

## **RESULTS OF THE CHECKS CARRIED OUT ON COMPLIANCE OF THE REMUNERATION PRACTICES WITH THE APPROVED POLICIES AND THE NORMATIVE CONTEXT**

### **BANCA IFIS BANKING GROUP**

Board of Directors' Meeting of 10<sup>th</sup> April 2013

The examined data was in line with the indications of the Shareholders' Meeting, of the Strategic Supervisory Body and with the exhibited information.

The decision-making processes pertaining to the methods used to define the Group's remuneration and incentive policies and practices comply with the provisions of the Regulatory Bodies, and the checks carried out on compliances of the remuneration practices with the approved policies showed consistency in the implementation.

The greater structuring of the remuneration policies implemented since the 2012 policies, the clarification within said policies of the reasons for applying the proportionality principle (in relation to size, type of activity, organizational and operational structures), allow an opinion to be expressed of a basic consistency of the Banca IFIS Banking Group's remuneration and incentive policies and practices with the objectives and instructions provided by the Regulatory Bodies.

In short, the analysis carried out leads to the identification of the "relevant elements" listed below in the decision-making and informational processes.

#### Shareholders' Meeting

The definition by the Shareholders' Meeting, ex ante:

- of remuneration policies in favour of directors, employees and collaborators of the Banca IFIS Banking Group with the absence, in said context, of specific payments at the end of the office or resulting from the early termination of the relationship (without prejudice to the provisions of the law);
- of a maximum limit in terms of the total amount of the payments attributable to the members of the Board of Directors per individual period;
- of pre-set fixed payments to the members of the Supervisory Body;

allows the shareholders to be aware of the total costs pertaining to the governance and supervisory bodies.

Moreover, the three-year deferral of part of the variable component, where applicable and in any event within predefined maximum limits, with the concomitant fixing of situations of non-payment of said component upon the occurrence of certain events related to company management, pursues the objective

of arriving – in the interest of all the stakeholders – to remuneration systems in line with the company’s long-term objectives and strategies.

This is the context of the decision taken by the Managing Director to self-limit the variable portion of his own remuneration referred to the 2012 period, not exceeding the 5% limit in the increase of the total pay compared to the amount accrued for the 2011 period.

The Report on remuneration completes the shareholders’ level of awareness and monitoring.

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

In addition to that which is provided for the Shareholders’ Meeting, the Board of Directors, also availing itself of the support of the Appointment and Remuneration Committee (formerly the Committee for remuneration of directors, executives and for any stock option plans), carries out strategic supervision activities, through, among other things:

- the definition of the remuneration of the Directors vested with special offices, within the maximum limit set by the Shareholders’ Meeting;
- the identification of “risk-takers” within the scope of a self-evaluation process;
- the definition of remuneration and incentive systems for the main personnel categories with, in said context, the definition of the variable remuneration for the executive directors and executives assigned strategic responsibilities, of the Head of the Internal Audit Function and of the Chief Risk Officer, in compliance with the policies approved by the Shareholders’ Meeting;
- the definition of the System of proxies for the management of human resource and the examination of the required periodical reporting;
- the examination of reports on the incentive system prepared by Top Management for certain commercial positions;
- the examination of information on the checks carried out on the subject of compliance of the remuneration practices with the approved policies and with the normative context, prepared by the Head of the Internal Audit Function;

everything integrated in a governance process that includes the analysis, evaluation and approval by the Board of Directors of the Industrial Plans (which include the operational budgets), of periodical reports on the results obtained as well as on risk management (Financial Statements Reports, Tableau de board, Reports by the Supervisory Bodies/Control Functions, etc.) and on the exercise of the proxies (on the subject of credit, finance, expenditures, personnel management, etc.).

#### Risk-takers

The self-evaluation process, aimed at identifying those categories of individuals whose professional activity has or may have an impact on the Group’s risk profile, until now carried out on an annual basis and

developed through a reconnaissance and evaluation of the individual positions (responsibilities, hierarchical levels, activities carried out, operational proxies, etc.), allows to always have an updated perimeter of the individuals to whom the remuneration and incentive criteria defined ex-ante apply, with a suitable degree of transparency.

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