

REPORT ON REMUNERATION

Pursuant to art. 123-*ter* of the Italian Consolidated Law on Finance

Banca IFIS S.p.A.

Document approved by the Board of Directors
during the session of 22nd March 2012

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,

in compliance with art. 123 *ter* of Italian Legislative Decree no. 58 of 24th February 1998 (Consolidated Law on Finance), you have been convened to resolve in favour of or against Section I of this report.

With this document, the Board of Directors of Banca IFIS S.p.A. intends to fulfil the reference regulations referred to in art. 123 *ter* of the Consolidated Law on Finance as well as banking sector regulations and the self-regulation rules contained in the Code of Self-discipline of listed companies, as described in more detail below.

In particular, in view of the option granted by the new Annex 3A, Scheme No. 7-bis, of the “Issuers’ Regulations”, this report – for the purpose of fulfilling, in a single document, the regulations referred to in art.123-ter of the Consolidated Law on Finance and Bank of Italy’s supervisory provisions on the subject of remuneration – includes additional information, in aggregate form, on individuals known as “risk-takers” not included in the sphere of application of the aforementioned article of the Consolidated Law on Finance.

INTRODUCTION

Provisions applicable to the Banca IFIS Banking Group

The provisions applicable to the Banca IFIS Banking Group on the subject of remuneration and incentive systems can be summarised in the following terms:

1. primary and secondary regulations applicable to listed companies
 - a. with Italian Legislative Decree no. 259 of 30th December 2010 transposing the Recommendations of European Commission 2004/913/EC of 14th December 2004 and 2009/385/EC of 30th April 2009 on the subject of remuneration of directors of listed companies, the legislator has added to the Consolidated Text of provisions on the subject of financial brokerage (Italian Legislative Decree no. 58 of 24th February 1998, known as the Consolidated Law on Finance), art. 123-ter (Remuneration report) containing the requirement to make a Remuneration report available to the public (at least twenty-one days prior to the date of the Ordinary Shareholder's Meeting referred to in art. 2364 second paragraph). This report must contain the information required by such regulation as well as additional specific information indicated by Consob through special Regulation (resolution no. 18049 of 23rd December 2011);
 - b. With its resolution no. 18049 of 23rd December 2011 Consob, having heard the opinion of Bank of Italy and ISVAP:
 - suppressed paragraph 1 of art. 78 and article 79 of the Regulation issued with resolution no. 11971 of 1999 (as subsequently amended) on the subject of Issuers (hereinafter the "Issuers' Regulations");
 - added to the Issuers' Regulations art. 84 *quater* (Remuneration report) on the requirement to make the aforementioned remuneration report available to the public in compliance with the new "Scheme 7 bis" of Annex 3 A of the Issuers' Regulations; such Scheme requires that, should the banks and insurance companies "*wish to produce a single document by which to fulfil the requirements of art. 123-ter of the Consolidated Law on Finance and sector regulations, they could include in the remuneration report ... information in aggregate form on the risk-takers not included as part of the application of art. 123-ter of the Consolidated Law on Finance*";
 - Added to art. 65 of the Issuers' Regulations the following paragraph 1 *quater*:
<<*the term "executives with strategic responsibilities" is used to refer to the parties described as such by Annex 1 to Consob Regulation no. 17221 of 12th*

March 2010 setting out provisions on related party transactions, as subsequently amended >>;

2. secondary regulation applicable to Banks and Banking Groups

- a. general criteria and guidelines on the subject of corporate governance and organisation approved as a matter of urgency by the Italian Ministry of Economics and Finance, acting as President of the Inter-ministerial Committee for Credit and Savings (CICR), with Ministerial Decree of 5th August 2004;
- b. “Supervisory provisions on the subject of corporate governance and organisation of banks” of 4th March 2008, as modified by the Measure of 30th March 2011 referenced here below;
- c. Measure of 30th March 2011 with which Bank of Italy issued new “provisions on the subject of remuneration and incentive practises and policies in banks and in banking groups” (hereinafter also referred to as the “Supervisory provisions” or the “Provisions”), implementing European Community Directive 2010/76/EU (known as CRDIII) approved by the EU Council on 14th December 2010. Such Provisions represent the conclusion of a complex regulatory path, first initiated at the international level, in reply to the economic crisis that witnessed the involvement of the *Financial Stability Board*, of the Basel Committee and, lastly, of the European Authorities. In particular, Bank of Italy has transposed the basic contents of the guidelines set out by the CEBS (*Committee of European Banking Supervisor*, now EBA, *European Banking Authority*) on the subject of remuneration and incentive practises and policies in banks and in banking groups;
- d. Bank of Italy’s Circular no. 263 “New prudential supervisory provisions for banks”, (Title IV – information to the public) which requires the publication of information on the subject of “remuneration and incentive practises and systems” (Table 15), at least once a year within the terms set out for publication of the financial statements;
- e. Supervisory provisions on the subject of “Transparency in banking and financial services and transactions – Fairness of relationships between intermediaries and customers” of 29th July 2009, which require, *inter alia*, the adoption of forms of remuneration and evaluation of sales network personnel that does not constitute an incentive to market products which are not suited to the customers’ financial needs;
- f. Communication of 2nd March 2012 on “Financial Statements for 2011: distribution of profits and payment of remuneration”, published in Bank of Italy’s Supervisory bulletin no. 3 (March 2012) and forwarded to Banks including through specific communication;

3. self-regulation rules of listed companies

- a. Self-regulation Code of Listed Companies (hereinafter “Code” or “Self-regulation Code”, with specific reference to article 7 (now article 6). Remuneration of directors, updated by the *Corporate Governance* Committee on 3rd March 2010. The Issuers were invited to apply the new article 7 by the end of the period which begins in 2011, informing the market with the Report on corporate governance, to be published during the course of 2012. The Code was widely revised in December 2011 (with the Issuers invited to apply the changes “*by the end of the period which begins in 2012, informing the market with a report on corporate governance to be published during the course of the following period*”). In the *format* made available to listed companies by Borsa Italiana S.p.A. in February 2012 for the preparation of the “Report on corporate governance and ownership structure” pursuant to art. 123 *bis* of the Consolidated Law on Finance, one of the suggestions made was to provide information on the subject of remuneration by referring to the main sections of the remuneration report *ex art. 123 ter* of the Consolidated Law on Finance, and to make available such report together with the report on corporate governance.

Composition of the Banca IFIS Banking Group

The Banca IFIS Banking Group currently consists of the Parent Company Banca IFIS S.p.A. and of the wholly-owned subsidiaries:

- IFIS Finance Sp. z o.o., with office in Warsaw (Poland);
- Fast Finance S.p.A., with office in Bologna.

With regards to Fast Finance, a request for incorporation was submitted to Bank of Italy (which has communicated the start of the proceeding related to the request; the proceeding “*will be completed within 90 days as from 24th January 2012, save for any suspension and interruption of the term envisaged by the regulations in force*”).

Liquidation proceedings are currently underway for the wholly-owned subsidiary TF Sec S.r.l., not included within the perimeter of the Banking group.

Business areas of the Banca IFIS Banking Group

The activity of the Banking Group currently involves the following areas of operation:

- *factoring*, in Italy and abroad; the activity abroad is carried out through the Parent Company’s internal departments (International Area) and through the subsidiary IFIS Finance; the financial support and credit management offer is mainly aimed at the sector of small and medium-sized companies;
- purchase and management of non-performing loans;

- purchase and management of tax credits;
- *online* collection through the rendimax savings account; although this tool does not represent a specific business line for the bank, due to type of activity and the achieved dimensions, it does belong within the Parent Company's operational segments in its own right.

Company treasury activities are complementary to the aforementioned activities; although their contents at certain times are especially significant, they do not modify the mission of the Banking Group, which continues to aim at providing financial support and credit management.

SECTION I

Based on the instructions provided by Annex 3A, Scheme No. 7-*bis*, of the Issuers' Regulations, "...with reference to the members of the board of directors, general managers and other executives with strategic responsibilities ...", this Section illustrates the remuneration policy of the Banca IFIS Banking Group and the procedures used to adopt and implement such policy.

Moreover, additional information is provided, specifically on the policy concerning "risk-takers" (according to the definition contained in supervisory provision) with a view to also fulfil banking sector regulations in a single document.

1. Corporate bodies and parties involved in the preparation, approval and implementation of remuneration policies

The role of corporate bodies, control functions and of the other company functions is described in the Articles of incorporation and/or in the company regulations, and complies with Bank of Italy's supervisory provisions. Such role is summarised here below.

1.1 Role of the Shareholders' Meeting

According to the provisions of art. 10 of the Articles of Incorporation, the Ordinary Shareholders' Meeting, "*in addition to determining the remuneration to be paid to the bodies appointed by the same Meeting, also approves:*

- *the remuneration policies in favour of directors, employees or associates not employed by the company;*
- *any remuneration plans based on financial instruments.*

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

1.2 Role of the Board of Directors

The Board of Directors consists of:

- Sebastien Egon Fürstenberg (Chairman of the Board of Directors);
- Alessandro Csillaghy (Deputy Chairman of the Board of Directors; Executive Director);

- Giovanni Bossi (C.E.O.);
- Roberto Cravero (Independent Director; Lead Independent Director);
- Leopoldo Conti;
- Andrea Martin (Independent Director);
- Marina Salamon;
- Riccardo Preve (Independent Director);
- Francesca Maderna (Independent Director).

On a yearly basis, the Board of Directors reviews the remuneration policies, including for the purpose of reporting and formulating proposals to the Shareholders' Meeting.

During the preliminary phase, the Board avails itself of an internal Committee, as specified here below. Such Committee is assigned the task of making sure that company functions are involved in the process of preparing and checking the remuneration policies and practises. The main Parent Company functions involved are the Human Resources Area and the Strategic Planning Function for the preparation and implementation, as well as the Risk Management Function, the Compliance Function and the Internal Audit Function for the consulting and control profiles.

The Board of Directors defines the remuneration and incentive systems for the “risk-takers” (as defined by Bank of Italy’s supervisory provisions and the self-evaluation conducted from time to time by the Board itself), falling within the following categories:

- directors with executive tasks;
- General manager and heads of the main *business* lines, company functions or geographical areas, as well as those who report directly to corporate bodies with strategic supervision, management and control function;
- Heads and higher-level personnel of the internal control functions.

In the area of employees, the Banca IFIS Executives with strategic responsibilities, as of the date of preparation of the financial statements, are:

- the General Manager;
- the Financial Reporting Officer.

In view of art. 14 of the Articles of Incorporation, *“the Board of Directors is exclusively responsible for resolutions concerning:*

...

- *the appointment, revocation and remuneration of members of the Top Management;*
- *the evaluation of the consistency of the remuneration and incentive system with the Bank’s long-term strategies, ensuring that the system is such as to not increase company risks.”*

1.3 Role of Top Management

Top Management (consisting of the C.E.O. and General Manager) handles the tangible implementation of the remuneration policy.

In view of art. 14 of the Articles of Incorporation, *“The General Manager handles the implementation of the C.E.O.’s management directives and assists the latter in executing the resolutions adopted by the Board of Directors.”*

2. Composition, responsibilities and functioning of the Remuneration Committee

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

Composition, functioning and meetings of the remuneration committee (ex art. 123-*bis*, paragraph 2, letter d), Consolidated Law on Finance)

The Board of Directors appointed by the Shareholders’ Meeting of 29th April 2010 has set up within its own structure a Committee for the Remuneration of Directors and executives and for any *stock option* plans, consisting of the Chairman, Sebastien Egon Fürstenberg (non-executive and not independent) and of the members of the Board Roberto Cravero, assigned the task of coordinator, and Andrea Martin (both of them independent and non-executive). The Committee consists of the same members as the previous three-year period.

The Committee stays in office for three years and meets periodically, including in video/telephone conference, any time the need arises in connection with the tasks assigned to it.

The Regulations in force were approved by the Board of Directors during the meeting of 27th April 2011, for the purpose of adapting them to both the aforementioned new art. 7 of the Self-discipline Code issued in March 2010 (now art. 6) and to the aforementioned provisions “on the subject of remuneration and incentive policies and practises in banks and in banking groups” issued by Bank of Italy by means of Measure of 30th March 2011.

During the same meeting, the Board, with the interested parties abstaining and in view of the members’ *curricula vitae*, also expressed an opinion of conformity on the composition of the Body with respect to the regulatory provisions and to the new Regulations, especially with regards to the

experience acquired by Mr. Roberto Cravero on the subject of finance and on the topic of risk management, capital and liquidity. The Board of Directors also evaluated, in multiple occasions and lastly during the session of 16th February 2012, the adequate experience of the coordinator, Mr. Roberto Cravero, in accounting and finance and of the independent member Mr. Andrea Martin.

The new Regulations require that the Parent Company's Chairman of the Board of Statutory Auditors, or another standing auditor appointed by the latter from time to time, also participate in the Committee's activities. The new Regulations still provide for the possibility of participation by the Parent Company's C.E.O. and General Manager, in case the agenda does not include topics that concern them, and the ban, for the other directors, to take part in meetings of the Committee during which proposals are made to the Board of Directors concerning their remuneration. The Committee's Coordinator evaluates, in connection with the topics to be discussed, the opportunity of having the Head of the Risk management function participate in the meetings, for the purpose of ensuring that the incentive systems are adequately correct in order to take into account all risks assumed by the Banking Group, according to methods that are consistent with the ones adopted for risk management for regulatory and internal purposes. Lastly, the Committee may request the presence of:

- External consultants expert on the topic of remuneration policies, which may also be identified among the Parent Company's members of the Board of Directors, provided that such experts do not provide at the same time to the Human Resources Areas, to the executive directors or to the executives with strategic responsibilities of the Parent Company and/or other Group subsidiaries, services whose significance is such to concretely compromise the independent opinion of the same consultants;
- Any other representative or company employee of the Parent Company or of another Group subsidiary.

Functions of the Committee

At least once a year, the Committee evaluates the adequacy, overall consistency and tangible application of the Group's remuneration policies approved the Parent Company's Shareholders' Meeting. With the same minimum frequency, the Committee reports to the Parent Company's Board of Directors and Shareholders' Meeting on the activity carried out. Consequently, the coordinator or at least one member of the Committee must be present at such Meeting.

Generally speaking, the Committee is assigned the following tasks:

- Providing consulting services and formulating proposals to the Parent Company's Board of Directors concerning the remuneration of company representatives (including executive

directors and other directors vested with special offices), of executives with strategic responsibilities and of the heads of the internal control functions of the Parent Company and of the other Group subsidiaries;

- Providing consulting services on the subject of determining criteria for the remuneration of the remaining “risk-takers” identified within the Parent Company and the other Group subsidiaries in compliance with the supervisory provisions in force;
- Directly supervising the proper application of rules pertaining to the remuneration of the heads of the internal control functions of the Parent Company and of the other Group subsidiaries, working closely with the Board of Statutory Auditors;
- Handling the preparation of the documentation to be submitted to the Board of Directors of the Parent Company for the relevant decisions;
- Cooperating with the Internal Control Committee of the Parent Company, in case the coincidence of a significant component of the members of the two Committees fails to guarantee such cooperation *ipso facto*;
- Ensuring the involvement of the Internal Audit Function, of the Human Resources Area, of the Strategic Planning Function, of the Risk Management Function and of the Compliance Function of the Parent Company during the preparation and control process of the Group’s remuneration policies and practises;
- Monitoring the application of decisions adopted by the Board of Directors of the Parent Company and of the other Group subsidiaries on the subject of remuneration and, specifically, to express itself, also using the information provided by the company departments on the achievement of performance objectives on which the incentive plans are based and on the verification of the other conditions established for the disbursement of the payments;
- Formulating proposals to the Parent Company’s Board of Directors with regards to the assignment criteria of *stock options* or shares in favour of the Group’s directors and employees;
- With regards to the latter, if possible, providing an interpretation in controversial cases and rectifying the assignment conditions of each tranche as well as regulating the exercise of emerging rights in case of transactions of an extraordinary nature on the Parent Company’s capital (mergers, increases in capital for free or against payment, fractioning or grouping of shares, etc.).

Minutes are taken of all Committee meetings, and the latter are recorded in the relevant register.

The Committee can access all company information which may be relevant for the performance of its duties.

Meetings of the Committee

During the course of 2011, the Committee has met for a total of 3 times. Meetings are preceded by discussions between the members and/or by the preliminary individual review of the documentation. The meetings lasted for an average of 25 minutes. The Committee did not avail itself of the services of external consultants.

All members took part in the meetings held during 2011, except for Mr. Andrea Martin being absent for one meeting. In 2011, the C.E.O. attended the meetings, leaving the room while topics that directly concerned him were being discussed. The Head of the Compliance Function also attended one of the meetings, upon invitation of the Committee's Coordinator.

During the course of 2011, the Committee met to express its evaluations with regards to:

- Variable pay of the Financial Reporting Officer with reference to the 2010 period;
- Revision of the Committee's Regulations;
- Self-evaluation process aimed at identifying the "risk-takers";
- Implementation of the remuneration policies approved by the Shareholders' Meeting of 29th April 2010;
- Information on the checks on the subject of compliance of the remuneration practises to the regulatory context;
- Revision of the remuneration policies approved by the Shareholders' Meeting of 29th April 2010.

It was not necessary to assign specific financial resources to the Committee for the fulfilment of its duties.

For 2012, at least one meeting of the Committee is planned for the purpose of expressing its evaluations (early enough to allow them to be discussed by the Board of Directors and/or the Shareholders' Meeting):

- on this report on remuneration pursuant to art. art. 123-*ter* of the Issuers' Regulations (containing both the report on the implementation of remuneration policies in the year 2011 and the proposed changes to the remuneration policies approved by the Shareholders' Meeting);
- on the preliminary inquiry carried out by the company departments for the purpose of verifying and updating of the risk-takers self-evaluation document;
- on the remunerations (and/or on the determination of remuneration criteria) of risk-takers (performance of consulting and/or proposal tasks);

- on the verifications by the Internal Audit Function on the topic of compliance of the remuneration practises with the regulatory context and policies.

3. Independent experts involved in preparing the remuneration policy

There were no independent experts involved in preparing the remuneration policy of the Banca IFIS Banking Group.

4. Purposes, principles and changes of the remuneration policy

4.1 Purposes pursued with the remuneration policy

Suitable remuneration and incentive mechanisms of the directors and of *management* can foster competitiveness and proper governance. Remuneration, specifically of those who occupy primary positions within the Banks, tends to attract and keep within the company individuals with professionalism and skills suited to the needs of the Banca IFIS Banking Group.

At the same time, remuneration systems should not be in contrast with company objectives and values, long-term strategies and prudent risk-management policies of the Bank, in line with the contents of the provisions of the prudential control process.

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

- making company performances consistent with the Group's objectives of sustainable growth
- stimulating and recognising individual contributions, motivating the people concerned
- developing loyalty in one's personnel by tying them to the company including through medium/long-term systems
- searching for the best balance between the interests of the various stakeholders
- focusing the attention on risk containment policies
- fostering respect for legality and discouraging any violation
- not creating situations of conflict of interests.

4.2 Principles and contents of the policies established for 2011

4.2.1 Principles approved by the Shareholders' Meeting of 29th April 2011

The document entitled "Remuneration policies in favour of executives, employees and associates of the Banca IFIS Banking Group S.p.A.", approved by the Shareholders' Meeting of 29th April 2010 was revised in 2011 and submitted to the approval of the Shareholders' Meeting of 29th April 2011 in view of changes in the reference regulatory framework and following the lines already followed until then by the Banca IFIS Banking Group.

The document approved by the shareholders is available on the Bank's website as part of the minutes of the Meeting of 29th April 2011, pursuant to art. 125 *quater* of the Consolidated Law on Finance.

4.2.2 Remuneration of directors

The drafting of this paragraph 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 Law on Finance.

General remuneration policy

After the appointment of the current directors by the Shareholders' Meeting of 29th April 2010, the Board of Directors, as part of the general remuneration policy decided by the shareholders, has established the remuneration of executive directors, of other directors vested with special offices and of the General Manager. During the course of 2011, the Board has intervened on the deferral mechanism of one portion of the variable part of the remuneration of the C.E.O. and of the General Manager. It also dealt with the variable part of the remuneration of the only other executive with strategic responsibilities identified as part of the employees in addition to the General Manager.

The general policy for the remuneration of executive directors or directors vested with special offices defines guidelines consistent with the criteria indicated here below (*Application criteria 7.C.1. of the Self-discipline code of listed companies of March 2010*):

- a) the fixed component and the variable component are suitably balanced in relation to the Issuer's strategic objectives and risk management policy, also taking into account the sector and the characteristics of the business actually carried out;
- b) maximum limits are set for the variable components;
- c) the fixed component is sufficient to remunerate the director's services should the variable component not be paid due to failure in achieving the assigned performance objectives;
- d) the economic results on which the payment of the variable components is based (at the moment there are no remuneration plans based on shares) are determined in advance,

measurable and associated with the creation of value for the shareholders on a medium/long-term horizon;

- e) the payment of a significant portion of the variable component of the remuneration is deferred to a suitable time span with respect to the moment on which it is acquired; the measurement of such portion and the length of the deferral are consistent with both the characteristics of the business carried out and the associated risk profiles and with sector regulations (Bank of Italy's supervisory provisions);
- f) within the Banca IFIS Banking Group there is no indemnity for the early termination of the director's employment relationship or for its non-renewal, save for the provisions of the Framework Agreement of 5th March 2010 between Banca IFIS and the former shareholders of Toscana Finanza S.p.A., acquired and then incorporated during the course of 2011.

Since 2009, the Shareholders' Meeting has been convened once a year to resolve on the general remuneration policy, afterwards receiving suitable reporting on its implementation.

Remuneration plans based on shares

A few years ago, for the purpose of long-term incentive and loyalty-building, *stock option* plans were issued for all employees and executive directors. The period between the issue date of the plan and the date from which the right associated with the issued plans could be exercised was 3 or 4 years, depending on the plan. For the last one of such plans, the deadline for exercising the options expired during the course of 2011. The possibility to exercise such right was subject to the continuation of the employment relationship.

The issuing of any new plans, pursuant to the Articles of Incorporation, will be submitted to the approval of the Shareholders' Meeting and will take into account changes in the reference regulatory framework.

Remuneration of executive directors

In addition to a fixed recurring amount, the remuneration of the C.E.O. includes a variable part equal to 1.5% of the bank's consolidated profit before the taxes for the period only, for the portion exceeding Euro 20 million.

The payment of 40% of the variable component of the remuneration to the C.E.O. is subject to a three-year deferral, and such payment is not made if:

- in one or more periods that closed after the determination of the variable component, the bank's consolidated result before the taxes for the period only is negative;

- in one or more periods that closed after the determination of the variable component, the “total internal capital” is lower than the “internal capital” in the “ICAAP report” to be submitted every year to Bank of Italy;
- during the reference three-year period, the C.E.O. has voluntarily resigned from the office or the Shareholders’ Meeting has resolved on his revocation for just cause.

The sums subject to deferral are revaluated annually at the legal rate in force from time to time.

The amount of the variable pay to be paid to the C.E.O. is in any event subject to compliance with the overall limit for the remunerations of the Board of Directors established by the Shareholders’ Meeting, from which all the other remunerations which the Board decides to pay to other members for any reasons are first deducted.

The Deputy Chairman’s remuneration consists of a fixed recurring pay established by the Board of Directors according to a proposal by the Committee for the Remuneration of Directors and Executives and for any stock option plans. The basic absence of managerial proxies within the scope of the tasks assigned to the Deputy Chairman means that a remuneration not tied to the achievement of specific performance objectives can be considered adequate.

Remuneration of executives with strategic responsibilities

The General Manager’s remuneration consists of an all-inclusive annual pay (GAS) and of a variable pay, equal to 0.75% of the bank’s consolidated result before the taxes for the period only, for the portion exceeding Euro 20 million.

The payment of 40% of the variable component of the remuneration to the General Manager is subject to a three-year deferral, and such payment is not made if:

- in one or more periods that closed after the determination of the variable component, the bank’s consolidated result before the taxes for the period only is negative;
- in one or more periods that closed after the determination of the variable component, the “total internal capital” is lower than the “internal capital” in the “ICAAP report” to be submitted every year to Bank of Italy;
- during the reference three-year period, the General Manager has voluntarily resigned from the office (save for the request for retirement) or the Shareholders’ Meeting has resolved on the withdrawal for just cause from the employment contract.

The sums subject to deferral are revaluated annually at the legal rate in force from time to time.

The remuneration of the only other Executive with strategic responsibilities identified for 2011 in addition to the General Manager consists of a fixed recurring pay and a variable part decided by the Board of Directors on a proposal by the Committee for the Remuneration of Directors and Executives and any stock options plans. The variable part is not significant compared to the remuneration, and it is not tied to the achievement of specific performance objectives in view that such executive is assigned the responsibility of a control function.

The determination of the remuneration of executives with strategic responsibility was decided in compliance with the remuneration policy established by the Shareholders' Meeting (*Application criteria 7.C.3.* of the Self-discipline Code of listed companies).

Incentive mechanisms for internal control personnel and for the Financial Reporting Officer

The Financial Reporting Officer and the heads of the Internal Audit, Compliance and Risk Management Functions are excluded from stock option plans, in compliance with supervisory provisions on the subject.

Any variable components of the remuneration of the Head of the Internal Audit Function (in charge of internal control) and of the Financial Reporting Officer are submitted to the approval of the Board of Directors.

Remuneration of non-executive directors

The remuneration of non-executive directors, on the other hand, is not tied to the economic results obtained by the Bank.

Moreover, such directors are not the recipients of incentive plans based on shares.

Non-executive directors are reimbursed for expenses incurred in the performance of their duties.

Individual contracts and indemnity in case of termination of the employment/director relationship

The Bank has not entered into any agreements with directors providing for indemnities in case of resignation or dismissal / revocation without just cause or termination of their employment relationship following a public purchase offer (art. 123 – bis, paragraph 1, letter i) of the Consolidated Law on Finance).

At present, no indemnities are envisaged in case of termination from office or cancellation of the employment relationship for Executives with strategic responsibilities.

Usually, the Company does not enter into agreements aimed at governing *ex-ante* the early termination of the employment relationship at the Company's or at the individual's initiative, in any event without prejudice to the obligations of the law and/or the National Collective Labour Agreement (CCNL).

4.3 Changes in policies for 2012

The Group's remuneration policies are defined by taking into account the proportionality criteria associated with the characteristics, dimensions and complexity of the activity carried out. In this context the following elements are particularly relevant:

- the Banca IFIS Banking Group falls within the category of Class 2 intermediaries (with total assets between 3.5 and 40 billion Euros), and its dimensions are near the lower level;
- Banca IFIS, admitted to the STAR segment of the Italian Stock Exchange, features a significant concentration of capital. The determining factors that affect the listing on the stock market, which presents a floating content, can be significantly influenced by external elements, such as the overall trend of the stock exchange and/or the specific trend of bank shares;
- the *business* developed by the Group is mainly addressed to activities whose quantifiable risks are basically expressed in the short term. In this context, the following activities are particularly relevant, in terms of size:
 - ✓ the *factoring* activity, the main source of credit and counterparty risk towards the customers. This activity, mainly aimed at assignees belonging to the market segment of small and medium enterprises, focuses on the financing of short-term trade receivables, usually not longer than six months with the exception of receivables due from the Public Administration which usually have average collection times of up to twelve months;
 - ✓ the treasury activity, the main source of credit and counterparty risk towards financial institutions and concentration risk as well as market, interest rate and liquidity risk. This activity is mainly carried out through a bonds portfolio consisting of bonds *eligible* at the Central European Bank which currently have an average residual life of less than eighteen months.

The remaining activities, in terms of type, dimensions and/or management modes, also do not contain significant risk elements in the medium period.

Such considerations bear on:

- the definition of criteria used to determine the variable component of the remuneration, in which context at present there are no plans to pay part of the remunerations in company shares and/or in instruments associated with them;
- the identification of “risk-takers” as provided for by the provisions of Bank of Italy of 30th March 2011;
- the definition of Group remuneration policies with different methods depending on the category to which the personnel belongs;
- the plan, for part of the “risk-takers” and, more generally speaking, for the remaining personnel, to not distribute part of the variable pay with a long-term deferral.

4.3.1 Self-evaluation process of “risk-takers”

4.3.1.1 Parent Company’s “risk-takers”

At Banca IFIS, based on the self-evaluation process (implemented in 2011 and, as planned by the Board since the beginning, revised for 2012 in view of normative changes and the growth in the Group’s size), the following categories represent the risk-takers:

- Directors with executive tasks (two directors);
- General Manager;
- Heads of control functions (as identified by Bank of Italy’s provisions of 30th March 2011); these are five employees, already identified during the course of 2011;
- Heads of main business lines, company functions and other employees considered to be relevant but not part of the control functions. Such category can be further subdivided into:
 - ✓ Heads of company functions that report directly to the bodies with strategic supervision, managerial and control functions (Integration Management Function, Communication Function and Investor Relations functions);
 - ✓ Heads of the main business lines (Italy Commercial Area, International Area, Non-Performing Loans Area, Credit Management Area, Credit Evaluation Area, Treasury Area);
 - ✓ Heads of other important company functions and or additional “risk-takers” depending on the instructions provided by Bank of Italy (Organisation and IT Systems Area).

The category of “risk-takers” does not include additional resources of the aforementioned Functions/Areas, regardless of their contractual qualification, as well as the heads or higher-level personnel of other company Functions or Areas since the activities carried out by such individuals, and more generally speaking by the departments for which they are responsible, though not averse to generating and managing risks, are carried out with a view to limit risks and/or in support of the

company's operations, also crossing over other departments. More specifically, the following are not relevant for the purpose of identifying "risk-takers":

- certain *staff* functions to the General Manager;
- certain operational Areas;
- certain operational Areas managed by resources already included among the "risk-takers".

4.3.1.2 Subsidiaries' "risk-takers"

Thought taking into account the marginal size of the subsidiaries and the limited impact they have on the overall riskiness of the Group, the Directors with executive duties of the subsidiaries IFIS Finance Sp. z o.o. (two people) and Fast Finance S.p.A. (three people) are considered risk-takers.

4.3.2 Changes in criteria used to define remunerations

For the Parent Company's directors, statutory auditors and General Manager, there was no need to change their remuneration policy compared to the previous financial period.

In addition to the information provided in other sections of this report, it is useful to remember that the remuneration for the members of the Parent Company's Board of Statutory Auditors was determined as a fixed annual amount by the Shareholders' Meeting of 29th April 2010. Moreover, the members are reimbursed the expenses incurred in the performance of their duties.

In view of normative changes and of the growth in the Group's size, the opportunity arose to make the adjustments described in the following paragraphs for other categories of "risk-takers".

4.3.2.1 Risk-takers of control functions

The risk-takers of control functions are identified, as for 2011, in the Heads of the Internal Audit Function, Compliance Function, Risk Management Function, Human Resources Area and in the Financial Reporting Officer.

The Remuneration Committee has a consulting and proposal role on the subject of remuneration of the heads of the internal control functions.

The remunerations must be suited to the significant responsibilities and to the commitment associated with the position covered.

The process adopted to determine the remunerations nevertheless excludes incentive mechanisms associated with the economic results of both Banca IFIS and the Group as a whole. The heads of the control functions are therefore excluded from any stock option plans.

At the time of hiring, without prejudice to the consulting and proposal role of the Remuneration Committee, the relevant remunerations are determined by:

- the Board of Directors for risk-takers of the control functions in staff the same Board or to the C.E.O. (presently the Head of the Internal Audit Functions and the Financial Reporting Officer). For operational fluidity requirements, the Board of Directors, when reviewing the possible candidates, having heard the opinion of the Remuneration Committee, can delegate to the C.E.O. the task of defining the contract, indicating the reference parameters. Once the formalisation is completed, the C.E.O. duly informs the Committee and the Board;
- the C.E.O. for the remaining risk-takers of the control functions (at present the Heads of the Human Resources Area, of the Compliance Function and of the *Risk Management* Function). Once the formalisation is completed, the C.E.O. duly informs the Committee and the Board.

At least once a year, the Committee analyses the individual positions and, having heard the opinion of the C.E.O. as well as of the General Manager in connection with the Heads of the Functions in staff the same Committee:

- expresses its opinion and, if necessary, formulates proposals to the Board of Directors with regards to the risk-takers of the Internal Audit Function and the Financial Reporting Officer;
- expresses its opinion and, if necessary, formulates proposals to the C.E.O. with regards to the risk-takers of the other internal control functions. The Board of Directors is duly notified of the decisions taken.

During the evaluation, the following aspects are taken into account: the level of risk supervision, any problems arising with regards to the latter, the individual salary situation of recent years as well as any other additional element in such context deemed useful for the overall evaluation.

<u>Fixed pay</u>	<u>Variable pay</u>
maximum % increase over previous year's GAS	maximum % over previous year's GAS, regardless of the company bonus, if any, paid according to generalised criteria
20%	15%

4.3.2.2 *Additional risk-takers of the Parent Company*

This category includes the Heads of the main business lines, the Heads of company functions and other employees of the Parent Company included, at the end of the self-evaluation, in the group of “risk-takers” and not part of the category of the heads of internal control functions.

The Remuneration Committee has a consulting role in the determination of remuneration criteria which are annually submitted to the review of the Board of Directors.

At the time of hiring, the remuneration of such personnel is defined by the C.E.O., which then notifies the Committee at the next meeting.

Subsequent adjustments to the fixed and/or variable remuneration are defined by the C.E.O. within the scope of the criteria indicated below. At least once a year, the C.E.O. informs the Committee with regards to the decisions taken.

Though in a context of an evaluation of a strictly qualitative nature, access to the variable part (to be paid, subsequent to approval of this report, after approval of the annual report following the one in question) is subject to exceeding the minimum limits specified here below for the following quantitative parameters:

- *Group solvency ratio* of at least 9%;
- Bank’s consolidated profit before the taxes for the period only of at least 5% of the consolidated net book equity before the profit for the period.

Failure to comply with one or both parameters results in the variable pay, if any, to be zeroed out.

At the end of the qualitative evaluation (as for the variable pay) and/or based on additional elements (as for the fixed pay), provided that the quantitative parameters defined *ex ante* are complied with, the C.E.O. determines the remuneration within the following maximum percentage values.

Heads of the commercial business areas: Italy Commercial Area, International, Non-Performing Loans

<u>Fixed pay</u>	<u>Variable pay</u>
maximum % increase over previous year’s GAS	maximum % over previous year’s GAS, regardless of the company bonus, if any, paid according to generalised criteria
20%	80%

Other risk-takers

<u>Fixed pay</u> maximum % increase over previous year's GAS	<u>Variable pay</u> maximum % over previous year's GAS, regardless of the company bonus, if any, paid according to generalised criteria
20%	50%

4.3.2.3 Subsidiaries' risk-takers

IFIS Finance Sp. z o.o.

The current directors of IFIS Finance Sp. z o.o., falling within the risk-takers of the Parent Company, do not receive remunerations from the Subsidiary, in application of the policies approved by Banca IFIS Shareholders' Meeting of 29th April 2011 (in general terms, it is nevertheless envisaged that any remuneration for administrative or control offices covered by employees of the Parent Company should be paid to the latter).

Fast Finance S.p.A.

After the renewal of the corporate Bodies following the entrance of Fast Finance into the Banca IFIS Banking Group, within the scope of the Board of Directors, it was decided upon a fixed pay only for the C.E.O. Enrico Rossetti, while all the directors were granted the right to be reimbursed expenses incurred in the performance of their tasks, and an annual fee was decided for the auditors, to be determined in reference to the relevant professional rate.

During the month of January 2012, an agreement was entered into and formalised for defining the relationships with three current C.E.O.s of Fast Finance who were among the subscribers of the Framework Agreement of 5th March 2010 (which was communicated to the Market at that time) containing the guidelines for the acquisition project of the former Toscana Finanza Group by Banca IFIS. In view of the recent evolution, this new agreement calls for the substantial payment in advance of the remunerations already envisaged by the original Framework Agreement and the continuation of their collaboration within the scope of a project-based contract. The three current C.E.O.s of Fast Finance have therefore declared to hold no other rights towards Banca IFIS with regards to the recognition of the positions originally agreed upon or other rights to receive additional amounts as remuneration from the company Fast Finance S.p.A. for the period from 1st January 2012 until the expiry date of the office.

The Board of Directors of Banca IFIS approved the merger by incorporation of Fast Finance S.p.A. into Banca IFIS S.p.A.. The relevant request was submitted to Bank of Italy, which communicated the start of the relevant proceeding. The proceeding “*will be completed within 90 days as from 24th January 2012, save for any suspension and interruption of the term envisaged by the regulations in force*”).

Within the scope of the integration process of the former Toscana Finanza Group in 2011 the incorporation of Toscana Finanza S.p.A. was already completed, and the liquidation proceedings are under way for the subsidiary TF Sec s.r.l., whose sole director, the recipient of a fixed pay, has recently resigned.

At the end of the integration process of the former Toscana Finanza Group, the Banca IFIS Group will consequently comprise once again the Parent Company Banca IFIS S.p.A. and the wholly-owned subsidiary IFIS Finance Sp. z o. o.. Consequently, there is no need to make changes to referenced provisions of the remuneration policies approved by the Banca IFIS Shareholders' Meeting of 29th April 2011 (payment to the Parent Company of any remuneration for administrative or control offices covered by employees of the same Parent Company).

4.3.3 Remuneration of non-employees

The Group may also avail itself of non-employees, whose relationship can basically be tracked back to two types of contracts:

- consulting contracts
- project-based contracts.

For consulting contract, *ad personam* tasks can be assigned, establishing the contents of the consulting activity, the consideration (or criteria for its determination) and the relevant payment methods.

Project-based contracts, on the other hand, can be entered into with individuals assigned the task, under no employment relationship, of carrying out certain specific projects for which the contents, the expected results, and the execution times are defined.

The remuneration for these types of contracts is determined in close relationship with the utility gained by the work of the associates, taking into account their professionalism, the complexity of the job and the rates of the reference market.

5. Fixed and variable components of the remuneration

For a description of the fixed and variable components of the C.E.O.'s remuneration, please refer to the paragraph above on the remuneration to directors.

In addition to the information already provided in the section on the General Manager's remuneration (also falling within the definition of executive with strategic responsibilities) please note that the variable component of the General Manager's remuneration cannot exceed 60% of the GAS.

For the variable components of the remaining "risk-takers", please refer to chapter 4 of this document.

Lastly, a description is provided here below of the policies on the subject of fixed and variable components of the remaining employees.

Employees that cover commercial positions

The variable pay is associated with the achievement of performance levels that, based on the weight and complexity of the position covered, may reach 100% of the GAS, without prejudice to the indications above concerning risk-takers. The logics of the incentive system are defined by the C.E.O. and communicated to the Board of Directors, which is also informed, even *ex post*, with regards to their application.

Other types of employees

During the annual evaluation required by the National Collective Labour Agreement (CCNL), the C.E.O. and/or Top Management can decide on non-recurring bonuses up to a maximum of three monthly salaries, without prejudice to the indications above concerning risk-takers.

Moreover, the Board of Directors, even in the absence of supplementary company negotiations, may resolve the payment of the "company bonus" as required by the National Collective Labour Agreement in favour of all employees, determining the amount and the criteria of such bonus.

6. Non-monetary benefits

The corporate bodies and employees may be entitled to certain benefits, to different degrees in consideration of their position and/or need in carrying out their task, that include: health insurance, on-the-job and off-the-job accident insurance, company car.

The assignment of benefits in 2011, in compliance with the “remuneration policies” and with the proxy system, can be summarised as follows:

- health insurance, in compliance with the National Collective Labour Agreement (CCNL), to executives and to executive cadres;
- on-the-job and off-the-job accident insurance to all employees;
- company car to certain company representatives, to all executives and to all personnel that cover commercial positions as well as to certain executive cadres that do not cover commercial positions.

The non-monetary benefits assignment policy has not changed with respect to the previous financial period, and it is deemed appropriate for 2012 as well.

Certain employees, in relation to existing contracts, are the recipients of marginal discretionary pension benefits.

7. Performance objectives based on which the variable components are assigned

Please refer to the remarks contained in the introduction of paragraph 4.3 “Changes in policies for 2012” with regards to:

- the definition of criteria used to determine the variable component of the remuneration;
- the intention, for part of the “risk-takers” and, more generally speaking, of the remaining personnel, to not distribute part of the variable pay with long-term deferral.

In particular, as specified above, the variable component of the remuneration of the C.E.O. and General Manager is tied to the overall results of the Bank and follows their trend, while the deferral mechanism takes into account the stability of results for a three-year horizon as well as the capital resources and liquidity needed to deal with the activities undertaken.

For the risk-takers of control functions, the variable part is not significant with respect to the remuneration and it is not tied to the achievement of specific performance objectives. During the evaluation, the following aspects are taken into account: the level of risk supervision, any problems arising with regards to the latter, the individual salary situation of recent years as well as any other additional element in such context deemed useful for the overall evaluation.

For the remaining risk-takers, payment of the variable component, if any, is based on mainly qualitative evaluations, without prejudice to the prevision of certain general parameters defined ex-

ante (in terms of consolidated profits and *solvency ratio*), and will be made after the approval of the annual report.

The variable pay system for the commercial network is defined by the C.E.O. and communicated to the Board of Directors.

For the remaining personnel, the variable pay is tied to mainly qualitative evaluations.

8. Evaluation criteria underlying the assignment of shares, stock options, other financial instruments or other variable components of the remuneration

Please refer to the comments contained in the introduction of paragraph 4.3 “Changes in policies for 2012” with regards to the definition of criteria used to determine the variable component of the remuneration, in which contest it is currently not planned to pay part of the remuneration in company shares and/or instruments associated with the latter.

With regards to the stock option plans issued in recent years, please refer to the paragraph above on the remuneration to directors. In view of the fact that the deadlines for exercising the options pertaining to the last one of these plans expired during the course of 2011 and that, for the reasons provided in other sections of this report, at the time there are no plans to resort to such long-term incentive and loyalty instruments, at this time it is rather irrelevant to make specific predictions concerning this aspect of the remuneration policy. The Financial Reporting Officer and the Heads of the Internal Audit, Compliance and Risk Management Functions will nevertheless be excluded from any stock option plans.

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

In order to evaluate the consistency of the remuneration policy with the pursuit of long-term interests of the Banca IFIS Banking Group and with the overall risk management policy, reference is made to the previous sections of this report. In this context, please refer to:

- the three-year deferral period of 40% of the variable component of the remuneration of the C.E.O. and of the General Manager, provided that, in one or more of the three periods ending after the determination of such variable component, the bank's consolidated result

before the taxes for the period only is not negative and that the “overall internal capital” is not lower than the “internal capital” in the “ICAAP report” to be submitted every year to Bank of Italy;

- the exclusion of the Heads of control functions from any stock option plans;
- the duty of the Remuneration Committee (two members of which are also part of the Internal Control Committee) to ensure the involvement of various company functions, with special reference to the control functions and to evaluate at least once a year the adequacy, overall consistency and tangible application of the Group’s remuneration policies approved by the Shareholders’ Meeting.

10. Vesting period, deferred payment systems, *ex post* correction mechanisms

For the aforementioned stock option plans issued a few years ago, the interval between the issue date of the plans and the date from which the right associated with the issued plans could be exercised was 3 or 4 years, depending on the plan. For the last one of these plans, the deadline for exercising the options expired in 2011 with no options being exercised.

Consequently, it is deemed irrelevant to make additional remarks on such aspects envisaged by Annex 3A, Scheme No. 7-*bis*, of the “Issuers’ Regulations”, save for the information already provided on the deferral of a portion of the variable pay of the C.E.O. and of the General Manager and of the relevant correction mechanisms (tied to economic results of subsequent periods and to any weakening in equity).

11. Clauses for holding financial instruments in the portfolio

For the aforementioned stock option plans issued a few years ago, no clauses were provided for holding financial instruments in the portfolio.

For the last one of the aforementioned stock option plans issued a few years ago, the deadlines for exercising the options expired during the course of 2011. Hence, no additional information can be provided on such aspects envisaged by Annex 3A, Scheme No. 7-*bis*, of the “Issuers’ Regulations”.

12. Remuneration provided for in case of termination of office or employment

There are no indemnities for directors and executives with strategic responsibilities in case of termination of their relationship in addition to the ones provided for by law. The only planned indemnity is the employee severance fund (TFR). Reference is also made to the information provided in other sections of this report, and specifically in paragraph 4.3.2.3 on “subsidiaries’ risk-takers”, on the management of the relationship with three directors of the subsidiary Fast Finance S.p.A. during the integration process in the former Toscana Finanza Group.

13. Insurance coverage, social security or pension plans, other than mandatory ones

As indicated in chapter 6 on “non-monetary benefits”, certain employees, in relation to existing contractual situations, are the recipients of marginal discretionary pension benefits.

14. Remuneration policy applied with regards to independent directors, participation in committees and the performance of special duties

The current remuneration policies require that the annual pay for members of the Internal Control Committee and for its coordinator, for the members of the Remuneration Committee as well as for the members of the Supervisory Body as per Italian Legislative Decree 231/2001 should be established by the Board of Directors, if deemed necessary, if the Shareholders’ Meeting did not already do so.

In addition to the office fee of Euro 15,000 established by the Shareholders’ Meeting for each member of the Board of Directors at the time of their appointment, each member of the Internal Committee (Roberto Cravero, Leopoldo Conti, Andrea Martin and Riccardo Preve) are entitled to receive an additional annual pay of Euro 15,000 as well as an additional Euro 5,000 for the Committee’s coordinator (Mr. Roberto Cravero).

All members of the Board, except for those vested with special offices (Chairman, Deputy Chairman and C.E.O.), are also entitled to an attendance fee of Euro 1,000 for each participation in person in the meetings of the Board of Directors or Euro 500 for each participation by means of connection in audio/video conference.

The Chairman's remuneration consists of:

- The aforementioned office fee of Euro 15,000 for each director;
- Remuneration for the office of Chairman equal to Euro 700,000.

The Deputy Chairman's remuneration consists of:

- The aforementioned office fee of Euro 15,000 for each director;
- Remuneration for the office of Deputy Chairman equal to Euro 400,000.

The C.E.O.'s remuneration consists of:

- The aforementioned office fee of Euro 15,000 for each director;
- Fixed remuneration of Euro 595,000;
- Variable remuneration according to the terms illustrated above.

15. Criteria used to select the companies used as reference for the definition of the remuneration policies

The remuneration policies of other companies were not used as reference when defining the remuneration policy of the Banca IFIS Banking Group.

SECTION II

1. Part one

1.1 *Items comprising the remuneration*

With regards to directors and statutory auditors, the following additional information is provided on the items comprising the remuneration and that, for 2011, are summarised in Table 1 below 1.

The column “fixed remunerations” includes:

- in the relevant section, the office fee of Euro 15,000 established by the Shareholders’ Meeting for each member of the Board of Directors at the time of appointment;
- in the relevant section the total amount of attendance fees paid to the directors, according to the rules established by the Shareholders’ Meeting of 29th April 2010, for participating in the meetings of the Board of Directors during the course of 2011;
- in the sub-column “lump-sum expense reimbursements” the amount invoiced as a lump-sum for the reimbursement of expenses incurred by directors and statutory auditors for the performance of their duties;
- in the relevant section, the remuneration for special offices resolved by the Board of Directors ex art. 2389 of the Italian Civil Code in favour of the Chairman, Deputy Chairman and C.E.O.;
- lastly, the sub-column “employees fixed remuneration” indicates, for the General Manager and for the other employees, the gross annual salary before social security and tax charges to be paid by the employees, excluding the collective social security charges paid by the company and the employee severance fund (TFR), as well as the remuneration, if any, that corresponds to leaves for former holidays not taken.

The variable part of the remuneration of the C.E.O. and of the General Manager accrued in connection with the profits for the 2011 period is indicated in the section “profit sharing” of the column “Non-equity variable pay”.

Any bonuses accrued for the work carried out 2011 by other employees falling within the definition of “executives with strategic responsibilities” (for 2011 only one person) or in the definition of “risk-takers” are listed in the section “bonuses and other incentives” of the column “non-equity variable pay”. This section also indicates, for the General Manager and for the other employees, the “company bonus” envisaged by the National Collective Labour Agreement (CCNL) and resolved by

the Board of Directors in favour of employees during the session of 15th December 2011, though in absence of supplementary company negotiations.

The column “remuneration for participation in committees” includes the remuneration, established by the Shareholders’ Meeting of 29th April 2010, for each member of the Internal Control Committee in the amount of Euro 15,000, and the additional fee of Euro 5,000 established, again by the Shareholders’ Meeting, for the Committee’s coordinator.

The column “non-monetary benefits” includes the value of the following fringe benefits, as a general rule according to a criterion of tax liability:

- health insurance (for executives and executive cadres);
- on-the-job and off-the-job accident insurance policy (for all employees); it also includes the portion of on-the-job accident insurance policy, although it is not taxable;
- meal ticket (given to all Bank employees); the entire amount of the ticket is included, including the non-taxable portion (Euro 5.29);
- company car (for all executives, all personnel that cover commercial positions as well as for certain executive cadres that do not cover commercial positions);
- any contributions to supplementary pension funds charged to the Bank in relation to existing contractual situations of a few employees.

The insurance policy covering the civil liability of directors and officers, approved by the Shareholders’ Meeting, is not included in this column as, according to the verifications carried out, it does not represent a fringe benefit.

The column “other remuneration” includes, for the member of the Board of Directors Leopoldo Conti, the amount invoiced for professional services rendered in 2011 (legal advice and credit collection).

For the “risk-taker” identified for 2011, pursuant to the supervisory provisions of Bank of Italy of 31st March 2011, the average amounts for person are indicated (five employees, three of which are executives and two executive cadres).

1.2 Additional information on the consistency of payments with the remuneration policy

In a logic of consistency with the reporting to the Shareholders' Meeting of 29th April 2011 concerning the implementation of remuneration policies approved the previous year (the relevant documentation is available on the Bank's website as part of the minutes of the Shareholders' Meeting of 29th April 2011, pursuant to art. 125 *quater* of the Consolidated Law on Finance), additional summary information is provided – in addition to the information contained in other sections of this Report – on the implementation, during the course of 2011, of the policies approved a year ago.

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

The average ratio between variable component for 2011, for those executives who received it, and fixed salary (GAS) for 2011 was equal to 21%.

Executive Cadres and Professional Areas that cover commercial roles

The average ratio between variable component and fixed pay (GAS) for 2011 was equal to 17%.

In 2011, no bonuses were paid to the “commercial population”.

Other Executive Cadres and Professional Areas

In 2011, bonuses equal to 7% of the population were paid, with an average amount equal to 10% of the GAS.

Other information

In order to provide complete information and in reference to the entire company population, please also note that:

- salary increases concerned 25% of the population with an average increase in the GAS equal to 11%;
- promotions (upgrades in level) concerned 20% of the population;
- during the course of 2011, the total Gross Annual Salary underwent a before-tax increase (inclusive of inflation rate and contractual increases) of 3%;
- at the end of 2011, there was one project-based contract in existence.

AVERAGE REMUNERATION PER QUALIFICATION

The following table illustrates the levels of Gross Annual Salary (GAS) and Total Annual Salary (TAS) – comprising the GAS, the variable pay and the annual company bonus – per qualification level, calculated on the entire company population

Level	No.	Average Gross Annual Salary €	Average Gross Annual Variable Pay €	Average Total Annual Salary €
Executives	12	145,767	39,070	184,836
Executive cadres 4 th - 3 rd levels	48	62,150	12,769	74,918
Executive Cadres 2 nd - 1 st levels	43	42,802	4,877	47,679
3 rd level Area	184	29,561	3,132	32,693

The levels of both the Gross Annual Salary (GAS) and of the Total Annual Salary (TAS) do not deviate significantly from those of the Italian banking system (source: ABI), taking into account the limited sizes of the reference company “population”.

Group Companies

The amounts paid to directors and employees of the Polish subsidiary IFIS Finance Sp. z o.o. are consistent with the logics of the Group’s remuneration and incentive system. Specifically:

- The directors’ mandate was carried out:
 - ✓ by an executive of the Parent Company free of charge and consequently with no need to pay the remunerations for offices covered by employees of the Parent Company;
 - ✓ by an employee of the subsidiary who covered a commercial role for the relevant fixed salary; as of 28th June 2011, the employee’s position was taken over by the Parent Company’s Deputy Chairman, who carried out the mandate free of charge.
- in December 2011 all personnel received a company bonus equal to one month’s salary;
- a variable component equal to 2% of the fixed salary (GAS) was paid to three resources.

Lastly, reference is made to the entire documentation made available to the shareholders and to the public in connection with the acquisition of the former Toscana Finanza Group (specifically communications on the Agreement with former shareholders of 5th March 2010 and document on the public purchase offer) and the subsequent integration (documents on the merger by

incorporation, already implemented, of Toscana Finanza S.p.A. into Banca IFIS S.p.A. and on the similar transaction planned for Fast Finance S.p.A.).

In particular, we would like to remind you that this past month of January an agreement was reached and formalised to define the relationships with three current C.E.O.s of Fast Finance who, among others, signed the Framework Agreement of 5th March 2010. The recent agreement calls for, in view of the new evolution, the advance payment of remuneration already provided for by the original Framework Agreement and the continuation of their collaboration under a project-based contract.

2. Part Two: Remunerations paid in 2011

Table 1: Remunerations paid to members of administration and control bodies, to the general managers and to other executives with strategic responsibilities (data in thousands of Euros)

Name and Surname	Office	Period in office	Office expiry date	Fixed remuneration					Non equity variable pay		Non-monetary benefits	Other remunerations	Total	Fair Value of equity remuneration	
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed salary	Remuneration for participation in committees	Bonuses and other incentives					Profit-sharing
Fürstenberg Sebastien Egon	Chairman	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	-	-	700	-	-	-	-	-	-	715	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	-	-	700	-	-	-	-	-	-	715	n.a.
Csillaghy Alessandro	Deputy Chairman	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	-	-	400	-	-	-	-	-	-	415	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	-	-	400	-	-	-	-	-	-	415	n.a.
Bossi Giovanni	C.E.O.	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	-	-	595	-	-	-	332	-	-	942	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	-	-	595	-	-	-	332	-	-	942	n.a.

Name and Surname	Office	Period in office	Office expiry date	Fixed remuneration					Remuneration for participation in committees	Non equity variable pay		Non-monetary benefits	Other remunerations	Total	Fair Value of equity remuneration
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed salary		Bonuses and other incentives	Profit-sharing				
Conti Leopoldo	Member of the Board of Directors	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	11	-	-	-	15	-	-	307	-	348	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	11	-	-	-	15	-	-	307	-	348	n.a.
Cravero Roberto	Member of the Board of Directors	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	13	10	-	-	20	-	-	-	-	58	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	13	10	-	-	20	-	-	-	-	58	n.a.
Maderna Francesca	Member of the Board of Directors	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	15	3	-	-	-	-	-	-	-	33	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	15	3	-	-	-	-	-	-	-	33	n.a.

Name and Surname	Office	Period in office	Office expiry date	Fixed remuneration					Non equity variable pay		Non-monetary benefits	Other remunerations	Total	Fair Value of equity remuneration	
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed salary	Remuneration for participation in committees	Bonuses and other incentives					Profit-sharing
Martin Andrea	Member of the Board of Directors	from 1/1/2011 to 31/3/2011 and from 29/4/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	15	-	-	-	15	-	-	-	-	45	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	15	-	-	-	15	-	-	-	-	45	n.a.
Preve Riccardo	Member of the Board of Directors	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	12	-	-	-	15	-	-	-	-	42	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	12	-	-	-	15	-	-	-	-	42	n.a.
Salamon Marina	Member of the Board of Directors	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				15	8	-	-	-	-	-	-	-	-	23	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				15	8	-	-	-	-	-	-	-	-	23	n.a.

Name and Surname	Office	Period in office	Office expiry date	Fixed remuneration					Non equity variable pay		Non-monetary benefits	Other remunerations	Total	Fair Value of equity remuneration	
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed salary	Remuneration for participation in committees	Bonuses and other incentives					Profit-sharing
Rovida Mauro	Chairman of the Board of Statutory Auditors	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				60	-	5		-		-	-	-	-	65	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				7	-	2	-	-	-	-	-	-	-	9	n.a.
Total				67	-	7	-	-	-	-	-	-	-	74	n.a.
Santesso Erasmo	Standing auditor	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				40	-	-	-	-	-	-	-	-	-	40	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				40	-	-	-	-	-	-	-	-	-	40	n.a.
Stevanato Dario	Standing auditor	from 1/1/2011 to 31/12/2011	Approval of annual report as of 31/12/12												
Remunerations in Banca IFIS S.p.A.				40	-	-	-	-	-	-	-	-	-	40	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				40	-	-	-	-	-	-	-	-	-	40	n.a.
Staccione Alberto	General Manager	from 1/1/2011 to 31/12/2011	n.a.												
Remunerations in Banca IFIS S.p.A.				-	-	-	-	305	-	23	166	18	-	512	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				-	-	-	-	305	-	23	166	18	-	512	n.a.

Name and Surname	Office	Period in office	Office expiry date	Fixed remuneration					Remuneration for participation in committees	Non equity variable pay		Non-monetary benefits	Other remunerations	Total	Fair Value of equity remuneration
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed salary		Bonuses and other incentives	Profit-sharing				
Other executives with strategic responsibilities (one person in 2011)															
Remunerations in Banca IFIS S.p.A.				-	-	-	-	103	-	18	-	7	-	128	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				-	-	-	-	103	-	18	-	7	-	128	n.a.
"Risk-takers" according to Bank of Italy's supervisory provisions (5 people in 2011)															
Remunerations in Banca IFIS S.p.A.				-	-	-	-	90	-	9	-	5	-	104	n.a.
Remunerations from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.
Total				-	-	-	-	90	-	9	-	5	-	104	n.a.

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

Of the other tables required by the new Annex 3A, Scheme No. 7-bis, of the “Issuers’ Regulations”, only Table 3B currently applies to the Banca IFIS Banking Group. This table is provided here below with information on the profit-sharing plan for the C.E.O. and the General Manager. The plan provides for the deferral of a portion equal to 40% for a three-year period, starting from the annual report for the period ending on 31st December 2010.

Data in thousands of Euros

Name and surname	Office	Plan	Year's bonus			Previous years' bonuses			Other bonuses
			Payable / paid	Deferred	Deferral period	No longer payable	Payable / paid	Still deferred	
Bossi Giovanni	C.EO								
Remuneration in Banca IFIS SpA		Plan A (profit-sharing for the 2011 period)	199	133	3 years	0	0	59	0
Remuneration by Banca IFIS S.p.A subsidiaries		n.a.	0	0		0	0	-	0
Total			199	133		0	0	59	
Staccione Alberto	General Manager								
Remuneration in Banca IFIS SpA		Plan A (profit-sharing for the 2011 period)	100	66	3 years	0	0	30	0
Remuneration by Banca IFIS S.p.A subsidiaries		n.a.	0	0		0	0	-	0
Total			100	66		0	0	30	

SCHEME FOR SHAREHOLDINGS OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Table 1: Shareholdings of members of the administration and control bodies and of general managers

Surname and name	Office	Participated company	Number of shares owned at the end of the previous period	Number of shares purchased ⁽¹⁾	Number of shares sold	Number of shares owned at the end of the current period
Fürstenberg Sebastien Egon	Chairman	Banca IFIS S.p.A.	37,202,187	1,101,005	(1,054,714)	37,248,478
Csillaghy Alessandro	Deputy Chairman	Banca IFIS S.p.A.	-	-	-	-
Bossi Giovanni	C.E.O.	Banca IFIS S.p.A.	1,859,394	50,254	-	1,909,648
Conti Leopoldo	Member of the Board of Directors	-	-	-	-	-
Cravero Roberto	Member of the Board of Directors	-	-	-	-	-
Martin Andrea	Member of the Board of Directors	-	-	-	-	-
Preve Riccardo	Member of the Board of Directors	Banca IFIS S.p.A.	1,443,457	39,010	(6,417)	1,476,050
Salamon Marina	Member of the Board of Directors	Banca IFIS S.p.A.	2,186,312	55,023	(1,171,888)	2,186,312
Maderna Francesca	Member of the Board of Directors	Banca IFIS S.p.A.	1,159,096 ⁽²⁾	31,326	(120,000)	1,070,422
Rovida Mauro	Chairman	-	-	-	-	-
Santesso Erasmo	Standing Auditor	-	-	-	-	-
Stevanato Dario	Standing Auditor	-	-	-	-	-
Staccione Alberto	General Manager	Banca IFIS S.p.A.	152,636	4,125	-	156,761

(1) The total number of shares purchased during the course of 2011 includes the shares resulting from the assignment of the dividend (*script dividend* 2010).

(2) The ending balance of shares as of 31/12/2010 does not match the ending balance shown in the annual report for the period ending on 31st December 2010 in which a purchase transaction was not included, due to a problem.

Table 2: Shareholdings of other executives with strategic responsibilities

Number of Executives with strategic responsibilities	Participated company	Number of shares owned at the end of the previous period	Number of shares purchased ⁽¹⁾	Number of shares sold	Number of shares owned at the end of the current period
1	Banca IFIS S.p.A.	-			