

# **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 6 March 2013

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 24<sup>th</sup> 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 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 30<sup>th</sup> December 2010 transposing the Recommendations of European Commission 2004/913/EC of 14<sup>th</sup> December 2004 and 2009/385/EC of 30<sup>th</sup> 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 24<sup>th</sup> 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 23<sup>rd</sup> December 2011);
  - b. With its resolution no. 18049 of 23<sup>rd</sup> 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 12<sup>th</sup>*

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

2. secondary regulations 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 5<sup>th</sup> August 2004;
- b. “Supervisory provisions on the subject of corporate governance and organisation of banks” of 4<sup>th</sup> March 2008, as modified by the Measure of 30<sup>th</sup> March 2011 referenced here below;
- c. Measure of 30<sup>th</sup> 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 14<sup>th</sup> 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 29<sup>th</sup> 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 2<sup>nd</sup> 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;

- g. Provisions being issued (consultation ended on 14<sup>th</sup> December 2012) in order to acknowledge the guidelines issued by the EBA on 27<sup>th</sup> July 2012 concerning the collection of information by Bank of Italy (next data gathering is expected to take place by 30<sup>th</sup> June 2013 and to be referred to remuneration for the years 2011 and 2012).
3. self-regulation rules of listed companies
- a. Corporate Governance Code of Listed Companies (hereinafter “Code” or “Corporate Governance Code”), with specific reference to article 6. Remuneration of directors. In the *format* made available to listed companies by Borsa Italiana S.p.A. in January 2013 for the preparation of the “Report on corporate governance and ownership structures” pursuant to art. 123 *bis* of Italian Consolidated Law on Finance, one of the suggestions made is to provide information on the subject of remuneration by referring to the main sections of the remuneration report *ex art.* 123 *ter* of Italian Consolidated Law on Finance.

### **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 subsidiary IFIS Finance Sp. z o.o., with office in Warsaw (Poland).

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 and the *contomax* current account; although these tools do not represent a specific business line for the bank, due to the type of activity and the dimensions achieved by the collection, they do belong within the Parent Company’s operational segments in their 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.);
- Andrea Martin (Independent Director; Lead Independent Director);
- Leopoldo Conti;
- 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. 17 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), Italian Consolidated Law on Finance)**

During the course of 2012, the Board of Directors adopted a resolution aimed at turning the “Remuneration Committee” into an “Appointment and Remuneration Committee”, changing its relevant Regulations. The decision to assign to a single internal committee the tasks of both the “Appointment Committee” and of the “Remuneration Committee” was the result of:

- the non-excessive composition of the Board of Directors;
- cost-effectiveness considerations;
- the opportunity of a synergic and integrated use of professional figures within the Bank’s strategic supervision Body.

The Committee’s composition changed during the course of 2012 following the resignation handed in by the Director Roberto Cravero: the Board of Directors has appointed as member the Director Francesca Maderna (independent and non-executive) and as coordinator (and then chairman) the Director Andrea Martin (independent and non-executive), who was already part of the Committee together with the Chairman Sebastien Egon Fürstenberg (non-executive and not independent).

The Board, with the abstention of the individuals concerned and in light of the members’ *curricula vitae*, has expressed an opinion of compliance of the Board’s composition with the legislative provisions, especially with regards to the experience acquired by Mr. Andrea Martin on the subject of finance and remuneration policies.

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 19<sup>th</sup> December 2012, including the functions of the “Appointment Committee” in said regulations.

The Regulations require that the Chairman of the Parent Company’s Board of Statutory Auditors, or another Standing Auditor appointed by the Chairman from time to time, also participate in the Committee’s activities. Other members of the Board of Statutory Auditors can participate as well. Moreover, the Regulations 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 Chairman 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 Chairman or at least one member of the Committee must be present at such Meeting.

The Committee is assigned the following tasks on the subject of remuneration:

- 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 Group other subsidiaries as well as concerning the definition of performance objectives related to the variable component of said remuneration;
- 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 Parent Company's Control and Risks Committee (hereinafter referred to as Control and Risks Committee as renamed by the Board of Directors during the course of 2012), 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 2012, the Committee has met for a total of 2 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 30 minutes. The Committee did not avail itself of the services of external consultants.

All members in office took part in the meetings held during 2012. The C.E.O. attended the meetings since the topics that were being discussed did not concern him. The Chairman of the Board of Statutory Auditors also participated in both meetings.

During the course of said meeting, the Committee expressed its evaluations with regards to:

- variable pay of the Financial Reporting Officer with reference to the 2011 period;
- incentive system for the Commercial Network;
- information on the remuneration of “risk-takers”;
- implementation of the remuneration policies approved by the Shareholders’ Meeting and needs for review;
- proposal concerning the remuneration of the heads of the internal control Functions;
- 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 29<sup>th</sup> April 2011.

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

In 2013, a meeting has already been held on the subject of remuneration and, in particular, of the salary to be paid to an executive with Chief Risk Officer functions. Moreover, at least three other meetings of the Committee are expected to take place 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;

- 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 remuneration (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;
- on payments to directors vested with special offices.

### **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 and principles 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 2012**

### **4.2.1 Principles approved by the Shareholders' Meeting of 27<sup>th</sup> April 2012**

The contents of 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 29<sup>th</sup> April 2011, were revised in 2012 within the scope of the "Report on remuneration pursuant to article 123-*ter* of the Italian Consolidated Law on Finance" submitted to the approval of the Shareholders' Meeting of 27<sup>th</sup> April 2012.

The "Report" is available on the Bank's website in the section "Corporate Governance" (path>Shareholders' Meetings>2012), where the minutes of the Meeting of 27<sup>th</sup> April 2012 can also be consulted, pursuant to art. 125 *quater* of Italian Consolidated Law on Finance.

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 Class 2 intermediaries (total assets over Euro 3.5 billion and use of standardized methods for measuring/assessing risks and for determining the relevant internal capital) with dimensional levels still far from the entrance level of the list of banking groups known as "major" (total assets over Euro 40 billion);
- 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 the undertaking of credit and counterparty risk towards the customers. This activity, mainly aimed at assignors 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 undertaking 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 have an average residual life of less than two years.

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 have an impact 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 remuneration 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 30<sup>th</sup> 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.

## 4.2.2 Self-evaluation process of “risk-takers”

### 4.2.2.1 Parent Company’s “Risk-takers”

At Banca IFIS, based on the self-evaluation process, 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 30<sup>th</sup> March 2011, in addition to the *Chief Risk Officer*);
- Heads of main business lines, company functions and other employees considered to be “risk takers” 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, managerial and control supervision functions (Communication Function and Investor Relations Function);

- ✓ Heads of the main business lines (Italy Commercial Area, International Area, Non-Performing Loans Area, Customers Area, Debtors Area, Treasury Area, Problematic Credits 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”.

#### **4.2.2.2 Subsidiaries’ “Risk-takers”**

The Subsidiaries’ Directors with executive duties usually represent the risk-takers. Thought taking into account the marginal size of the subsidiary and the limited impact it has on the overall riskiness of the Group, both directors of IFIS Finance Sp. z o.o. fall within the category of “risk-takers”.

#### **4.2.3 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.

#### **Remuneration policy**

After the appointment of the current directors by the Shareholders’ Meeting of 29<sup>th</sup> April 2010, the Board of Directors, as part of the 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 2012, the Board, among other things, has taken note of the desire – expressed by the C.E.O. in connection with the consequences that the impulse in the securities transactions might have determined on the variable portion of his remuneration – to not

want to exceed the limit of 5% of any increase in the overall salary referred to the period underway compared to the salary received for the 2011 period.

The policy for the remuneration of executive directors or directors vested with special offices defines guidelines consistent with the criteria indicated here below (*Application criteria 6.C.1.* of the Corporate Governance Code of Listed Companies of December 2011):

- 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.

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

### **Remuneration plans based on shares**

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 remuneration of the Board of Directors established by the Shareholders' Meeting, from which all the other remuneration which the Board decides to pay to other members for any reasons are first deducted. Besides, as mentioned at the beginning of this paragraph (Remuneration policy), the C.E.O. has self-limited the variable portion of its remuneration referred to the 2012 period with the intention of not wanting to exceed the limit of 5% of any increase in the overall salary compared to the one accrued during the 2011 period.

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 at the time 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 Gross Annual Salary (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 variable portion cannot exceed the limit of 60% of the GAS.

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 2012 in addition to the General Manager consists of a fixed recurring pay and a variable portion decided by the Board of Directors on a proposal by the Appointment and Remuneration Committee. The variable portion 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.

### **Incentive mechanisms for the Head of the Internal Audit Function and for the Financial Reporting Officer**

The Financial Reporting Officer and the Head of the Internal Audit Function (as well as the other Heads of control Functions, including the new position of Chief Risk Officer) are excluded from the 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, subject to the opinion of the Appointment and Remuneration Committee.

### **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 also 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).

#### **4.2.4 Risk-takers of the control functions**

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

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

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

The process adopted to determine the remuneration 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 Appointment and Remuneration Committee, the relevant remuneration is 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, the Chief Risk Officer and the Financial Reporting Officer). For operational fluidity requirements, the Board of Directors, when reviewing the possible candidates, having heard the opinion of the Appointment and 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, the Financial Reporting Officer and the Chief Risk 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%

#### **4.2.5 Additional risk-takers employees 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 Appointment and 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 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 achieve 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> 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%	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%

#### 4.2.6 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 remuneration from the Subsidiary, in application of the policies approved by Banca IFIS Shareholders' Meeting of 27<sup>th</sup> April 2012 (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).

The company TF Sec S.r.l. has been subjected to liquidation proceedings. The appointed liquidator is Mr. Andrea Clamer, head of one of the Parent Company's main Business Areas and for this reason falling within the "risk-takers" category.

#### **4.2.7 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.

### **4.3 Changes to the policies for 2013**

The third paragraph of art. 123-ter of Italian Consolidated Law on Finance requires that the first section of the report on remuneration illustrate:

*"a) the company's policy on the subject of remuneration of members of administration bodies, of general managers and of executives with strategic responsibilities with reference to at least the following period;*

*b) the procedures used to adopt and implement said policy".*

In view of the contents of this report, we can see no need for significant changes for the 2013 period, except for:

- Adaptations to the evolution of the Parent company's personnel organization chart and organization described within the scope of the Report (with the resulting updates in the identification of "risk-takers");

- in view of the growth in securities transactions and of the importance of said activity for the Group's economic and equity balances, the assimilation of the Head of the Treasury Area to the Heads of the commercial *business* areas with regards to the percentage limits for variable pay and for the increase in the fixed pay established for risk-takers.
- the adaptation, also formal, to the reference regulations through the definition of the request to employees *“to refrain from availing themselves of personal coverage strategies or insurance policies on wages or on other aspects that may alter or invalidate the effects of risk alignment inherent their salary mechanisms”*.

## **5. Fixed and variable components of the remuneration**

For a description of the fixed and variable components of the remuneration paid to the C.E.O. and to the General Manager (who also falls within the definition of executive with strategic responsibilities), please refer to the paragraph above on the remuneration to directors.

For the variable components of the remaining “risk-takers”, please refer to chapter 4 above 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.

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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, company housing.

The assignment of benefits in 2012, 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 as well as, in relation to contractual situations acquired previously, to professional Areas who were employees of Fast Finance and of Toscana Finanza at the time of incorporation of said companies;
- 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 assignment of company housing is limited to a few cases.

In 2013, it is expected for a smartphone to be provided free of charge to all employees.

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 4.2 “Principles and contents of the policies established 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 it is carried out 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 4.2 “Principles and contents of the 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.

In view of the fact 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, the Chief Risk 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 Appointment and Remuneration Committee (two members of which are also part of the Control and Risks 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**

There is no information to be provided on such aspects as required 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).

## **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 Control and Risks Committee and for its coordinator, for the members of the Appointment and 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 Control and Risks Committee (Francesca Maderna, 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. Andrea Martin).

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 2012, are summarised in Table 1 below.

The column “fixed remuneration” 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 29<sup>th</sup> April 2010, for participating in the meetings of the Board of Directors during the course of 2012;
- 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 2012 period is indicated in the section “profit sharing” of the column “Non-equity variable pay”.

Any bonuses accrued for the work carried out 2012 by other employees falling within the definition of “executives with strategic responsibilities” (for 2012 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 26<sup>th</sup> November 2012, though in absence of supplementary company negotiations.

The column “remuneration for participation in committees” includes the remuneration, established by the Shareholders’ Meeting of 29<sup>th</sup> April 2010, for each member of the Internal Control Committee (now Control and Risks 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 (now Chairman).

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 2012 (legal advice and credit collection).

For the “risk-taker” identified for 2012, pursuant to the supervisory provisions of Bank of Italy of 31<sup>st</sup> March 2011, the average amounts for person are indicated (eleven employees, eight of which are executives and three 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 27<sup>th</sup> April 2012 concerning the implementation of remuneration policies approved the previous year (the relevant documentation is available on the Bank's website in the section "Corporate Governance" (path>Shareholders' Meeting > 2012) where the minutes of the Shareholders' Meeting of 27<sup>th</sup> April 2012 can also be consulted, pursuant to art. 125-*quater* of Italian Consolidated Law on Finance), other summary information is provided – in addition to the information contained in other sections of this Report – on the implementation, during the course of 2012, 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 2012, for those executives who received it, and fixed salary (GAS) for 2012 was equal to 30.61%.

### **Executive Cadres and Professional Areas that cover commercial roles**

The average ratio between variable component and fixed pay (GAS) for 2012 was equal to 16.15%.

In 2012, one employee with commercial duties received a bonus.

### **Other Executive Cadres and Professional Areas**

In 2012, bonuses equal to 9,20% of the population were paid, with an average amount equal to 7.16% 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 13.84% of the population with an average increase in the GAS equal to 7.51%;
- promotions (upgrades in level) concerned 15.09% of the population;
- during the course of 2012, the total Gross Annual Salary underwent a before-tax increase (inclusive of inflation rate and contractual increases) of 3.54%;
- at the end of 2012, there were three project-based contracts 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	17	132,459	35,995	168,454
Executive cadres 4 <sup>th</sup> - 3 <sup>rd</sup> levels	45	70,498	13,009	83,507
Executive Cadres 2 <sup>nd</sup> - 1 <sup>st</sup> levels	56	48,557	5,532	54,089
3 <sup>rd</sup> level Area	248	32,218	3,365	35,583

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 remuneration for offices covered by employees of the Parent Company;
  - ✓ by the Parent Company’s Vice-President, who performed the assignment free of charge.
- in December 2012, all personnel received a company bonus equal to one month’s salary;
- a variable component was paid to three resources, according to a model similar to the one adopted by the Parent Company for the incentive system aimed at the commercial network.

## 2. Part Two: Remuneration paid in 2012

**Table 1: Remuneration 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					Remuneration for participation in committees	Non equity variable pay		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	TFR, end-of-office or employee severance indemnity
				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					
<b>Fürstenberg Sebastien Egon</b>	Chairman	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	-	-	700	-	-	-	-	-	-	715	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	-	-	700	-	-	-	-	-	-	715	n.a.	-
<b>Csillaghy Alessandro</b>	Deputy Chairman	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	-	-	400	-	-	-	-	-	-	415	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	-	-	400	-	-	-	-	-	-	415	n.a.	-
<b>Bossi Giovanni</b>	C.E.O.	from 1/1/2012 to 31/12/2012	Approvazione bilancio al 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	-	-	595	-	-	-	379	-	-	989	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	-	-	595	-	-	-	379	-	-	989	n.a.	-

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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 remuneration	Total	Fair Value of equity remuneration	TFR end-of-office or employee severance indemnity
				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					
<b>Conti Leopoldo</b>	Member of the Board of Directors	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	14	-	-	-	15	-	-	-	340	<b>384</b>	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	14	-	-	-	15	-	-	-	340	<b>384</b>	n.a.	-
<b>Cravero Roberto</b>	Member of the Board of Directors	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				6	4	5	-	-	8	-	-	-	-	<b>23</b>	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				6	4	5	-	-	8	-	-	-	-	<b>23</b>	n.a.	-
<b>Maderna Francesca</b>	Member of the Board of Directors	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	13	3	-	-	4	-	-	-	-	<b>35</b>	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	13	3	-	-	4	-	-	-	-	<b>35</b>	n.a.	-
<b>Martin Andrea</b>	Member of the Board of Directors	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	18	-	-	-	16	-	-	-	-	<b>49</b>	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	18	-	-	-	16	-	-	-	-	<b>49</b>	n.a.	-

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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 remuneration	Total	Fair Value of equity remuneration	TFR end-of-office or employee severance indemnity
				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					
<b>Preve Riccardo</b>	Member of the Board of Directors	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	11	4	-	-	15	-	-	-	-	45	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	11	4	-	-	15	-	-	-	-	45	n.a.	-
<b>Salamon Marina</b>	Member of the Board of Directors	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				15	8	-	-	-	-	-	-	-	-	23	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				15	8	-	-	-	-	-	-	-	-	23	n.a.	-
<b>Rovida Mauro</b>	Chairman of the Board of Statutory Auditors	dall'1/1/2012 al 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				60	-	9	-	-	-	-	-	-	-	69	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				7	-	-	-	-	-	-	-	-	-	7	n.a.	-
Total				67	-	9	-	-	-	-	-	-	-	76	n.a.	-
<b>Santesso Erasmo</b>	Standing auditor	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				40	-	-	-	-	-	-	-	-	-	40	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				40	-	-	-	-	-	-	-	-	-	40	n.a.	-

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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 remuneration	Total	Fair Value of equity remuneration	TFR, end-of-office or employee severance indemnity
				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					
<b>Stevanato Dario</b>	Standing auditor	from 1/1/2012 to 31/12/2012	Approval of annual report as of 31/12/12													
Remuneration in Banca IFIS S.p.A.				40	-	-	-	-	-	-	-	-	-	40	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				40	-	-	-	-	-	-	-	-	-	40	n.a.	-
<b>Staccione Alberto</b>	General Manager	from 1/1/2012 to 31/12/2012	n.a.													
Remuneration in Banca IFIS S.p.A.				-	-	-	-	305	-	23	183	24	-	536	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	305	-	23	183	24	-	536	n.a.	-
<b>Other executives with strategic responsibilities (one person in 2012)</b>																
Remuneration in Banca IFIS S.p.A.				-	-	-	-	103	-	18	-	7	-	128	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	103	-	18	-	7	-	128	n.a.	-
<b>"Risk-takers" according to Bank of Italy's supervisory provisions (11 people as of 31 December 2012)</b>																
Remuneration in Banca IFIS S.p.A.				-	-	-	-	116	-	27	-	7	-	149	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	116	-	27	-	7	-	149	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 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 31<sup>st</sup> 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 2012 period)	227	152	3 years	0	0	192	0
Remuneration by Banca IFIS S.p.A subsidiaries		n.a.	0	0		0	0	-	0
<b>Total</b>			<b>227</b>	<b>152</b>		<b>0</b>	<b>0</b>	<b>192</b>	
Staccione Alberto	General Manager								
Remuneration in Banca IFIS SpA		Plan A (profit-sharing for the 2012 period)	110	73	3 years	0	0	96	0
Remuneration by Banca IFIS S.p.A subsidiaries		n.a.	0	0		0	0	-	0
<b>Total</b>			<b>110</b>	<b>73</b>		<b>0</b>	<b>0</b>	<b>96</b>	



## 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 <sup>(1)</sup>	Number of shares sold	Number of shares owned at the end of the current period
Fürstenberg Sebastien Egon (including shares held indirectly and through La Scogliera S.p.A.)	Chairman	Banca IFIS S.p.A.	37,248,478	652,424	(809,806)	37,091,096
Csillaghy Alessandro	Deputy Chairman	Banca IFIS S.p.A.	-	-	-	-
Bossi Giovanni	C.E.O.	Banca IFIS S.p.A.	1,838,648 <sup>(a)</sup>	-	-	1,838,648
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 (including shares held indirectly and through Preve Costruzioni S.p.A.)	Member of the Board of Directors	Banca IFIS S.p.A.	1,476,050	-	(185,000)	1,291,050
Salamon Marina (held indirectly and through Alchimia S.p.A.)	Member of the Board of Directors	Banca IFIS S.p.A.	1,069,447	-	-	1,069,447
Maderna Francesca	Member of the Board of Directors	Banca IFIS S.p.A.	1,070,422	-	-	1,070,422
Rovida Mauro	Chairman	-	-	-	-	-
Santesso Erasmo	Standing Auditor	-	-	-	-	-
Stevanato Dario	Standing Auditor	-	-	-	-	-
Staccione Alberto	General Manager	Banca IFIS S.p.A.	156,761	-	-	156,761

(a) the number of shares held at the end of the previous period and communicated to the market contained an error which was corrected through communication to Consob during the course of 2012.

**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 <sup>(1)</sup>	Number of shares sold	Number of shares owned at the end of the current period
1	Banca IFIS S.p.A.	-			