	110	3 years	0	*65	147	0
Remuneration from Banca IFIS S.p.A. subsidiaries		n.a.	0	0		0	0	-	0
Total			74	110		0	65	147	

Data (in thousands of euro)

* The total variable remuneration relating to the profit for the year 2011 is that stated in the previous reports while the composition between up-front and deferred recorded a negligible difference.

SCHEME RELATING TO THE SHAREHOLDINGS OF DIRECTORS, STATUTORY AUDITORS, OF THE GENERAL MANAGER AND OF THE OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

Table 1: shareholdings of members of the organs of administration and audit and of the general managers

Surname and first name	Appointment	Investee company	Number of shares owned at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current year
Fürstenberg Sagar Egon (including shares held indirectly through La Scogliera S.p.A.)	Chairman	Banca IFIS S.p.A.	30,500,486	0	- 2,168,332	28,332,154
Csillaghy Alessandro	Deputy Chairman					
Bossi Giovanni	CEO	Banca IFIS S.p.A.	1,838,648	0	0	1,838,648
Benini Giuseppe	Director					
Maderna Francesca	Director	Banca IFIS S.p.A.	1,070,422	0	0	1,070,422
Martin Andrea	Director					
Preve Riccardo (including shares held indirectly through Preve Costruzioni S.p.A.)	Director	Banca IFIS S.p.A.	1,244,334	4,667		1,249,001
Salamon Marina (held indirectly through Alchimia S.p.A.)	Director	Banca IFIS S.p.A.	1,069,447	6,800		1,076,247
Santosuosso Daniele	Director					
Giacomo Bugna	Chairman - Board of Statutory Auditors					
Ciriotto Giovanna	Standing statutory auditor					
Rovida Mauro	Standing statutory auditor					
Staccione Alberto	General Manager	Banca IFIS S.p.A.	140,000	0	0	140,000

Table 2: shareholdings of other managers with strategic responsibilities

Number of managers with strategic responsibilities	Investee company	Number of shares owned at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current year
1	Banca IFIS S.p.A.	-	1,000		1,000