

**OUTCOMES ON THE CHECKS CARRIED OUT ON COMPLIANCE OF REMUNERATION PRACTICES  
WITH THE APPROVED POLICIES AND THE LEGAL FRAMEWORK**

**BANCA IFIS BANKING GROUP**

Meeting of the Board of Directors held on 22<sup>nd</sup> March 2012

The reviewed data was in line with the instructions provided by the Shareholders' Meeting and by the strategic supervisory body, and with the information produced.

The decision-making processes concerning the methods used to define the Group's remuneration and incentive policies and practices conform to the provisions of the Regulatory Bodies, and the checks carried out on THE compliance of remuneration practices with the approved policies have revealed a consistent implementation.

The suggestions currently being evaluated on the subject of revising the "Risk-takers" at the Group level, the greater structuring of remuneration policies, the provisions developed in such context on the subject of remuneration system governance as well as the formalizing of reasons that support the application of the proportionality principle (depending on dimensions, type of business, organizational and operational layouts), lead to an opinion of greater consistency of the remuneration and incentive policies and practices of the Banca IFIS Banking Group with the objectives and instructions of Regulatory Bodies.

In short, the findings of the analysis carried out point to the "relevant elements" listed below in the decision-making and information processes.

Shareholders' Meeting

The definition by the Shareholders' Meeting, ex ante:

- of remuneration policies for banking officers, employees and collaborators of the Banca IFIS Banking Group, with no specific end-of-term payments or payments resulting from early termination of the relationship being included (without prejudice to the provisions of the law);
- of a maximum limit for the total amount of payments that can be allocated to members of the Board of Directors per financial period;
- of pre-established fixed payments for members of the Board of Statutory Auditors;

allows Shareholders to be aware of the total costs incurred for governance and control bodies.

The Report on remuneration completes the Shareholders' level of awareness and monitoring.

During the course of 2010, the Shareholders' Assembly, also due to the renewal of the corporate offices, implemented an overall update to the remuneration system applied within the Bank in order to bring it more into line with the normative system.

#### Board of Directors (strategic supervisory body)

In addition to the provisions pertaining to the Shareholders' Meeting, the Board of Directors, also availing itself of the assistance of the Committee for the Remuneration of Directors, Executives and stock option plans, exercises its strategic supervision through, among other things:

- the definition of the remuneration applied to members of the Board vested with special offices, up to the maximum limit established by the Shareholders' Meeting;
- the identification of "risk-takers" as part of a self-evaluation process;
- the definition of remuneration and incentive systems for main personnel categories, with the definition, in such context, of the variable remuneration of managing directors, managers with strategic responsibilities and Head of the Internal Audit Function in staff to the Board itself, in compliance with the policies approved by the Shareholders' Meeting;
- the definition of a system of proxies used to manage human resources and for the periodical review of the reports, as required;
- the reviewing of reports on the incentive system prepared by Top Management for certain commercial roles;
- the reviewing of information on checks aimed at verifying compliance of remuneration practices with the approved policies and legal framework prepared by the Head of the Internal Audit Function;

all of the above integrated in a governance process that includes the analysis, evaluation and approval by the Board of Directors of the following elements: industrial plans (including the operating budgets), periodical reports on results achieved as well as on risk management (Financial Statements reports, Dashboard Report, Report to the Control Bodies / Functions, etc.) and details concerning the proxies (on the subject of credit, finance, expenses, personnel management, etc.).

#### Risk-takers

The review of policies, in relation to an updating of the self-evaluation process, with the intention to revise application at the Group level, as well as a wider identification of persons whose professional activity has or may have an impact on the risk profile of the Group, developed after an examination and evaluation of the individual roles (responsibilities, hierarchical levels, activities carried out, operational proxies, etc.), leads to a higher number of employees to which remuneration and incentive criteria defined ex-ante can be applied.

The related greater structuring of the remuneration policies, referred to in the Report on remuneration prepared pursuant to art. 123-*ter*, results in a higher degree of transparency towards the market, in a context of Group management consistent with the strategic decisions made and of adequate equity.

Banca IFIS S.p.A.

The Head of the Internal Audit Function

Miceli Ruggero