

## EXECUTIVE SUMMARY

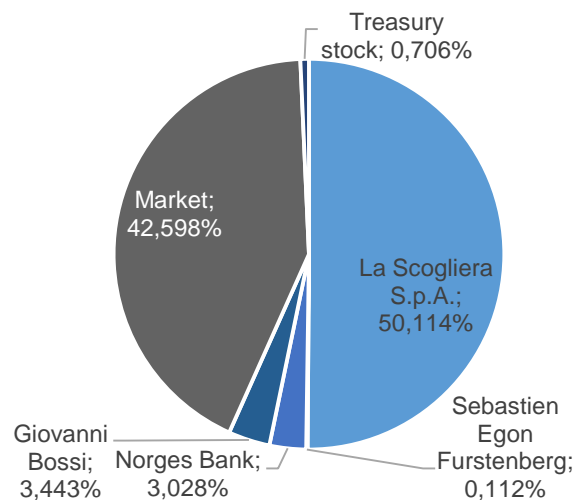
### REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

VALUE TO YOUR BUSINESS

**BANCA IFIS  
GROUP**

# MAIN COMPANY HIGHLIGHTS

## Shareholder composition



## Structure of share capital

No. 53.811.095 ordinary shares

Listed (MTA)

Each ordinary share attributes the right to one vote

### Other shareholder features

Restrictions on the transfer of securities	There are no restrictions on the transfer of shares, save the retention periods foreseen for the shares to be allocated as variable pay to the C.E.O., to the General Manager and to any other person considered 'Key personnel'.
Significant shareholdings	The activity of the investment holding company La Scogliera S.p.A. is limited to holding its only significant equity investment - the controlling interest in Banca IFIS S.p.A.. Even though it is the majority shareholder, La Scogliera S.p.A. does not perform any management and coordination activity vis-à-vis Banca IFIS S.p.A..
Employee equity participation: mechanism for exercising voting rights	Any employees holding shares of the Company exercise their shareholder rights in the same way as other shareholders.
Restrictions on voting rights and shareholder agreements	The Company knows of no restrictions on voting rights or agreements between the Company's shareholders as defined by Article 122 of the CFA.
Change-of-control clauses and statutory provisions on takeover bids	Neither Banca IFIS S.p.A. nor its subsidiaries have concluded significant agreements that take effect, are modified or lapse if change of control of the contractual party occurs. The Articles of Incorporation of Banca IFIS S.p.A. do not contravene the passivity rule laid down by Article 104, paragraphs 1 and 2, of the CFA, nor do they envisage the application of the neutralization rules laid down by Article 104-bis, paragraphs 2 and 3, of the CFA.
Empowerment to increase share capital and authorizations to buy treasury shares	As at 31 December 2016, the Board was not empowered to increase share capital pursuant to Article 2443 of the Italian Civil Code, i.e. to issue equity securities. The Ordinary Shareholders' Meeting of 22 March 2016 has not authorised the purchase and sale of treasury shares, pursuant to Arts. 2357 et seq. of the Italian Civil Code and to Art. 132 of Legislative Decree no. 58/98.



# BOARD OF DIRECTORS - Composition

Role	Members	List (M/m)	Executive/Non executive - Independence	RM&CC	AC	RC
Chairman	Furstenberg Sebastien Egon	M	Non Executive			
Deputy Chairman	Csillaghy de Pacser Alessandro	M	Executive			
C.E.O.	Bossi Giovanni	M	Executive			
Director (LEAD)	Benini Giuseppe	M	Non Executive Independent (LEAD)	P	M	
Director	Maderna Francesca	M	Non Executive Independent	M		P
Director	Malinconico Antonella	M	Non Executive Independent	M		
Director	Preve Riccardo	M	Non Executive		M	M
Director	Salamon Marina	M	Non Executive			
Director	Santosuosso Daniele	m	Non Executive Independent	M	P	M
<b>Directors who left during the year 2016</b>						
Director	Martin Andrea	M	Non Executive	M		M

RM&CC: Risk Management and Control Committee; AC: Appointments Committee; RC: Remuneration Committee

## POSITIONS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES

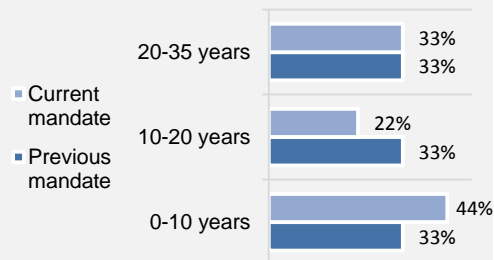
	POSITION IN THE BANKING GROUP		POSITIONS IN COMPANIES RELEVANT TO THE REGULATION ON THE MAXIMUM NUMBER OF OFFICES						POSITIONS IN COMPANIES IRRELEVANT TO THE REGULATION ON THE MAXIMUM NUMBER OF OFFICES		TOTAL	
			Companies listed on regulated markets including abroad		Financial, banking, insurance companies		Large companies					
			E	N.E.	E	N.E.	E	N.E.				E
Fürstenberg Sebastien Egon	-	1	-	-	-	-	-	-	-	-	2	3
Csillaghy de Pacser Alessandro	-	1	-	-	-	-	-	-	2	-	-	3
Bossi Giovanni	1	-	-	-	-	-	-	-	1	-	-	2
Benini Giuseppe	-	1	-	-	-	-	-	-	-	17	-	18
Maderna Francesca	-	-	-	-	-	-	-	-	1	1	-	2
Antonella Malinconico	-	-	-	-	-	-	-	-	-	-	-	0
Preve Riccardo	-	-	-	-	-	-	-	-	4	-	-	4
Salamon Marina	-	-	-	-	-	-	-	2	6	8	-	16
Santosuosso Daniele	-	-	-	-	-	-	-	1	-	-	-	1

E: Executive; N.E.: Non Executive

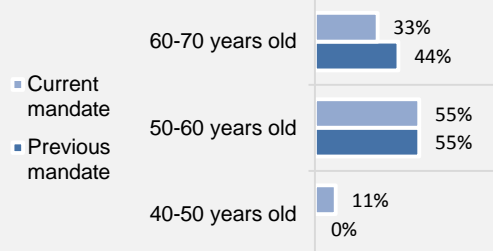


# BOARD OF DIRECTORS

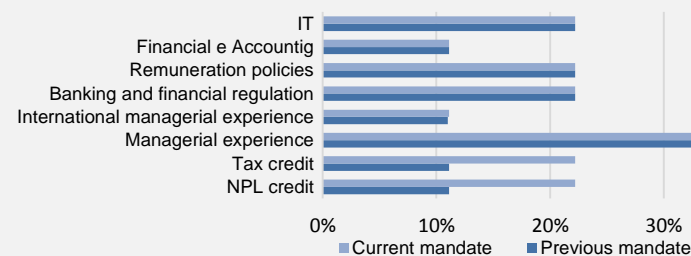
## Duration in office (% of total)



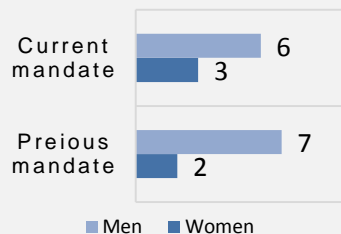
## Age groups



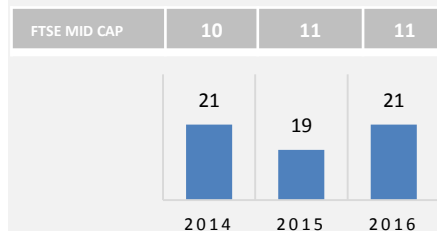
## Key skills



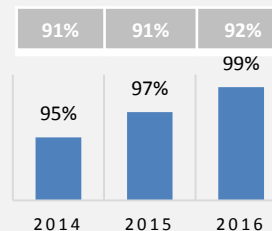
## Gender composition



## Number of meetings



## Attendance rate



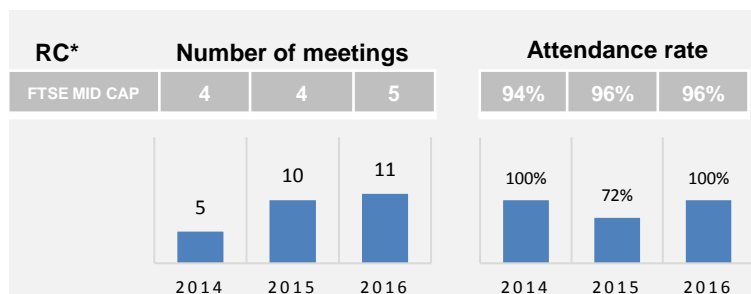
## Board Evaluation process

Realization of the process	Yes
Appraiser	Head of Corporate Affairs, assisted by external consultant
Methods of self-assessment	Anonymous questionnaire

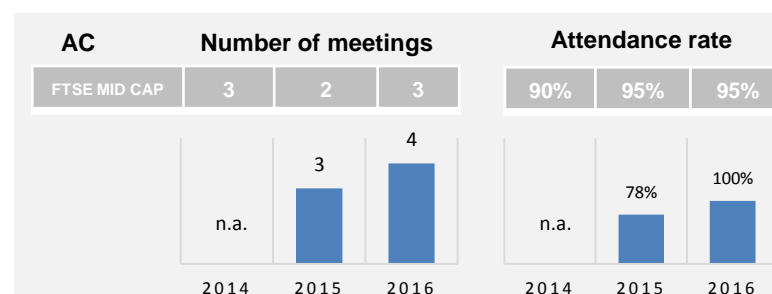
## Evolution from the previous term

	Previous mandate	Current mandate	FTSE IT MID CAP
Number of Directors	9	9	11
Directors elected by the minority	1	1	2
Female component on Board	2	3	3,6
% Independent Directors	33%	44%	45%
Directors' average age	60	58	59
Status of Chairman	Non Executive	Non Executive	-
Presence of Lead Independent Director	Yes	Yes	-





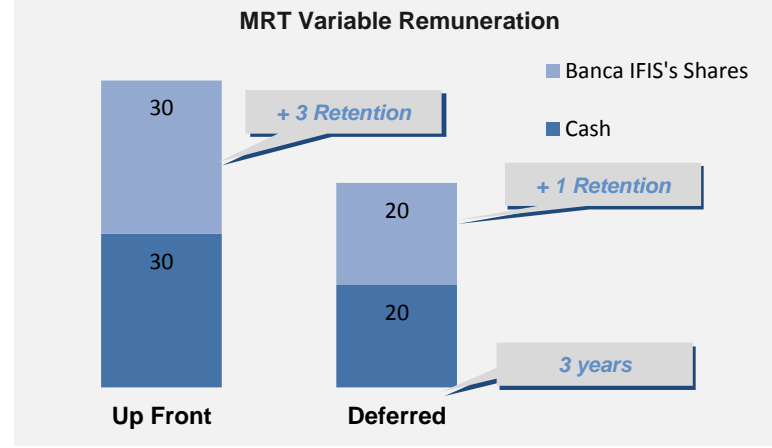
\*2014: Remuneration and Appointments Comm. 2015-2016: Remuneration Comm.



### Focus Policy Indicators 2017

Gate's Indicators	CEO e GM Performance Criteria	LTI Performance Criteria (3 year period)
<ul style="list-style-type: none"> <li>Group consolidated result</li> <li>Liquidity Coverage Ratio</li> <li>Group Total Own Funds Ratio</li> </ul>	<ul style="list-style-type: none"> <li>Group consolidated result</li> <li>RORAC final balance sheet/ prospective</li> </ul>	<ul style="list-style-type: none"> <li>RORAC business unit final balance sheet/ budget</li> <li>Return for shareholders &gt;20%</li> <li>MBO</li> </ul>

	2016	2017	News
Gate	✓	✓	For all staff
Level of the maximum ratio between variable and fixed components	✓	✓	-
<ul style="list-style-type: none"> <li>1:1 for all</li> <li>1:3 for Control Functions</li> </ul>	✓	✓	-
Long Term Incentive (LTI)	✓	✓	A new LTI
Prohibition of hedging strategy	✓	✓	-
Incentive Policies for Non executive Directors	None	None	-
Variable Board of Statutory member	None	None	Write in Remuneration Policies



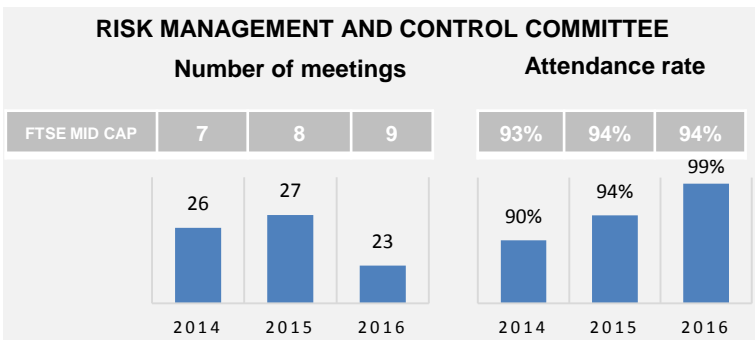
Malus e Claw Back conditions occurred in each of the 3 financial years closed after having determined the variable component

	2016	2017
MRT	42	47
Soglia di materialità	80 K	70 K



# INTERNAL CONTROL SYSTEM

MAIN ELEMENTS	
Is there a Risk Management Office?	Yes
Is there a Chief Risk Officer?	Yes
Is there an Enterprise Risk Management plan?	Yes
If so, is this plan discussed with the Committee?	Yes
Are there Succession plans?	No
Preparation of specific Compliance programmes (Anti-trust, Anti-corruption, Whistleblowing, etc.)	Organizational models (It. Law Dec. 231/01) Code of Ethics Whistleblowing



### MAIN RISK

During the first few months of 2016, the Bank prepared a document called the 'Taxonomy of risks' that describes the logic followed when defining the taxonomy of current and/or potential risks to which the Group may be exposed in order to achieve strategic objectives. The definition of risk taxonomy integrates with the phase of identification of risks to which the Group is or could be exposed, contained in the ICAAP process, and the quantitative and qualitative parameters used in definition of the Risk Appetite Framework; furthermore, it is the framework on which all other measurement, evaluation and monitoring of risks are based.

A brief illustration of the importance of the risks identified inside the Group is shown to the right. For formulation of the ratings reported in the matrix, two keys were used: 1. the impact, which indicates the magnitude of the risk and 2. occurrence, which represents the probability of the risk occurring. Each risk indicator is, in fact, proportional to the expected effect and its probability of occurrence. The scale High, Medium, Low expresses a qualitative analysis; the assessments combined determine configuration of the matrix, with 9 possible ratings summarized into three synthetic assessments.

		IMPACT		
		HIGH	MEDIUM	LOW
OCCURRENCE	HIGH	<i>Credit Liquidity Operating Reputational</i>	<i>Interest Rate BB</i>	
	MEDIUM		<i>Concentr. Strategic Model Sovereign</i>	
	LOW		<i>Finan. Lev. Country</i>	<i>Counterparty Market Transfer Residual Regulation Participation</i>

### BOARD OF STATUTORY AUDITORS

	Indep	Role	Other positions
<b>Giacomo Bugna</b>	X	Chairman	4
<b>Massimo Miani</b>	X	Standing Auditor	7
<b>Giovanna Ciriotto</b>	X	Standing Auditor	7
<b>Valentina Martina</b>	X	Alternate Auditor	n.a.
<b>Guido Gasparini Berlingerì</b>	X	Alternate Auditor	n.a.

**Number of meetings**

FTSE MID CAP	12	13	14
	25	33	28
	2014	2015	2016

**Attendance rate**

	96%	96%	96%
	100%	98%	98%
	2014	2015	2016

