

**BANCA IFIS**  
Value to your business.

# Report on Remuneration.

## 2019

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Pursuant to article  
123 ter of the Italian  
Consolidated  
Finance Act.

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Banca IFIS S.p.A - Registered office in Via Terraglio 63, 30174 Mestre, Venice - Registration number in the Companies Registered of Venice and Tax Code 02505630109 - VAT number 02992620274 - REA (Administrative Economic Index) number: VE - 0247118 - Fully paid-up share capital Euro 53.811.095 - Registry of Banks no. 5508 - Parent Company of the Banca IFIS Banking Group S.p.A, enrolled in the registry of Banking Groups - Member of the Interbank Deposit Protection Fund, of the Italian Banking Association, of the Italian Factoring Association, of Factors Chain International. Member of the National Compensation Fund.

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Document approved by the  
Board of Directors in  
the meeting of March 7<sup>th</sup> 2019

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Dear Shareholders,

pursuant to Article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 (TUF [Italian Consolidated Finance Act]), hereafter “CFA/TUF”), you are called to decide for or against Section I of this report.

With this report, Banca IFIS S.p.A.’s Board of Directors aims to comply with the requirements of Article 123-ter of CFA/TUF, banking industry regulations and the corporate governance rules contained in the Corporate Governance Code for Listed Companies, as specified below.

In light of the opportunity provided by Appendix 3A, Template no. 7-bis of the “Issuer Regulations”, to comply, in a single document, with the requirements of Article 123-ter of CFA/TUF and with the Bank of Italy’s Supervisory Provisions on remuneration, this report includes additional information, in aggregate form, on so-called “Risk Takers” not included within the scope of the above article of CFA/TUF.

Detailed information is also supplied regarding the contents of the “Information Document on Remuneration Plans Based on Financial Instruments” (pursuant to Article 114-bis of CFA/TUF and Article 84-bis of Consob’s [Italian Financial Market Regulatory Authority] Issuer Regulations). The Remuneration Report and the Information Document on Remuneration Plans Based on Financial Instruments” are available at: <http://www.bancaifis.it/Corporate-Governance/Assemblea-degli-Azionisti>.

Information on the requirements of reporting to the public pursuant to the Supervisory Provisions for banks – Bank of Italy Circular no. 285 of 17 December 2013 – on corporate governance, can be found in the report on corporate governance and shareholding structures, which can be found at <http://www.bancaifis.it/Corporate-Governance/Documenti-Societari>.

## Applicable Provisions

The Remuneration Report (the “Report”) was prepared by Banca IFIS Group (the “Group”) in accordance with:

- Article 123-ter of CFA/TUF, entitled “Remuneration Report”;
- Article 114-bis of CFA/TUF, entitled “Disclosure of information to the market on awards of financial instruments to corporate officers, employees or contractors”;
- of the Consob Regulation no. 11971/1999 (Issuer Regulations), with particular reference to Articles 84-quater, entitled “Remuneration Report”, and 84-bis, entitled “Information on awards of financial instruments to corporate officers, employees or contractors”, as well as to Appendix 3A, Template no. 7 bis “Report on Remuneration” of the Issuer Regulation and Template no. 7 “Information Document which is the subject of a management body explanatory report to the Shareholders’ Meeting convened to approve compensation plans based on financial instruments”;
- the provisions relating to “Remuneration and incentive policies and practices” issued by the Bank of Italy and contained in Circular no. 285 of 17 December 2013, implementing Directive 2013/36/EU (so-called CRD IV), 25th update of 23 October 2018. This Report also considers European legislation regarding:
- Delegated Regulation (EU) of 4th March 2014 no. 604 that establishes the regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on the risk profile of an institution’s risk profile (Key Personnel or Risk Takers);
- Regulation (EU) no. 575 of 26 June 2013, with reference to the provisions concerning remuneration policies;
- Directive 2013/36/EU of 26 June 2013 (CRD IV), on remuneration and incentive policies and practices in banks and banking groups.

The provisions of the “Corporate Governance Code” and the format of Borsa Italiana S.p.A. were also considered for the Report on Corporate Governance and Shareholding Structure in accordance with art. 123 b of CFA/TUF.

## Report Structure

Based on the current provisions, as mentioned above, this Report is divided into the following sections:

- Section I: aimed at illustrating the Company’s remuneration policy for members of the management bodies, general managers and executives with strategic responsibilities, as well as for “Risk Takers” not falling within the scope of Article 123-ter of CFA/TUF, and the procedures used to adopt and implement this policy. This section describes the policy provided for 2019;
- Section II: organised in two parts; the first is aimed at showing each remuneration item with name for the members of the management and control bodies, the general managers and, in aggregate form, for executives with strategic responsibilities, as well as for “Risk Takers” not included within the scope of Article 123-ter of CFA/TUF. The second part shows a detailed table of remuneration paid during 2018, for whatever reason and in whatever form by the Company and Subsidiaries or affiliates, as indicated by Appendix 3A, Template 7-bis of the Issuer Regulations. Other tables show the further

information required under Article 450 of Regulation (EU) no. 575 of 26 June 2013 for Banca IFIS and other Group companies.

For incentive plans based on financial instruments, detailed information is contained in the Information Document on Remuneration Plans Based on Financial Instruments.

## SECTION I - Remuneration and incentive policies

### 1. Bodies and individuals involved in the preparation, approval and implementation of remuneration policies

- The main Parent Company bodies and personnel involved in the preparation and approval of remuneration and incentive policies are:
- the Shareholders' Meeting;
- the Board of Directors;
- the Remuneration Committee;
- the CEO;
- the General Manager;
- the Control Functions;
- Human Resources;
- Strategic Planning and Management Control.

The role of these members of personnel is described in the Articles of Association and/or in the corporate regulations as specified below.

#### 1.1 The Shareholders' Meeting

The Ordinary Shareholders' Meeting, in accordance with Article 10 of the Articles of Association, *"in addition to establishing the remuneration of the bodies it has appointed, approves:*

- *the remuneration and incentive policies for the Board of Directors, the CEO, the Board of Statutory Auditors, the General Manager and the remaining personnel;*
- *any remuneration plans based on financial instruments;*
- *the criteria for determining the remuneration to be agreed in the event of early termination of the employment relationship or early termination of office, including the limits established for remuneration in terms of annual instalments of fixed remuneration and the maximum amount that may result from their application".*

Pursuant to the same article, the Shareholders' Meeting may also:

- establish, pursuant to Article 2389 of the Italian Civil Code, remuneration for members of the Board of Directors;
- determine a total amount of remuneration for all Directors, including those assigned specific tasks.

#### 1.2 The Board of Directors

The Board of Directors, according to the provisions of Article 14 of the Articles of Association, has exclusive jurisdiction over resolutions concerning *"nomination, revocation and financial remuneration of members of General Management"* and *"remuneration and incentive policies to be submitted to the Shareholders' Meeting, the review, at least annually, of these policies and the responsibility for their correct implementation,*

*also with the task of ensuring that the remuneration policy is adequately documented and accessible within the corporate structure”.*

In addition, pursuant to Article 10 of the Articles of Association, the Board of Directors, with the favourable opinion of the Board of Statutory Auditors, may also determine the remuneration of Directors assigned special tasks.

At the preliminary stage, the Board uses its own internal committee (Remuneration Committee) as specified below.

## 1.3 The Remuneration Committee

The Remuneration Committee is an internal committee within the Parent Company’s Board of Directors and provides support to the Board of Directors in defining the Group’s remuneration and incentive policies. Specifically, the Committee:

- provides advice and formulates proposals to the Parent Company’s Board of Directors on the remuneration and incentive schemes of corporate officers (including executive Directors and other directors assigned specific tasks), of executives with strategic responsibilities and of the heads of the Parent Company’s internal control departments and other Group companies, as well as establishes performance targets related to the variable component of remuneration;
- provides advice on determining the remuneration criteria for the remaining “key personnel” identified within the Parent Company and other Group companies in compliance with current supervisory provisions;
- directly oversees the correct application of the remuneration rules for managers of the Parent Company’s and other Group companies’ internal control functions, in close collaboration with the Board of Statutory Auditors;
- prepares documentation to be submitted to the Parent Company’s Board of Directors for its decisions;
- collaborates with other committees within the Board of Directors, in particular with the Risk Management and Internal Control Committee, where the two committees are not already identically comprised or made up of a large number of the same members;
- ensures the Parent Company’s Internal Audit, Human Resources, Strategic Planning, Risk Management and Compliance units are involved in the process of preparing and monitoring the Group’s remuneration policies and practices;
- monitors implementation of the decisions adopted by the Parent Company’s Board of Directors and those of other Group companies regarding remuneration and voicing opinion, using information received from corporate facilities, on reaching performance targets linked to incentive plans and on verifying the other remuneration conditions envisaged;
- discusses the results of the identification process of key personnel, using information from the competent company functions;
- formulates proposals to the Parent Company’s Board of Directors regarding the criteria for allocating stock options or shares to Directors and Group employees;
- regarding the last point, if possible, provides interpretation on controversial cases and rectifies the allocation conditions of each tranche as well as regulates the exercise of emerging rights for any 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.).

The President of the Committee reports to the Board of Directors on the activities carried out, at the Board’s next meeting. The Committee also assesses, at least annually, the adequacy, overall consistency and effective

application of the Group's remuneration policies, and reports to the Parent Company's Shareholders' Meeting on the activities carried out.

### *Composition*

The Remuneration Committee is made up of three members chosen from among the non-executive members of the Parent Company's Board of Directors, the majority of whom are independent. As approved by the Board of Directors at its meeting of 22 March 2016, the members of the Committee are:

- Francesca Maderna (Non-Executive and Independent Director);
- Daniele Santosuosso (Non-Executive and Independent Director);
- Riccardo Preve (Non-Executive and Non-Independent Director).

The Remuneration Committee is chaired by Francesca Maderna.

### *Working method*

The Remuneration Committee is appointed for three years and meets periodically, including by video link/telephone, whenever the need arises in relation to the tasks assigned to it.

If one or more members of the Committee are no longer in office, the Board of Directors may appoint new ones and/or replace these members.

As established by current Regulations, the President of the Parent Company's Board of Statutory Auditors, or another Standing Auditor delegated by them on a case by case basis, attends Committee meetings. Other members of the Board of Statutory Auditors may attend, as may, where issues affecting them are not on the agenda, the Parent Company's CEO and General Manager. It is also established that no Director may attend meetings of the Committee in which proposals are formulated for submission to the Board of Directors regarding their own remuneration.

The President of the Committee assesses, in relation to the matters to be discussed, the need to involve the Head of Risk Management to ensure that the incentive schemes are properly adjusted to take account of all the risks assumed by the Group, according to methods that are consistent with those adopted for risk management for regulatory and internal purposes.

The Committee may avail itself and/or request the presence of:

- external consultants, who have expert knowledge of remuneration policies, who may also be chosen from among the members of the Parent Company's Board of Directors, provided that these experts do not, at the same time, provide Human Resources, Executive Directors or executives with strategic responsibilities of the Parent Company and/or of the other companies of the Group with services of such significance as to compromise the consultants' independent judgement;
- any corporate officer or employee of the Parent Company or of another Group company.

The Committee may access all company information deemed relevant for the performance of its tasks and may have autonomous use of a set of financial resources to the limit established by the Board and with the requirement of reporting on the use of funds, at least once a year, usually during the review of the Report on Corporate Governance and Shareholding Structures.

Summary minutes of Committee meetings are prepared, which are to be signed by the Members.

## *Remuneration Committee Meetings*

In 2018 the Committee met nine times. The meetings were preceded by discussion among the members and/or by prior individual examination of documentation. The average duration of the meetings was around an hour. The Committee did not use external consultancy services.

In 2018, the members of the Committee took part in all nine meetings held.

The CEO attended the meetings where issues not pertaining to him were due to be discussed. The President of the Board of Statutory Auditors also attended more than half of the meetings and, on more occasions, other Standing Auditors also attended.

During these meetings, the Committee gave its opinion in relation to:

- incentive schemes applied to various business units of the Bank and the Group;
- information on the remuneration of “key personnel”;
- implementation of the remuneration policies approved by the Shareholders’ Meeting;
- incentive systems to be used in 2018;
- agreement scenarios with the Trade Union Organisations regarding management of post-employment benefits advances, Group personnel treatment harmonisation, Variable Result Bonus, and the Welfare Plan;
- audits of the absence of conditions for applying corrective mechanisms (malus and clawback) to the determination of the variable remuneration of the CEO and the General Manager;
- allocation of variable remuneration deriving from 2017 results to the CEO and General Manager;
- remuneration for executives with strategic responsibility and heads of internal control functions;
- the key personnel self-assessment process.

During 2018, there was no need to use the financial resources available to the Committee for the performance of its duties.

## **1.4 The Chief Executive Officer**

The CEO, as defined pursuant to Article 15 of the Articles of Association, is responsible for implementing strategic directions and business management, and makes use of General Management.

Regarding personnel management, the CEO is responsible for:

- defining and implementing the Group’s employee management process;
- approving the employee budget, in line with the organisational structure approved by the Board of Directors; in this regard, the CEO ensures that current and future professional/profile needs are measured and are consistent with strategic choices.

## **1.5 The General Manager**

As per Article 17 of the Articles of Association, the General Manager implements the CEO’s management directives and assists the CEO in carrying out the Board of Directors’ resolutions.

Therefore, the General Manager also has the task of making proposals to the CEO regarding the contents of the employee management process.

## 1.6 The Control Functions

The control functions work together, each within their scope of responsibility, to ensure the remuneration and incentive policies are adequate and comply with current legislation and that they operate correctly.

In particular:

- Compliance verifies, among other aspects, that the company bonus system meets the objectives of complying with regulations, the Articles of Association, as well as any codes of ethics and/or other standards of conduct applicable to the Group, so that the related legal and reputational risks are properly contained especially in relationships with customers;
- Internal Audit checks, at least annually, that remuneration practices comply with the approved policies and with legislation and regulatory context. The results and any abnormalities identified are brought to the attention of the bodies and functions responsible for possible corrective measures and assessment of significance with a view to prompt disclosure to the Bank of Italy. Every year, the results of the checks carried out are brought before the Shareholders' Meeting;
- Risk Management works with the Remuneration Committee to ensure that the forms of incentive remuneration are consistent with the risk appetite (for example with the Risk Appetite Framework) and with governance and risk management policies, and that they take into account the level of capital and liquidity necessary to carry out activities underway, even through the definition of risk indicators to use for correction mechanisms (ex ante and ex post), and gives its opinion on their proper activation. It also supports Financial Officing to determine, after approval of the financial statements by the Shareholders' Meeting, the amount of variable remuneration attributable to the CEO, the General Manager and additional potential beneficiaries of compensation plans based on financial instruments, as well as to check the conditions for the allocation of the variable remuneration.

## 1.7 Other facilities involved

Other Parent Company facilities involved in the preparation and implementation of the remuneration policy, also in reference to Subsidiaries, are:

- Human Resources, which, among other things, provides the support for the compliance function, ensuring consistency between the human resources management procedures and policies and the bank's remuneration and incentive systems of the Group;
- Strategic Planning and Management Control.

## 1.8 Independent experts involved in preparing the remuneration policy

No independent experts were involved in the preparation of the remuneration policy.

## 2. Principles and purposes of the remuneration and incentive policies

The Parent Company, in exercising its management and administration powers, defines this Group remuneration and incentive policy in accordance with the characteristics of the Group and each of its subsidiaries, and in compliance with current legislation and regulatory provisions. In defining Banca IFIS Group's remuneration policy, no remuneration policy of other companies was used as a reference.

The remuneration and incentive policies are defined by the Parent Company in accordance with corporate objectives and values, with long-term strategies and with prudent risk management policies, in line with what is defined in the provisions on the prudential control process.

Banca IFIS Group's remuneration and incentive system is based on the following principles:

- promoting sound and effective risk management, not encouraging risk-taking that exceeds the level of tolerated risk;
- fostering the Group's competitiveness and good governance;
- attracting and retaining within the company employees with the professionalism and skills that are appropriate to the needs of the Group, particularly where they hold key roles within the organisation;
- promoting compliance with all legislation and regulations, as well as transparency and fairness in dealings with customers, discouraging any infringement and/or unfair business practice;
- ensuring company performance is consistent with the Group's sustainable growth objectives;
- seeking the best alignment between the interests of different stakeholders;
- focusing attention on risk containment policies;
- avoiding altering or undermining the risk alignment effects embedded in the remuneration mechanisms;
- avoiding creating conflicts of interest.

A base fixed remuneration is set out for all employees that reflects their professional experience and their role, the market value of the role and the national collective bargaining agreement in force. This component is sufficient for a variable part to be substantially reduced or not to be paid.

For key personnel, it is also established that any interventions on the fixed component may not exceed an increase of 20% compared to the previous year's all inclusive annual salary. In consideration of the particular complexity of extraordinary corporate operations, some key personnel may receive a Role Based Allowance for a maximum 12-month period, possibly renewable. This allowance, which is configured as a predefined sum not tied to performance, must be approved by the Board of Directors on proposal from the Chief Executive Officer, after approval from the Remuneration Committee, and subsequently communicated to the interested parties by individual letter.

### 2.1. Main changes from the previous financial year

Following the issue of the 25th update to Circular no. 285 of 17 December 2013, the remuneration and incentive policies were integrated to take into account the new forecasts contained therein. Consequently, this Report was integrated with specific reference to:

- a) the policy for the identification of key personnel, which defines: the criteria and procedures used to identify key personnel as well as those for possible exclusion; the evaluation methods, the role performed by the corporate bodies and related company functions, and the monitoring and review of the identification process;

- b) the prohibition for personnel to put into place hedging strategies, which was included to provide for:
  - i) the obligation to require key personnel, through specific agreements, to communicate the existence or opening of custodial and administration accounts with other intermediaries; (ii) the identification of the operations and financial investments performed by key personnel for which there exists the obligation to communicate to company management;
- c) the forecasts related to retention bonuses, non-compete agreements, and severance pay provision such as disbursements/payments made as part of an agreement between the bank and the personnel, in any office, for the settlement of a current or potential dispute (golden parachutes), clarifying that they fall under the definition of variable remuneration and are thus subject to the related rules, except as set forth in the aforementioned supervisory provisions;
- d) the forecasts related to the minimum duration of the period in which the clawback clauses apply for key personnel, which must be a duration of no less than 5 years;
- e) the role of human resources, which is no longer part of the control functions: this means that the remuneration of key personnel is no longer subject to the limit of one third to the ratio between variable and fixed component of remuneration.

Moreover, in confirming the possibility to recognise a Role Based Allowance for certain subjects belonging to the key personnel in consideration of the particular complexity of extraordinary corporate operations, the period related to its recognition was changed from a maximum of 18 months to a maximum of 12 months, which may possibly be renewed.

### 3. Recipients and policy related to the key personnel identification process

#### *Policy Recipients*

Remuneration and incentive policies are defined for all Group personnel<sup>1</sup>, without prejudice to more detailed requirements for members of staff that have a material impact on the Group's risk profile (key personnel). These individuals are periodically identified by the Parent Company for all companies in the Group, whether or not they are subject to the policy on an individual basis, based on the criteria established in the "Policy related to the key personnel identification process"

#### *Policy related to the key personnel identification process*

In accordance with the Supervisory Provisions and with particular reference to the changes introduced with the 25th update of Circular no. 285 of December 17, 2013, the Parent Company must have a policy related to the key personnel identification process, which is an integral part of the remuneration and incentive policy, referred to in Annex 1 of this Report on Remuneration.

The policy on the key personnel identification process defines the criteria and procedures used to identify key personnel as well as those for possible exclusion; the evaluation methods, the role performed by the corporate bodies and related company functions for the preparation, monitoring, and review of the identification process.

From the self-assessment process for Group key personnel, led by Human Resources with the support of Compliance and approved by the Board of Directors of the Parent Company on 18 January 2019, following the favourable opinion of the Remuneration Committee, 60 individuals are identified as key personnel and fall

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<sup>1</sup> This means members of strategic supervision, management and control bodies, the Parent Company's employees and contract workers, and those of its subsidiaries.

within the following categories related to the applicable remuneration criteria. Please note that no procedure to notify the competent authority of key personnel exclusion was initiated.

TABLE (A)

President of the Board of Directors of the Parent Company	President of the Board of Directors of the subsidiary	Vice President of the Parent Company	Vice President of the subsidiary
Chief Executive Officer of the Parent Company	Chief Executive Officer of the subsidiary	General Manager of the Parent Company	General Manager of the subsidiary
Non-Executive Directors of the Parent Company	Co-manager of the subsidiary	Heads of business units	Executives with strategic responsibilities for key business units
Heads of control functions and Head of Human Resources	<u>Vice General Manager of Subsidiary Company</u>	Heads of risk management facilities	Heads of Key Operating Units
Heads of service, consultancy and support facilities	Executives with strategic responsibilities for control functions		

The Group's key personnel accounts for about 3.7198% of the total workforce.

## 4. Contents of the 2019 Policy

### *Conditions for accessing the variable component (gate)*

Access to the variable component of remuneration for all Personnel is subject to:

- the Group's consolidated result, before taxes for the financial year, being greater than €80 million<sup>2</sup>;
- compliance with the minimum regulatory limit in force for the Group's Liquidity Coverage Ratio (LCR) identified on a quarterly basis in the reference year;
- compliance with the minimum regulatory limit in force for the Group's Net Stable Funding Ratio identified quarterly in the reference year;
- the consolidated Total Own Funds Ratio greater than the Overall Capital Requirement communicated by the Supervisory Body as part of the "Decisions on capital" at the conclusion of the supervisory review process (SREP), which is carried out on a regular basis.

If any one of these targets is not met, the variable component will not be paid.

The variable component will also be recognised provided that the beneficiary is still in post/employed by the Group and is not serving a period of notice for resignation or termination, at the moment of payment. An exception to this would be made for entering retirement. Payment of a variable component will also be suspended in case of ongoing disciplinary proceedings for fraud or gross negligence against the Bank or for behaviour that may lead to the individual's dismissal by just cause.

<sup>2</sup> Elements resulting from extraordinary transactions are to be disregarded from calculations, such as: increases in capital, corporate mergers, splits, acquisitions or any other non-recurring transaction that the Board of Directors may decide on and that is likely to change the value of the indicator.

### *Directors' Remuneration of the Parent Company*

Regarding the Board of Directors currently in office, the Shareholders' Meeting of 22 March 2016:

- resolved to attribute to individual members, for the post of Director, fixed remuneration for each of the years 2016, 2017 and 2018, in addition to reimbursement of expenses incurred in their duties;
- resolved to give all Directors, except the President, Vice President and the CEO, an attendance fee for each meeting of the Board of Directors;
- requested the Board of Directors to determine additional remuneration for Directors assigned special tasks in accordance with Article 2389 of the Italian Civil Code for each of the years 2016, 2017 and 2018, also considering, where appropriate, company results, subject to a total amount calculated for each financial year, understood as including all fees awarded to members of the Board.

Shareholders are called to nominate the Board of Directors for the three-year period of 2019-2021 and to also determine their compensation.

There are no incentive mechanisms for Non-Executive Directors, including the President.

### *Statutory Auditors Remuneration of the Parent Company*

Regarding the Board of Auditors, the Shareholders' Meeting of 22 March 2016:

- agreed to pay the President and the two Standing Auditors a fixed annual fee, as well as reimbursing expenses sustained in the performance of their duties;
- agreed to pay all Standing Auditors a fee for every Board of Directors' meeting attended.

No incentive mechanisms are available for members of the Board of Auditors and there is no form of variable remuneration.

Shareholders are called to nominate the Board of Auditors for the three-year period of 2019-2021 and to also determine their compensation.

### *Directors' Remuneration of the Subsidiaries*

Without prejudice to the principle that the members of the Board of Directors who perform other roles within the Group as employees of the Parent Company do not normally receive any compensation or, if received, it is transferred to the Parent Company, the Shareholders' Meeting of the individual subsidiary company, determines the remuneration of its directors in respect of an overall maximum limit not exceeding 50% of the total amount of compensation that can be assigned to the members of the Board of Directors of the Parent Company.

In particular, it should be noted that with some members of the Board of Directors of FBS S.p.A. and of FBS RE S.p.A. collaboration agreements have been signed that provide for the payment, in addition to a fixed remuneration, also of a variable compensation linked to the achievement of the consolidated gross profit target 2019 (of FBS SpA and FBS RE S.p.A.) assigned. It is understood that the remuneration paid will be attributed in accordance with this remuneration policy and therefore, partly in cash and partly in shares of the Parent Company, partly through immediate payment and partly deferred in the event the materiality threshold is exceeded.

### **Statutory Auditors Remuneration of the Subsidiaries**

Without prejudice to the principle that for members of the Board of Statutory Auditors no incentive mechanisms are provided and any form of variable remuneration is precluded, the Shareholders' Meeting of the individual subsidiary determines the remuneration of its Board of Statutory Auditors in respect of an overall maximum limit not greater than 50% of the total amount of compensation assigned to the Board of Statutory Auditors of the Parent Company

### **Parent Company's Chief Executive Officer and General Manager's remuneration**

The CEO's remuneration includes, in addition to a fixed recurring fee, a variable component of 1.5% (the percentage) of the Group's consolidated result before taxes for the financial year, for the part exceeding €80m<sup>3</sup>, which is, in turn, adjusted to the ratio between the Group's final RORAC<sup>4</sup> (return on risk adjusted capital) and the Group's<sup>5</sup> future RORAC<sup>6</sup>, shown at formula (A):

$$\text{Variable} = 1.5 \% \times (\text{Profit Before Taxes}_{\text{Fin.Year.}} - 80,000,000) \times \frac{\text{Actual RORAC}}{\text{Forecasted RORAC}} \quad (\text{A})$$

The ratio of variable component to fixed component may not exceed a maximum of 1:1.

The General Manager's remuneration consists of an all inclusive annual salary (RAL) and a variable component of remuneration equal to 0.75% (the percentage) of the Group's consolidated result before taxes for the financial year, for the part exceeding €80m, which is, in turn, adjusted to the ratio between the Group's final<sup>7</sup> RORAC<sup>8</sup> (return on risk adjusted capital) and the Group's future RORAC<sup>9</sup>, shown at formula (B):

$$\text{Variable} = 0.75 \% \times (\text{Profit Before Taxes}_{\text{Fin.Year.}} - 80,000,000) \times \frac{\text{Actual RORAC}}{\text{Forecasted RORAC}} \quad (\text{B})$$

The ratio of the variable component to fixed component may not exceed 60% of the all inclusive annual salary (RAL).

### **Remuneration of the Control Functions and the Human Resources function**

The remuneration package for key personnel belonging to the control functions (Risk Management, Compliance, Internal Audit, Anti-Money Laundering, and Financial Reporting Officer) and to Human Resources is made up of a main fixed component and a small variable part which is attributed annually based on quality and efficiency criteria.

<sup>3</sup> Elements resulting from extraordinary transactions are to be disregarded from calculations, such as: increases in capital, corporate mergers, splits, acquisitions or any other non-recurring transaction that the Board of Directors may decide on and that is likely to change the value of the indicator.

<sup>4</sup> Indicator calculated as the ratio between Net Profit for the period and Capital Absorbed for first pillar risks. Elements resulting from extraordinary transactions are to be disregarded from calculations, such as: increases in capital, corporate mergers, splits, acquisitions or any other non-recurring transaction that the Board of Directors may decide on and that is likely to change the value of the indicator.

<sup>5</sup> The reference period is the same as for the objective RORAC (*ex-ante* measurement).

<sup>6</sup> Defined based on the latest approved strategic plan.

<sup>7</sup> See note 7.

<sup>8</sup> See note 6.

<sup>9</sup> See note 8.

During recruitment, subject to consultation with and proposal by the Remuneration Committee, determination of remuneration is the responsibility of:

- the Board of Directors for the key personnel of the control functions that work for it or for the Chief Executive Officer. For operational fluidity requirements, the Board of Directors, when analysing possible candidates, in consultation with the Remuneration Committee, may delegate negotiation to the CEO, indicating the reference parameters. After formalisation, the CEO informs the Remuneration Committee and the Board;
- CEO for the key personnel of Human Resources. Following definition, the CEO informs the Remuneration Committee and the Board.

At least annually, the Remuneration Committee analyses individual positions and, in consultation with the CEO and the General Manager, regarding the Heads of control functions and of Human Resources function, expresses its opinion and formulates proposals to the Board of Directors.

Allocation of the variable component is subject to prior quality evaluation that can be expressed on a scale of five levels of judgment and includes information on the following objectives:

- managing assigned projects and quality of service provided;
- management and development of assigned resources;
- care and prevention of the risks inherent in their own areas of responsibility;
- management and administration of assigned tasks.

Each grading equates to a percentage of variable component to be allocated according to the following scale:

Excellent	Good	Average	Below Average	Unsatisfactory
100% of premium	80% of premium	50% of premium	0%	0%

up to the maximum ratio between the fixed and variable components which, for key personnel belonging to business control functions only, cannot in any case exceed the ratio of 1:3.

Subject to the conditions to access the variable component (gate), depending on the targets of corporate sustainability, incentive mechanisms linked to the performance of both Banca IFIS and the Group as a whole are excluded from determining the remuneration of key personnel belonging to control functions and Human Resources function.

### ***Remuneration of other key personnel at Group level***

Remuneration for remaining key personnel is made up of an all inclusive annual salary (RAL) and a variable component defined in advance for each individual, in relation to their role, based on predefined criteria and on three pillars:

- a qualitative performance assessment carried out jointly by the CEO and the General Manager;
- reaching a determined level of corporate cost/income ratio;
- reaching specific economic, commercial and operating objectives and satisfying internal and external customers inclusive of corrective risk measures (MBO – Management by Objectives).

Once the limit on the ratio between the variable and fixed components of the previous year has been defined, the maximum theoretical amount of variable component will be determined as in Table B, below:

TABLE (B)

Structures	No. of Heads	% max variable on previous year's RAL	Senior Management Assessment	Cost/income ratio	MBO
Executives with strategic responsibilities for key Business Units	1	60%	20%	20%	60%
Business Units	17	80%	20%	20%	60%
Risk Management Unit	9	50%	30%	20%	50%
Key Operational Units	1	50%	40%	20%	40%
Service, Consultancy and Support Units	10	50%	50%	20%	30%

For those belonging to the categories regarding the subsidiaries, whose roles are identified in Table (A), refer to previous paragraph 4.

To implement the management process shown above, relevant company Regulations were issued, aimed at managing the system as it has been designed.

The Remuneration Committee has a consultative role in determining the remuneration criteria that are subject to annual examination by the Board of Directors.

Subsequent work on fixed and/or variable remuneration is defined by the CEO and the General Manager under the criteria specified below. At least annually, the CEO informs the Remuneration Committee on the decisions taken.

### *Structure of variable component for key personnel*

The structure of the variable component of remuneration must be compatible with the risk analysis undertaken by the Banking Group and, to be sustainable, it must be compatible with the levels of capital and liquidity in the medium- and long-term.

It should be noted that the regulations contained in the 25th update of Circular no. 285 on remuneration introduced some changes, among others, in relation to the balancing of the deferred component of variable remuneration, defining the concept of a particularly high variable remuneration amount<sup>10</sup> in the presence of which, at least for the top figures, (i) the duration of the deferral period is not less than 5 years, (ii) more than 50% of the deferred portion is composed of financial instruments and (iii) the percentage to be deferred is not less than 60%.

In compliance with the aforementioned legislation, the particularly high variable remuneration amount with reference to the Group was identified as € 433,680 (equal to 25% of the average total remuneration of Italian high earners, as shown in the most recent report published by the EBA).

The Banca IFIS Group is attributable, on the basis of the size of the assets, of the structure, of the risk and complexity of the activity carried out, to the definition of intermediate-sized banks. This classification requires the application of the regulations only to the key personnel, at the same time allowing the application of

<sup>10</sup> High variable remuneration amount means the lowest between: i) the 25% of the average total remuneration of Italian high earners, as reported in the most recent report published by EBA; ii) 10 times the total average remuneration of the personnel of the bank.

percentages, deferral and retention periods at least equal to half of those indicated for larger banks and growing according to the characteristics of the banking group .

Given the above, the Banca IFIS Group considered it necessary to maintain the conditions set forth in the previous Remuneration Report, which prescribe a structure of variable remuneration which is stricter than the minimum regulatory limit set for intermediate banks. Among other things, it was decided to align the deferred portion, the deferral period and the balancing portion of the variable remuneration for persons with variable remuneration of a particularly high amount to those already envisaged with regard to all the key personnel.

The variable component may not exceed a 1:1 ratio compared to the fixed component and is determined when the financial statement to 31 December of the previous year is approved.

- A) The portion of variable component of remuneration to be deferred is 40%, and is paid in this manner:
- 50% in Banca IFIS S.p.A. shares, which will be allocated after the three-year vesting period expires<sup>11</sup> and which will be exercisable at the end of further one-year retention period<sup>12</sup> affecting the shares;
  - the remaining 50% of the deferred variable component of remuneration will instead be paid in cash at the end of the three-year period and is subject to annual revaluation at the current legal rate.
- B) The variable component of remuneration not subject to deferral (the remaining 60% – up-front) will instead be paid:
- 50% in cash;
  - the remaining 50% in shares in the Parent Company, which will be exercisable at the end of the three-year retention period<sup>13</sup> affecting them, in line with the strategic planning horizon.

The number of shares to be assigned is determined by taking the average market price in the month preceding the determination of variable component as the share’s fair value. The variable component is calculated on the date of the Shareholders’ Meeting convened to approve the financial statement. The number of shares is determined by rounding to the nearest integer.

In line with best market practices, it is appropriate to apply the same rules for deferral and partial payment in Bank treasury shares where the variable remuneration is greater than €70,000 (materiality threshold).

### *Malus condition*

The variable component is subject to the following malus mechanisms, which reduce the previously determined amount until it reaches zero before provision, according to the criteria listed in Table C, below.

TABLE C

		Ratio Totale Fondi propri consolidato <sup>14</sup>			
		≤12,50%	12,50% < ≤13,00%	13,00% < ≤13,50%	>13,50%
<u>RORAC</u>	≥ 15%	-100,0%	---	---	---
<u>di</u>	10,5% < < 15%	-100,0%	-30,0%	-20,0%	-10,0%
<u>Gruppo</u>	< 10,5%	-100,0%	-40,0%	-30,0%	-20,0%

<sup>11</sup> Period after which shares may be assigned.

<sup>12</sup> Period in which the sale of shares is prohibited.

<sup>13</sup> See note 13.

<sup>14</sup> Regolamento UE n. 575/2013 (CRR) e Direttiva 2013/36/UE (CRD IV).

Notwithstanding what is set out in the reference national collective bargaining agreement regarding the rights and obligations of employees and in the Disciplinary Code and Code of Ethics in force, the variable component will also be cancelled if the individual has caused or is involved in causing:

- violations of the obligations imposed under article 26, or when the subject is an affected party, of article 53, paragraphs 4 et seq., of the Italian Consolidated Banking Law (TUB/CBA) or of the obligations regarding remuneration and incentive schemes;
- behaviour contrary to legislation, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank, which results in a significant loss for the Group<sup>15</sup> or its customers<sup>16</sup>.
- further behaviour contrary to legislation, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank in cases set out by it;
- fraudulent behaviour or serious negligence causing damage to the Group;

or also where:

- the consolidated Total Own Funds Ratio<sup>17</sup> is lower than the Overall Capital Requirement communicated by the Supervisory Body as part of the “Decisions on capital” at the conclusion of the supervisory review process (SREP), which is carried out on a regular basis;
- the Shareholders’ Meeting has decided to revoke an office for just cause, or the Board of Directors has decided to terminate an employment contract for just cause.

The ex post correction mechanisms cannot lead to an increase in the initially recognized variable remuneration or to the variable remuneration previously reduced or made null following the application of malus.

The above criteria are audited in each of the three financial years<sup>18</sup> following the determination of the variable component (accrual period) and are applied on occurrence of the above-mentioned conditions, taking into consideration the worst result recorded in the reference period.

### *Clawback*

Notwithstanding what is set out in the reference national collective bargaining agreement regarding the rights and obligations of employees and in the Disciplinary Code and Code of Ethics in force, the Group reserves the right to take appropriate actions for the return of the variable component recognised and/or paid to personnel when the individual has caused or contributed to causing:

- violations of the obligations imposed under Article 26 CBA/TUB or, when the individual is an interested party, under Article 53, paragraphs 4 et seq., of CBA/TUB or obligations regarding remuneration and incentive schemes;

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<sup>15</sup> Loss equal or exceeding 5% of net equity

<sup>16</sup> The Parent Company identifies as a "significant loss" for customers, any loss deriving from deviant or non-compliant behavior with respect to the legal, regulatory, statutory or ethical standards applicable to the Group. In particular, reference is made to cases of internal fraud, complaints accepted due to incorrect behavior, intentional failure to comply with the delegation system, if these cases have effects on customers. It is understood that in case of the occurrence of these events, all the investigations required by the disciplinary procedures provided for by the law and by the National Collective Labor Contract of reference applicable to these cases will be carried out and, should the conditions be satisfied, the more appropriate disciplinary measures will be applied depending on the severity found and the extent of the loss suffered..

<sup>17</sup> EU Regulation no. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV).

<sup>18</sup> If these conditions are met in at least one of the three years under observation (accrual period), the corrective mechanisms will be applied.

- behaviour contrary to legislation, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank, which results in a significant loss for the Group<sup>19</sup> or its customers<sup>20</sup>.
- further behaviour contrary to legislation, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank in cases set out by it;
- fraudulent behaviour or serious negligence causing damage to the Group;

or also where a consolidated Total Own Funds Ratio<sup>21</sup> is lower than the Overall Capital Requirement communicated by the Supervisory Body as part of the “Decisions on capital” at the conclusion of the supervisory review process (SREP), which is carried out on a regular basis.

The ex post correction mechanisms cannot lead to an increase in the initially recognized variable remuneration or to the variable remuneration previously reduced or made null following the application of claw back.

The above criteria are audited in each of the three closed financial years<sup>22</sup> (accrual period) following determination of the variable component, and are applied if the above conditions are met, except for key personnel, for whom this audit must be carried out in each of the following five closed financial years.

### *Long Term Incentive*

For Heads of business units with more than €20m gross budget profit in the 2019 financial year, an incentive can be considered that rewards consistent excellent performance over time.

Essentially, if, during the three-year period 2019-2021 (accrual period), the average profitability results adjusted to the risk achieved by business units is at least 90% of the budgeted results, as at formula (D):

$$\sum_{t=1}^{3 \text{ year}} \frac{1}{3} \frac{\text{Actual BU RORAC}_t}{\text{Budgeted BU RORAC}_t} \geq 90\% \quad (\text{D})$$

without prejudice to the yearly passing of the minimum threshold of 80% of budget objectives set out annually, the CEO, together with the General Manager, will give a qualitative assessment on the Manager’s work, which, if positive, will give rise to the payment of an incentive, defined in advance, not exceeding 60% of the Manager’s all inclusive annual salary (RAL) for 2021, and still respecting the maximum ratio of 1:1 between fixed and variable components, whose value will be paid in Parent Company shares with one-year retention period.

### *Ban on hedging strategies*

Individual employees are strictly forbidden to carry out hedging or insurance strategies on remuneration or on other aspects that may alter or influence the effects of business risk alignment inherent in the remuneration mechanisms applied.

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<sup>19</sup> Loss equal or exceeding 5% of net equity, to be calculated net of elements deriving from extraordinary operations such as: capital increases, company mergers, demergers, acquisitions or any other non-recurring transaction that the Board of Directors should deliberate and appropriate change the value of the indicator.

<sup>20</sup> See notice 17.

<sup>21</sup> EU Regulation no. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV).

<sup>22</sup> If these conditions are met in at least one of the three years under observation (accrual period), the corrective mechanisms will be applied.

In particular, to ensure that its key personnel are not remunerated or do not receive payments or other benefits via methods that are contrary to the supervisory provisions regarding remuneration and incentive policies and practices, the Parent Company prepares specific individual agreements through which beneficiaries agree:

- not to use personal hedging strategies and/or take out insurance on remuneration or undertake any other initiative that may alter and/or affect and/or influence the effects of business risk alignment inherent in the remuneration mechanisms;
- communicate the existence or opening of custodial and administration accounts with other intermediaries<sup>23</sup> and information regarding transactions carried out each time.

The types of financial transaction and financial investment carried out by key personnel that could impact the risk alignment mechanisms and, more generally, could prevent the bank from following the supervisory provisions regarding remuneration and incentive policies and practices are only those transactions and investments in financial instruments issued by the bank, including derivatives that are underpinned by these instruments.

### *Other types of employees*

For remaining employees, as part of the annual assessment outlined by the national collective bargaining agreement, the CEO and/or General Management may provide non-regulated one-off payments up to a maximum of three months' salary for each individual. This bonus, subject to verification of the existence of the access conditions (gate) described above, is aimed at rewarding excellent performance and/or particular or evident quality.

The variable remuneration system for the sales network is defined by the CEO, discussed with the Remuneration Committee, and communicated to the Board of Directors.

These are diversified systems of variable remuneration for people who actively create income or acquire new customers and their managers/coordinators. They must be financially sustainable and reward merit in the creation of long-lasting economic value.

With particular reference to the executive category, with a view toward harmonisation of their economic treatments, it is also stated that, for the fiscal year 2019, a Regulation providing, moreover, for payment of a Welfare credit too.

### *Remuneration of Financial Agents*

Within the category of contract workers not subject to employment contracts, particular importance is attached to Financial Agents. The Group uses an external network for out of court recovery of distressed loans and an agent network for promoting leasing products. It also uses a network of agents for the promotion and placing of contracts related to the concession of financing against authorised salary deductions and salary-backed and pension-backed loans.

Therefore, the remuneration of those individuals is defined as comprising a non-recurring component determined ex-ante with an incentivising value, and a recurring component.

Furthermore, in accordance with the Bank of Italy's Supervisory Provisions:

- the total amount of the "non-recurring" component awarded to agents (the Bonus Pool) is linked to the Bank's liquidity and financial circumstances identified annually in the Remuneration report (gate);

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<sup>23</sup> At present, internal custodial and administration accounts cannot be opened.

- criteria have been identified for the ex-post correction of “non-recurring” remuneration for each individual based on indicators deemed appropriate to reflect the non-fulfilment of contractually assigned tasks; correctness of behaviour, especially with customers; to contain legal and reputational risks to which the Group or Group companies may be exposed; to promote compliance with legislation and regulatory provisions; and to ensure the protection and loyalty of customers.

### *Remuneration of non-employee contract workers*

The Group may also use non-employee contract workers whose relationships can essentially be grouped into two contractual forms:

- consultancy contracts;
- continuous and coordinated collaboration contracts.

For consultancy contracts, appointments can be awarded individually outlining the type of consultancy activity, the fee (or the criteria for determining it), and its method of payment.

The remuneration for these types of contract is determined in close connection with the profit derived from the work done by the contract workers, considering their professionalism, the complexity of the service provided and the target market rates.

## **5. Non-monetary benefits**

The employees may enjoy certain benefits, having different gradation in relation to the corporate role and/or to the service reasons.

The attribution is summarised as follows: healthcare policy, professional and extra-professional personal accident insurance, permanent disability insurance, luncheon vouchers with amounts ranging from €5.20 to €7.00, company car (recognised for some individuals based on current internal Policy), company contributions to supplementary social security/pension plans (recognised for all employees with permanent employment contracts, with percentages that vary from 1.5% to 5% calculated on all inclusive annual salary (RAL) and/or based on profit remuneration for post-employment benefit purposes, or on the taxable income, except for some previously acquired contracts). The above benefits, since they apply to all employees, are not considered discretionary.

## **6. Remuneration linked to key resources staying in the company**

Moreover, if there are motivated and documented reasons, remunerations linked to key resources staying in the company may be allowed, and, as such, are not linked to performance objectives. These sums that may be paid as a retention bonus comply with the provisions in Bank of Italy Circular no. 285 of 17 December 2013 (“Supervisory Provisions for banks”) - 25th update of 23 October 2018, are a form of variable remuneration and as such are subject to all relevant applicable rules.

## 7. Severance pay provision and non-compete agreement

### *Severance pay provision of key personnel*

Group companies do not enter into agreements that govern ex-ante the possible early termination of employment relationships by the Company (Golden Parachutes), including cases of early termination of employment or where a contract is not renewed.

If payments are instead recognised and due based on rulings or in order to avoid objectively justified judgement (so-called “Severance pay provision”), the following will be taken into due consideration: performance and individual conduct of the employee in previous years<sup>24</sup>, the reasons leading to the termination of the work relationship, years of service, age, any financial impact that the compensation may have on the Banking Group’s assets and liabilities and liquidity<sup>25</sup>.

At the time of recognition of payment, the proper application of the aforementioned evaluation mechanisms is assessed and documented.

The determination of the amount to be paid to Executives, in addition to the contractually agreed notice or related payments in lieu, will take into account any additional compensation whose total monthly instalments are included within the maximum limit of the monthly instalments set by the banking sector’s collective bargaining agreement in force for company executives.

The payments made under this title to the remaining key personnel will be organised under the legal provisions and according to the law and applicable collective agreement in force. In determining the final compensation, due consideration will be given to: the employee’s performance in previous years, the business reasons that lead to the termination of the employment relationship, length of service, age, the financial impact that this compensation may have on the Banking Group’s assets sustainability and liquidity<sup>26</sup>.

In no case may the overall gross amount to be paid be greater than 3 years of gross compensation, notice period included.

All payments made under this title to key personnel are excluded from the calculation of the ratio limit between the variable component and the fixed component of remuneration to the last year of the work relationship for the different personnel categories.

The aforementioned payments are also subject to the malus and clawback conditions mentioned above, to be audited in each of the five subsequent closed years.

The definition of the amounts to be paid for the Executives and key personnel category is subject to the prior favorable opinion of the Remuneration Committee and subsequent approval of the Board of Directors.

### *Non-compete agreement*

The company may stipulate non-compete agreements in compliance with the provisions set out in Bank of Italy Circular no. 285 of 17 December 2013 (“Supervisory Provisions for banks”) - 25th update of 23 October 2018.

<sup>24</sup> For this purpose, the behaviour and violations referred to for the activation of the malus and clawback clauses described in paragraph 4 apply.

<sup>25</sup> Therefore, reference will be made to the asset sustainability and liquidity ratios such as the respect of the Group Liquidity Coverage Ratio and of the Group Net Stable Funding Ratio and the indicator of the consolidated Total Own Funds Ratio higher than capital “, to be determined as of the last available date in relation to the calculation and allocation of the aforementioned payments (see Sec. I, par. 4 “Conditions for accessing the variable component (gate)”).

<sup>26</sup> On the basis of the criteria set out in the previous note

## 8. Implementation of Policies in subsidiaries

This document on remuneration and incentive policies drawn up by the Parent Company applies to all subsidiaries, therefore they are not required to draft their own documents on these subjects.

Each subsidiary company, in line with guidelines supplied periodically by the Parent Company, submits this document or an extract from it to its own strategic supervisory body. This body is responsible for its proper implementation in the subsidiary and will ensure that this remuneration and incentive policy is adequately documented and accessible within the corporate structure.

## 9. SECTION II

### 1. Part One

#### 1.1 Remuneration entries

For Directors, Statutory Auditors, members of the Risk Committee, Nominations Committee, Remuneration Committee, and Supervisory Board of the Banca IFIS Parent Company, the following details are provided on remuneration entries which, for 2018, are summarised also in Table 1 below.

The following entries are shown in the Fixed Remuneration column, separated by role and, where necessary, adjusting the amounts to duration of post:

- in the relevant section, fees for the role of Director are € 25,000 per member of the Board of Directors, €105,000 for the President of the Board of Statutory Auditors, and € 70,000 per Standing Auditors, as per the resolution adopted by the Shareholders' Meeting of 22 March 2016;
- in the relevant section, the total amount attendance allowances paid to Directors and Statutory Auditors, according to the rules established by the Shareholders' Meeting on 22 March 2016, for participation in meetings of the Board of Directors during 2018;
- in the relevant section, fees for specific roles approved by the Board of Directors pursuant to Article 2389 of the Italian Civil Code for the President, Vice President and CEO;
- finally, in the section fixed remuneration from employment, annual fixed remuneration is indicated for the General Manager and other employees who, during the financial year, have held, even for part of the year, a position as executive with strategic responsibility, gross of social security and tax deductions borne by the employee, excluding the required collective social security charges paid by the company and the severance pay provision.

The Committee Attendance Fees column lists the fees, where necessary adjusted to the duration of post, recognised to other directors assigned special tasks and established by the Board of Directors on 22 March 2016. The amounts are as follows:

- the President of the Risk Management and Internal Control Committee, fixed annual fee for this role of €75,000;
- for the other members of Risk Management and Internal Control Committee, a fixed annual fee for this role of €45,000;
- for members of the Remuneration Committee, a fixed annual fee for this role of €5,000;

- for members of the Appointments Committee, a fixed annual fee for this role of €5,000;
- for the President of the Supervisory Body pursuant to Italian Legislative Decree 231/2001, a fixed annual fee for this role of €25,000;
- for the other directors who make up the Supervisory Body pursuant to Italian Legislative Decree 231/2001, a fixed annual fee for the role of €10,000.

The variable portion of the CEO's and General Manager's remuneration accrued in relation to the profit for the year 2018 is indicated in the Profit sharing section of the Non-equity variable remuneration column and payment is conditional upon verification of compliance with the conditions established in the remuneration policy.

Bonuses and other incentives accrued, for 2018, by executives with strategic responsibilities are shown in the Bonuses and other incentives section of the Non-equity variable remuneration column.

The Non-monetary benefits column shows, with reference to the General Director and other executives with strategic responsibilities, the value of the following fringe benefits (provided, in general, also for the rest of the personnel,), generally according to tax liability:

- healthcare policy;
- professional and extra-professional personal accident insurance;
- life insurance policy;
- permanent disability policy;
- ticket restaurant;
- company cars (for some individuals based on current internal policies);
- corporate contributions to supplementary pension provision official accommodation (limited to 15 members of personnel during the financial year).

For Executives with strategic responsibilities identified for 2018 (4) (included the General Director), the information is provided at an aggregate level with indication of the number of individuals to which it refers.

## 1.2 Further information on the consistency of fees with the remuneration policy

Consistent with the report provided to the Shareholders' Meeting of 19 April 2018 regarding implementation of the remuneration policies approved the previous year, (the relevant documentation is available on the Bank's website under "Corporate governance" (use the path Shareholders' Meeting > 2018, together with the minutes of the Shareholders' Meeting of 19 April 2018, pursuant to Article 125-quater of CFA/TUF), some further summary information is provided on the implementation, during 2018, of the policies approved one year ago, in addition to what is already stated in other parts of this Report.

### *Long Term Incentive, three-year period 2016-2018*

The evaluation related to the three year period of 2016 – 2018 was performed and shows that conditions did not occur for the maturation of the Long Term Incentive. Therefore, the incentive will not be paid.

### *Average ratio between the variable component and fixed remuneration for fiscal year 2018 for the Executive category*

Executives not included in the definition of Executives with strategic responsibilities	
Banca IFIS S.p.A.	16.92%
IFIS NPL S.p.A.	46.11%
IFIS RENTAL Services S.r.l.*	-
Credifarma S.p.A.*	-
Cap.Ital.Fin. S.p.A.*	-

\* these companies do not have Executives

### *Average ratio between the variable component and fixed remuneration for fiscal year 2018 for the Middle Management and Professional Areas with commercial roles categories*

Middle Management and Professional Areas that hold commercial roles	
Banca IFIS S.p.A.	24.26%
IFIS NPL S.p.A.	-
IFIS RENTAL Services S.r.l.	35.43%
Credifarma S.p.A.	8.05%
Cap.Ital.Fin. S.p.A.	40.00%

### *Bonuses paid to the Middle Management and Professional Areas categories in 2018*

Middle Management and Professional Areas	% employees involved in the payment compared to total employees as of 30/04/2018	average bonus % compared to RAL as of 31/03/2018
Banca IFIS S.p.A.	11.97%	8.62%
IFIS NPL S.p.A.	-	-
IFIS RENTAL Services S.r.l.	-	-
Credifarma S.p.A.	-	-
Cap.Ital.Fin. S.p.A.	-	-

**Salary increases attributed during fiscal year 2018**

With reference to all Group employees	% employees involved in the salary increase compared to the average number of current employees	% average increase compared to RAL
Banca IFIS S.p.A.	2.49%	13.47%
IFIS NPL S.p.A.	-	-
IFIS RENTAL Services S.r.l.	-	-
Credifarma S.p.A.	-	-
Cap.Ital.Fin. S.p.A.	-	-

**Employees with Promotions attributed during fiscal year 2018**

With reference to all Group employees	% employees involved in the promotion compared to the average number of current employees	% average increase compared to previous RAL
Banca IFIS S.p.A.	16.45%	9.32%
IFIS NPL S.p.A.	-	-
IFIS RENTAL Services S.r.l.	-	-
Credifarma S.p.A.	-	-
Cap.Ital.Fin. S.p.A.	-	-

**RAL increase during fiscal year 2018 (including contractual increases)**

With reference to all Group employees	
Banca IFIS S.p.A.	4.08%
IFIS NPL S.p.A.	3.78%
IFIS RENTAL Services S.r.l.	n.a.
Credifarma S.p.A.	1.77%
Cap.Ital.Fin. S.p.A.	n.a.

**Retention bonuses and/or non-compete agreements**

With reference to all Group employees	no. of retention bonuses activated in 2018	total retention bonuses as of 31/12/2018
Banca IFIS S.p.A.	26	33
IFIS NPL S.p.A.	3*	3*
IFIS RENTAL Services S.r.l.	0	0
Credifarma S.p.A.	n.a.	n.a.
Cap.Ital.Fin. S.p.A.	n.a.	n.a.

\* of which 2 are non-compete agreements

As of 31/12/2018, there are no project collaboration relationships.

**Variable Results Bonus and Welfare Plan**

The payment of a bonus to all employees was replaced with the Variable Results Bonus and a Welfare Plan (to be paid during fiscal year 2019 based on the results for fiscal year 2018) for employees who are not already recipients of other incentive systems (including, but not limited to, sales and key personnel) and of a Welfare Plan (to be paid during fiscal year 2019 based on the results for fiscal year 2018) both defined through two specific Union Agreements that govern the terms and conditions.

**Group Companies****(a) IFIS FINANCE Sp. z o.o.**

The emoluments paid to Directors and employees of the Polish subsidiary, IFIS Finance Sp. z o.o. are consistent with the parameters of the Group remuneration and incentive scheme. In particular:

1. the Directors' mandate was carried out:
  - ✓ by an executive of the Parent Company free of charge and thus without the need to repay emoluments for appointments held by employees of the Parent Company;
  - ✓ by the Vice President of the Parent Company who has carried out the mandate free of charge;
2. a company bonus equal to one month's salary, paid with April 2018 salary and linked to the working period in the year, will be paid to the staff in post as of 31/12/2018 whose employment relationship continues into 2019, and with at least three months' company seniority and a positive professional evaluation for 2018;
3. seven resources were paid a variable component similar to the one in use at the Parent Company for similar roles;
4. total remuneration (fixed and variable) to personnel as of 31/12/2018 (16 people) was €480,696.

**(b) IFIS LEASING S.p.A., IFIS NPL S.p.A., IFIS RENTAL SERVICES S.r.l., AND CAP.ITAL.FIN S.p.A., CREDIFARMA S.p.A.****Introduction**

During fiscal year 2018, the following corporate operations were performed:

- acquisition of 100% of the company Cap.Ital.Fin. S.p.A. on 2 February 2018 (date on which the closing of the operation occurred);
- merger by incorporation of IFIS Leasing S.p.A., with a merger act stipulated on 15 May 2018, with effects as per Art. 2504 bis of the Italian Civil Code from 28 May 2018;
- transfer by Banca IFIS S.p.A. to the subsidiary IFIS NPL S.p.A. of the company branch involved in purchasing and managing distressed credit portfolios, effective 1 July 2018;
- purchase of controlling share of Credifarma S.p.A., which closed on 2 July 2018.

This final Report, therefore, with particular reference to the quantitative data in contained it, has taken into account the new Banca IFIS Group structure and the organisational changes carried out.

### *Quantitative data from subsidiaries' 2018 remuneration policies*

For details of the quantitative data related to the subsidiaries, refer to Table 1 with reference to compensation for members of the Board of Directors and Statutory Auditors, as well as to the Presidents of the Supervisory Body and to “Other Tables” for the remaining personnel (in the second part of this Report).

**2. Part Two: remuneration paid in 2018**

**Table 1: remuneration paid to members of the administration and control bodies, general managers and other executives with strategic responsibilities (figures in thousands of euros)**

Name and surname	Role	Period in office	Expiration of the role	Fixed compensation					Non-equity variable compensation			Total	Fair Value equity compensation	Termination or end of work relationship indemnities		
				Allowance decided upon by the Shareholders' Meeting	Attendance allowances	Compensation for special roles ex Art. 2389 of the Italian Civil Code	Fixed wages and salaries for employees	Supervisory Body Compensation	Compensation for participation in committees	Bonuses and other incentives	Shares in profits				Non-monetary benefits	Other compensation
Sebastian Egon Fürstenberg	President of the Board of Directors	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	-	650	-	-	-	-	-	-	675			
Remuneration at Banca IFIS S.p.A.				25	-	650	-	-	-	-	-	-	675			
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-			
<b>Total</b>				<b>25</b>	<b>-</b>	<b>650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>675</b>			
Alessandro Csillaghy De Pacser	Vice President of the Board of Directors	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	-	500	-	-	-	-	-	-	525			
Remuneration at Banca IFIS S.p.A.				25	-	500	-	-	-	-	-	-	525			
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-			
<b>Total</b>				<b>25</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525</b>			
Giovanni Bossi	Chief Executive Officer	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	-	650	-	-	-	-	650	-	1325			
Remuneration at Banca IFIS S.p.A.				25	-	650	-	-	-	-	650	-	1325			
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-			
<b>Total</b>				<b>25</b>	<b>-</b>	<b>650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650</b>	<b>-</b>	<b>1325</b>			
Giuseppe Benini	Director	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	24	-	-	-	-	-	-	-	49			
	President of the Risk Management and Internal Control Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	-	-	75	-	-	75			
	Member of the Appointments Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	-	-	5	-	-	5			
	Member of the Supervisory Body	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	10	-	-	-	-	10			
Remuneration at Banca IFIS S.p.A.				25	24	-	-	10	-	80	-	-	-	139		
Giuseppe Benini	Director of IFIS NPL S.p.A.	from 1/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	10	-	-	-	-	-	-	-	-	10			
Giuseppe Benini	Director of Credifarma S.p.A.	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	3	0.5	-	-	-	-	-	-	-	4			
Remuneration from Banca IFIS S.p.A. subsidiaries				13.3	0.5	-	-	-	-	-	-	-	13.8			
<b>Total</b>				<b>38</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>153</b>			
Francesca Maderna	Director	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	17,25	-	-	-	-	-	-	-	42			
	Member of the Risk Management and Internal Control Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	-	-	45	-	-	45			
	President of the Remuneration Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	-	-	5	-	-	5			
Remuneration at Banca IFIS S.p.A.				25	17	-	-	-	-	50	-	-	-	92		
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-		
<b>Total</b>				<b>25</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92</b>		
Antonella Malinconico	Director	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	24	-	-	-	-	-	-	-	49			
	Member of the Risk Management and Internal Control Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	-	-	45	-	-	45			
Remuneration at Banca IFIS S.p.A.				25	24	-	-	-	-	45	-	-	-	94		
Antonella Malinconico	Director of IFIS NPL S.p.A.	from 1/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	10	-	-	-	-	-	-	-	-	10			
Remuneration from Banca IFIS S.p.A. subsidiaries				10	-	-	-	-	-	-	-	-	10			
<b>Total</b>				<b>35</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104</b>		
Riccardo Preve	Director	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	23	-	-	-	-	-	-	-	48			
	Member of the Appointments Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	-	-	5	-	-	5			
	Member of the Remuneration Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	-	-	-	-	-	-	5	-	-	5			
Remuneration at Banca IFIS S.p.A.				25	23	-	-	-	-	10	-	-	-	58		
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-		
<b>Total</b>				<b>25</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58</b>		
Marina Salamon	Director	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	21	-	-	-	-	-	-	-	46			
Remuneration at Banca IFIS S.p.A.				25	21	-	-	-	-	-	-	-	-	46		
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-		
<b>Total</b>				<b>25</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46</b>		

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Name and surname	Role	Period in office	Expiration of the role	Fixed compensation					Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value equity compensation	Termination end of work relationship indemnities	
				Allowance decided upon by the Shareholders' Meeting	Attendance allowances	Compensation for special roles ex Art. 2389 of the Italian Civil Code	Fixed wages and salaries for employees	Supervisory Body Compensation	Compensation for participation in committees	Bonuses and other incentives						Shares in profits
Daniele Santosuosso	Director	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	25	20									45		
	Member of the Risk Management and Internal Control Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18						45					45		
	President of the Appointments Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18						5					5		
	Member of the Remuneration Committee	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18						5					5		
	Member of the Supervisory Body	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18					10						10		
Remuneration at Banca IFIS S.p.A.				25	20	-	-	10	55	-	-	-	-	110		
Remuneration from Banca IFIS S.p.A. subsidiaries																
Total				25	20	-	-	10	55	-	-	-	-	110		
Giacomo Bugna	President of the Board of Statutory Auditors	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	105	18									123		
Remuneration at Banca IFIS S.p.A.				105	18	-	-	-	-	-	-	-	-	123		
Giacomo Bugna	President of the Board of Statutory Auditors of IFIS Rental Services S.r.l.	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	30										30		
	President of the Board of Statutory Auditors of IFIS NPL S.p.A.	from 1/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	15										15		
	President of the Board of Statutory Auditors of Capitalfin S.p.A. as of 02/02/2018	from 1/2/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	18										18		
	President of the Board of Statutory Auditors of ex IFIS Leasing	from 1/1/2018 to 28/05/2018	28/05/2018	13										13		
	Remuneration from Banca IFIS S.p.A. subsidiaries				76	-	-	-	-	-	-	-	-	76		
Total				181	18	-	-	-	-	-	-	-	-	199		
Giovanna Ciriotto	Standing Auditor	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	70	18									88		
Remuneration at Banca IFIS S.p.A.				70	18	-	-	-	-	-	-	-	-	88		
Giovanna Ciriotto	Standing Auditor of IFIS Rental Services S.r.l.	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	20										20		
	Standing Auditor of IFIS NPL S.p.A.	from 1/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	10										10		
	Standing Auditor of the Board of Statutory Auditors of ex IFIS Leasing	from 1/1/2018 to 28/05/2018	28/05/2018	8										8		
Remuneration from Banca IFIS S.p.A. subsidiaries				38	-	-	-	-	-	-	-	-	38			
Total				108	18	-	-	-	-	-	-	-	-	126		
Massimo Miani	Standing Auditor	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18	70	15									85		
Remuneration at Banca IFIS S.p.A.				70	15	-	-	-	-	-	-	-	-	85		
Massimo Miani	Standing Auditor of IFIS NPL S.p.A.	from 1/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	10										10		
	President of the Supervisory Body of IFIS NPL S.p.A. as of 28/11/2018	from 28/11/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20					0,5						0,5		
Remuneration from Banca IFIS S.p.A. subsidiaries				10	-	-	-	0	-	-	-	-	10			
Total				80	15	-	-	0	-	-	-	-	95			
Andrea Martin	President of the Supervisory Body	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/18					25						25		
Remuneration at Banca IFIS S.p.A.				-	-	-	-	25	-	-	-	-	25			
Remuneration from Banca IFIS S.p.A. subsidiaries																
Total				-	-	-	-	25	-	-	-	-	25			
Alessandro De Nicola	President of the Supervisory Body of IFIS Rental Services S.r.l.	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20					10						10		
	President of the Supervisory Body of ex IFIS Leasing	from 1/1/2018 to 28/05/2018	28/05/2018					4						4		
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	14	-	-	-	-	14			
Total				-	-	-	-	14	-	-	-	-	14			
Piera Vitali	Standing Auditor of IFIS Rental Services S.r.l.	from 1/1/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	20										20		
	Standing Auditor of the Board of Statutory Auditors ex IFIS Leasing	from 1/1/2018 to 28/05/2018	28/05/2018	8										8		
Remuneration from Banca IFIS S.p.A. subsidiaries				28	-	-	-	-	-	-	-	-	28			
Total				28	-	-	-	-	-	-	-	-	28			
Marina Vienna	Standing Auditor of Capitalfin S.p.A.	from 2/2/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	14										14		
	President of the Supervisory Body of Capitalfin S.p.A.	from 28/11/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20					0,5						0,5		
Remuneration from Banca IFIS S.p.A. subsidiaries				14	-	-	-	0	-	-	-	-	14			
Francesco Natale	Standing Auditor of Capitalfin S.p.A. as of 02/02/2018	from 2/2/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	14										14		
	President of the Board of Statutory Auditors of Credifarma S.p.A. as of 02/07/2018	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	10										10		
	Coordinator of the Supervisory Body of Credifarma S.p.A. as of 02/07/2018	from 02/07/2018 to 31/12/2018	Resignation on 06/02/19 and subsequent appointment BoD of 06/02/2019	-										-		
Remuneration from Banca IFIS S.p.A. subsidiaries				24	-	-	-	-	-	-	-	-	24			
Antonio Guerricchio	Director of Credifarma S.p.A.	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	3	0,5									3,75		
Remuneration from Banca IFIS S.p.A. subsidiaries				3	0	-	-	-	-	-	-	-	-	4		
Maurizio Manna	President of the Board of Directors of Credifarma S.p.A.	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	3	0,5	15								18,93		
Remuneration from Banca IFIS S.p.A. subsidiaries				3	0	15	-	-	-	-	-	-	-	18,93		

Name and surname	Role	Period in office	Expiration of the role	Fixed compensation				Supervisory Body Compensation	Compensation for participation in committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value equity compensation	Indemnity for termination of office or termination of employment
				Allowance decided upon by the Shareholders'	Attendance allowances	Compensation for special roles ex Art. 2389 of the Italian Civil Code	Fixed wages and salaries for employees			Bonuses and other incentives	Shares in profits					
Antonello Pirri	Standing Auditor of Credifarma S.p.A. as of 02/07/2018	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	8										8		
Remuneration from Banca IFIS S.p.A. subsidiaries				8	-	-	-	-	-	-	-	-	-	8		
Marina Vienna	Standing Auditor of Credifarma S.p.A. as of 02/07/2018	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	8										8		
Remuneration from Banca IFIS S.p.A. subsidiaries				8	-	-	-	-	-	-	-	-	-	8		
Marco Alessandrini	CEO of Credifarma S.p.A. (with reversibility of emoluments)	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	3										3,3		
* Remuneration from Banca IFIS S.p.A. subsidiaries				3	-	-	-	-	-	-	-	-	-	3,3		
Massimo Maciocchi	Director of Credifarma S.p.A. (with reversibility of emoluments)	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	3										3,3		
* Remuneration from Banca IFIS S.p.A. subsidiaries				3	-	-	-	-	-	-	-	-	-	3,3		
Silvia Magliocchetti	Director of Credifarma S.p.A. (with reversibility of emoluments)	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	3										3,3		
* Remuneration from Banca IFIS S.p.A. subsidiaries				3	-	-	-	-	-	-	-	-	-	3,3		
Alberto Staccione	Director of Credifarma S.p.A. (with reversibility of emoluments)	from 2/7/2018 to 31/12/2018	Approval of the financial statement as of 31/12/20	3										3,3		
* Remuneration from Banca IFIS S.p.A. subsidiaries				3	-	-	-	-	-	-	-	-	-	3,3		
Alberto Staccione	General Manager	from 1/1/2018 to 31/12/2018	n.a.				308				185	26		519		
Remuneration at Banca IFIS S.p.A.				-	-	-	308	-	-	-	185	26	-	519		
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-		
Total				-	-	-	308	-	-	-	185	26	-	519		
Other executives with strategic responsibilities (three people as of 31/12/2018)				-	-	-	489	-	-	147	-	41	-	677		
Remuneration at Banca IFIS S.p.A.				-	-	-	489	-	-	147	-	41	-	677		
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-		
Total				-	-	-	489	-	-	147	-	41	-	677		
Emanuele Leoni	General Manager of Cap.Ital Fin S.p.A. partially seconded from Banca IFIS S.p.A.	from 11/06/2018 to 31/12/2018	n.a.				33			14		2		49		
Total							33			14		2		49		
Carmine Grieco	General Manager of Cap.Ital Fin S.p.A.	02/02/2018 to 10/06/2018	n.a.				23							23		
Total							23							23		

\*as employees of the Parent Company, they repay the compensation received for the tasks performed at the subsidiaries

## Other tables: monetary incentive plans for members of the administration bodies, general managers and other executives with strategic responsibilities

From the tables set out in Annex 3A, Template No. 7-bis, of the “Issuer Regulations”, tables 3A and 3B are currently applicable to the Banca IFIS Group. These tables are shown below with profit sharing data for the CEO and the General Manager.

**TABLE 3A**

(A)	(B)	(1)	Financial instruments assigned in previous fiscal years, not vested during the year		Financial instruments assigned during the fiscal year					Financial instruments vested during the fiscal year and not attributed	Financial instruments vested during the fiscal year and attributable		Financial instruments booked in the fiscal year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
Surname and Name	Role	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value as of the date of allocation	Vesting period	Date of allocation	Market price on the allocation date	Number and type of financial instruments	Number and type of financial instruments	Value as of the maturity date	Fair value
<b>Bossi Giovanni</b>	Chief Executive Officer												
Remuneration at Banca IFIS S.p.A.		2014 Plan Resolution dated 17/04/2014	-	-	-	-	-	-	-	-	6.013	196.433	-
		2015 Plan Resolution dated 08/04/2015	*4517	3	-	-	-	-	-	-	-	-	-
		2016 Plan Resolution dated 22/03/2016	3.576	3	-	-	-	-	-	-	-	-	-
		2017 Plan Resolution dated 21/04/2017	3.993	3	-	-	-	-	-	-	-	-	-
		2018 Plan Resolution dated 06/03/2018	-	-	**	325.000	2019/2022	**	**				195.000
Remuneration from Banca IFIS S.p.A. subsidiaries		2014 Plan	-	-	-	-	-	-	-	-	-	-	-
		2015 Plan	-	-	-	-	-	-	-	-	-	-	-
		2016 Plan	-	-	-	-	-	-	-	-	-	-	-
		2017 Plan											
		2018 Plan											
<b>Total</b>			<b>12.086</b>	<b>9</b>	<b>-</b>	<b>325.000,00</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>6.013</b>	<b>196.432,85</b>	<b>195.000,00</b>

# BANCA IFIS

(A)	(B)	(1)	Financial instruments assigned in previous fiscal years, not vested during the year		Financial instruments assigned during the fiscal year					Financial instruments vested during the fiscal year and not attributed	Financial instruments vested during the fiscal year and attributable		Financial instruments booked in the fiscal year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and Name	Role	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value as of the date of allocation	Vesting period	Date of allocation	Market price on the allocation date	Number and type of financial instruments	Number and type of financial instruments	Value as of the maturity date	Fair value
<b>Staccione Alberto</b>	General Manager												
Remuneration at Banca IFIS S.p.A.		2014 Plan Resolution dated 17/04/2014	-	-	-	-	-	-	-	-	1.704	55.650	-
		2015 Plan Resolution dated 08/04/2015	*1280	3	-	-	-	-	-	-	-	-	-
		2016 Plan Resolution dated 22/03/2016	1.018	3	-	-	-	-	-	-	-	-	-
		2017 Plan Resolution dated 21/04/2017	1.137	3									
		2018 Plan Resolution dated 06/03/2018			**	92.519	2019/2022	**	**		-	-	55.512
Remuneration from Banca IFIS S.p.A. subsidiaries		2014 Plan	-	-	-	-	-	-	-	-	-	-	-
		2015 Plan	-	-	-	-	-	-	-	-	-	-	-
		2016 Plan	-	-	-	-	-	-	-	-	-	-	-
		2017 Plan	-	-	-	-	-	-	-	-	-	-	-
		2018 Plan											
<b>Total</b>			<b>3.435</b>	<b>9</b>	<b>-</b>	<b>92.519,47</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>1.704</b>	<b>55.650</b>	<b>55.512</b>
<b>(*) The number of shares is calculated at market price on the allocation date. This number will be recalculated at the moment of payment.</b>													
<b>(**) The data of assignable shares with reference to the incentive attributed regarding the year 2018 results will be available following the resolutions of the Ordinary Shareholders' Meeting convened on 19/04/2019</b>													

**TABLE 3B**

(A)	(B)	(1)	(2)			(3)			(4)
Surname and Name	Role	Plan	Annual bonus			Bonus of previous years			Other bonuses
			(A) Payable/paid	(B) Deferred	(C) Deferral period	(A) No longer payable	(B) Payable/paid	(C) Deferred again	
<b>Bossi Giovanni</b>	Chief Executive Officer								
Remuneration at Banca IFIS S.p.A.		2014-2015-2016-2017 Plans	-	-		-	390.000	389.993	-
		2018 Plan Resolution dated 06/03/2018	195.000	130.000	3				
		2014 Plan	-	-	-	-	-	-	-
		2015 Plan	-	-	-	-	-	-	-
		2016 Plan	-	-	-	-	-	-	-
		2017 Plan	-	-	-	-	-	-	-
		2018 Plan							
<b>Total</b>			<b>195.000</b>	<b>130.000</b>	<b>3</b>	<b>-</b>	<b>390.000</b>	<b>389.993</b>	<b>-</b>
<b>Staccione Alberto</b>	General Manager								
Remuneration at Banca IFIS S.p.A.		2014-2015-2016-2017 Plans	-	-	-	-	110.754	110.833	-
		2018 Plan Resolution dated 06/03/2018	55.512	37.008	3				
		2014 Plan	-	-	-	-	-	-	-
		2015 Plan	-	-	-	-	-	-	-
		2016 Plan	-	-	-	-	-	-	-
		2017 Plan	-	-	-	-	-	-	-
		2018 Plan							
<b>Total</b>			<b>55.512</b>	<b>37.008</b>	<b>3</b>	<b>-</b>	<b>110.754</b>	<b>110.833</b>	<b>-</b>

## Schedule relating to the shareholdings of directors, statutory auditors, the general manager and other executives with strategic responsibilities

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

Surname and Name	Role	Investee company	Number of shares owned at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current year
Fürstenberg Sebastien Egon (including shares held indirectly through La Scogliera S.p.A.)	President	Banca IFIS S.p.A	26,966,847	98,105	74,105	26,990,847
Csillaghy Alessandro	Vice President	---	---	---	---	---
Bossi Giovanni	Chief Executive Officer	Banca IFIS S.p.A	1,852,586	6,013*	0	1,858,599
Benini Giuseppe	Director	---	---	---	---	---
Maderna Francesca	Director	Banca IFIS S.p.A	1,070,422	0	0	1,070,422
Malinconico Antonella	Director	---	---	---	---	---
Preve Riccardo (including shares held indirectly through Preve Costruzioni S.p.A.)	Director	Banca IFIS S.p.A	1,244,668	2,832	0	1,247,500
Salamon Marina (held indirectly through Alchimia S.p.A.)	Director	Banca IFIS S.p.A	1,076,247	0	0	1,076,247
Santosuosso Daniele	Director	---	---	---	---	---
Bugna Giacomo	President of the Board of Statutory Auditors	---	---	---	---	---
Ciriotto Giovanna	Standing Auditor	---	---	---	---	---
Miani Massimo	Standing Auditor	---	---	---	---	---
Staccione Alberto	General Manager	Banca IFIS S.p.A	143,949	1,074*	0	145,653

\* the assigning of Banca IFIS treasury shares as part of variable remuneration as per the remuneration and incentive policies approved by the Shareholders' Meeting

**Table 2: shareholdings of other executives with strategic responsibilities**

Table 2: shareholdings of other executives with strategic responsibilities					
Number of executives with strategic responsibilities	Investee company	Number of shares owned at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current year
3 people as of 31/12/2018)	Banca IFIS S.p.A	---	---	---	---

## Other tables

AGGREGATE QUANTITATIVE INFORMATION BY LINES OF BUSINESS OF BANCA IFIS S.p.A.			
BUSINESS LINES	Number	GROSS ANNUAL SALARY	GROSS ANNUAL VARIABLE SALARY
BU Insurance	2	29.809	6.396
BU Corporate Finance	6	467.762	143.152
BU Tax Receivables	26	1.149.708	340.756
BU Commercial Credit	343	14.400.031	2.456.713
BU Pharmacy	8	726.085	86.522
BU International	10	352.562	38.062
BU Leasing	193	4.894.248	778.598
BU NPL - employees up to 30/06/2018	317	4.653.947	508.726
BU Pharma	15	764.322	121.943
General Management - Control Functions**	86	4.614.501	642.916
General Management - Staff and support structures	481	19.786.526	2.509.043
Proprietary Finance	2	69.967	31.436
Special Situations	2	161.365	7.536
<b>TOTAL</b>	<b>1.491</b>	<b>52.070.830</b>	<b>7.671.798</b>

## Notes:

\*\* - The "Control Functions" include 5 employees located at other Companies in the Group

AGGREGATE QUANTITATIVE INFORMATION of IFIS RENTAL Services S.p.A.*		
Number	GROSS ANNUAL SALARY	GROSS ANNUAL VARIABLE SALARY
<b>24</b>	<b>531.047</b>	<b>97.377</b>

## Notes:

\* The table considers the personnel in force as of 31/12/2018.

Values of wages and salaries available as of 01/06/2018.

AGGREGATE QUANTITATIVE INFORMATION of IFIS NPL S.p.A.*		
Number	GROSS ANNUAL SALARY	GROSS ANNUAL VARIABLE SALARY
<b>330</b>	<b>4.764.755</b>	<b>538.955</b>

\* The table considers the personnel in force as of 31/12/2018.

The values are relative to the wages and salaries paid as of the company constitution date, 01/07/2018.

AGGREGATE QUANTITATIVE INFORMATION of CREDIFARMA S.p.A.*		
Number	GROSS ANNUAL SALARY	GROSS ANNUAL VARIABLE SALARY
<b>40</b>	<b>1.615.778,00</b>	<b>120.931,00</b>

## Notes:

\* - The table considers the personnel in force as of 31/12/2018.

**AGGREGATE QUANTITATIVE INFORMATION of CAP.ITAL.FIN S.p.A\***

<b>Number</b>	<b>GROSS ANNUAL SALARY</b>	<b>GROSS ANNUAL VARIABLE SALARY</b>
<b>45</b>	<b>1.238.466,18</b>	<b>35.366,44</b>

**Notes:**

\* -The table considers the personnel in force as of 31/12/2018.

**BANCA IFIS S.p.A.**

<b>Overall recognised remuneration greater than €1 million</b>	<b>No.</b>
€1 million - 1.5 million	1
€1.5 - 2 million	
€2 - 2.5 million	
€2.5 - 3 million	
€3 - 3.5 million	
€3.5 - 4 million	
€4 - 4.5 million	

# BANCA IFIS

AGGREGATE QUANTITATIVE INFORMATION OF "KEY PERSONNEL" (EMPLOYEES ONLY) AT 31 DECEMBER 2018 OF BANCA IFIS S.p.A. AND IFIS NPL S.p.A.								
Banca IFIS Group	No.	FIXED	VARIABLE	AVERAGE VARIABLE % ON FIXED	Cash up front	Equity up front	Deferred cash	Deferred equity
<b>Key Personnel</b>	43	5.065.461	1.583.840	29,45%			159.467	



**Policy on the key personnel identification process**  
**Appendix 1 to the Remuneration Report 2019**

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*March 2019*

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## 1. Version history

Version	Approval date	Summary of amendments
1	07 March 2019	<i>First issue</i>

## 2. Objectives and document management

### 2.1 Document Objectives

This Policy, which forms an integral part of the Remuneration Report, describes the principles and guidelines by which the Parent Company and its Subsidiary Companies define their key personnel identification process. In particular, it governs:

- the criteria and procedures used to identify key personnel, including identifying those who may be excluded;
- the methods with which personnel are assessed;
- the role played by company bodies and competent company departments to develop, monitor and review the identification process.

### 2.2 Intended Audience

This Policy is applicable and released, as appropriate, to all of the Parent Company's organisational units and those of its Subsidiary Companies.

### 2.3 Document Management

This document is managed in accordance with the same process set out for the Remuneration Report, of which this Policy forms an integral part.

Responsibility for the document management process is divided as follows:

	Parent Company			Subsidiaries	
Drafting	Sharing		Approval	Publication	Approval
<u>Responsibility</u> Parent Company's Human Resources	General Manager and Remuneration Committee		Board of Directors	Parent Company's Organisationa l Office	Board of Directors
<u>Support</u> Parent Company's Compliance Office Parent Company's Organisational Office			Shareholders' Meeting		

This policy is agreed with the Compliance Office.

### 3. Introduction

Pursuant to Directive 2013/36/EU of the European Parliament and of the Council, adopted in Italy by the Supervisory Provisions for Banks (Bank of Italy Circular no. 285 of 17th December 2013, 25th amendment, regarding Remuneration and Incentive Policies and Practices, “Bank of Italy Provisions” or “Bank of Italy Circular”), and the information to be given pursuant to Article 450 of EU Regulation no. 575/2013 (CRR), the Bank is obliged to identify on an annual basis the categories of personnel whose professional activities have a substantial impact on the Bank’s risk profile.

To this end, the European legislature, with Commission Delegated Regulation (EU) No. 604/2014 (the “Regulation”), established regulatory technical standards with respect to qualitative and quantitative criteria to identify categories of staff whose professional activities have a material impact on an entity’s risk profile.

These criteria are also set out in the Bank of Italy Circular, which requires all banks to identify the key personnel, applying the Regulation, “with the aim of tailoring the application of the entire set of rules based on the effective capacity of individual company figures to affect the Bank’s risk profile” and to identify and apply “additional criteria to those established in the quoted Commission Delegated Regulation, if necessary, to identify further individuals who take key risks for the bank” (see Bank of Italy Circular no. 285 of 2013, Part One, Heading IV, Chapter 2, Section 1, paragraph 6).

To identify its key personnel, the Bank will apply Commission Delegated Regulation (EU) No. 604/2014 of 4th March 2014. The Parent Company will apply the quoted Regulation to identify the Group’s key personnel, with respect to all Group companies, whether or not they are subject to these regulations on an individual basis. The Bank will identify and apply criteria in addition to those established in the quoted Commission Delegated Regulation, if necessary, to identify further individuals who take key risks for the Group.

The department tasked with preparing the policy on the key personnel identification process, which forms an integral part of the Bank’s Remuneration and Incentive Policies is the Parent Company’s Human Resources department.

The Parent Company’s Compliance Office, as a control department, expresses its opinion as to whether the policy on the key personnel identification process conforms and is in line with the legislative and regulatory framework.

The Risk Management department, as a control department, supports the Human Resources department, as appropriate, in checking whether the quality requirements referred to in Article 3 of Commission Delegated Regulation are met.

The Parent Company’s Internal Audit department, as a control department, carries out post-process checks as to whether the key personnel identification process conforms with this Policy.

As part of the key personnel identification process, Group companies also play an active part, providing the Parent Company’s Human Resources department with documentation and information necessary for the purpose.

The key personnel identification process is made up of the following sub-processes:

- identify the scope of the analysis;
- check whether the process meets the qualitative criteria referred to in Article 3 of the Regulation;
- check whether the process meets the quantitative criteria referred to in Article 4 of the Regulation;
- draft the Self-Assessment document and monitor it;
- submit the Self-Assessment document to the Remuneration Committee and obtain approval from the Board of Directors.

#### 3.1 Company bodies involved in approving the policies on the key personnel identification process

The Remuneration Committee is responsible for presenting this Policy for its subsequent approval by the Board of Directors of the Parent Company and the Shareholders' Meeting.

It is also specified that the Remuneration Committee:

(i) expresses an opinion, also using information received from competent company departments, on the results of the key personnel identification process, including any exclusions, pursuant to Section II, paragraph 6.1 of the Supervisory Provisions; (ii) provides advice and formulates proposals to the Parent Company's Board of Directors regarding remuneration for remaining "key personnel" identified within the Parent Company and other Group companies in accordance with current supervisory provisions; (iii) is responsible for preparing the documentation to be submitted to the Parent Company's Board of Directors for its decisions;

With regard to the activities pertaining to the Board of Directors, reference is made to what specified below in paragraph 3.6 of this document.

For more details on the further roles of the Remuneration Committee, the Board of Directors and the Shareholders' Meeting, as part of the remuneration policies, reference is made to the Remuneration Report (Section I, paragraphs 1.1 to 1.3) .

### **3.2 Identifying the scope of the analysis**

To identify the key personnel, the Parent Company's Human Resources department considers all Group personnel as a whole and also the members of the bodies with strategic supervision, management and control functions, and the Group's employees and contract workers.

The Parent Company's Human Resources department then collects and checks all internal regulations, in order to identify the roles of greater responsibility within the Group's internal organisational structure.

Therefore, the scope of the analysis takes particular consideration of the following roles:

- executive and non-executive members of the Board of Directors;
- General Managers;
- Heads of the Control Departments;
- Heads of the departments that report directly to the Chief Executive Officer and/or to the General Manager (including the Heads of the principal business lines and the Heads of the material company/operating units);
- Heads of second-level organisational units;
- Group contract workers.

### **3.3 Checks as to whether the process meets the qualitative criteria referred to in Article 3 of the Regulation**

Once the scope of the analysis has been defined, Human Resources classifies all of the above roles into the categories referred to in Article 3 of Commission Delegated Regulation, if they meet the requirements.

The Bank also identifies criteria in addition to those established in the quoted Commission Delegated Regulation, in order to follow the Bank of Italy's Supervisory Provisions to pay particular attention to "*executive directors; general managers; joint general managers; vice general managers and similar figures; heads of major business lines, corporate functions or geographical areas; individuals who report directly to strategic supervision, management and control bodies; senior managers and senior staff of company control bodies*" as well as special categories of personnel, such as "*financial and insurance agents and financial advisors who are approved to offer products and services out of branch with external distribution networks*". In particular, Human Resources identifies further individuals whose professional activities and safeguarded risks may have a substantial impact on the Group's risk profile, considering the responsibilities entrusted and activities carried out, managerial levels, powers and capacity to affect, individually and/or jointly, the Group's risk profile. Checks on whether or not these requirements are met will be carried out on the basis of an analysis of internal regulations.

The results of the identification process are suitably reasoned and formalised by Human Resources in the Self-Assessment document, with support, as appropriate, from the Compliance Office and Risk Management department.

### **3.4 Checks as to whether the process meets the quantitative criteria referred to in Article 4 of the Regulation**

Once the key personnel have been defined on the basis of the qualitative criteria referred to in Article 3 of Commission Delegate Regulation, Human Resources will check whether or not quantitative criteria referred to

in Article 4, letters a), b) and c) of Commission Delegated Regulation are met. The results of the identification process are suitably reasoned and formalised by Human Resources in the Self-Assessment document.

#### 3.4.1 Exclusion of key personnel

If the Bank believes that the personnel identified in implementing Article 4, paragraph 1 of Commission Delegated Regulation (EU) No. 604/2014 cannot be considered as key personnel, in accordance with what is set out in paragraph 2 et seq. of the same Article, it will, via its Corporate Affairs department and with guidance from Human Resources:

i) promptly, and in any case within six months of the close of the previous financial year, notify the Bank of Italy in accordance with Article 4, paragraph 4 of Commission Delegated Regulation (EU) No. 604/2014 (i.e. notify of the exclusion of personnel who earn total remuneration equal to or greater than EUR 500,000 and less than EUR 750,000). This notification is accompanied by the information identified in Appendix A referred to in Part One, Heading IV, Chapter 2, Section I of the Bank of Italy's Supervisory Provisions. This notification includes the reasons for the exclusion, providing clear evidence of the conditions on which its decision is founded and clearly distinguishing between the situations set out in letter a) and those in letter b) of Article 4, paragraph 2 of Commission Delegated Regulation (EU) No. 604/2014. Exclusion lasts for one year and refers to the year following that in which the notification is sent, except for exclusions notified for the first time, which will also extend to the year in which the notification is sent. However, no new notification is required for personnel already excluded in the previous financial year, provided that the Bank has verified that there are no changes in the conditions on which its exclusion decision is founded;

ii) promptly, and in any case within six months of the close of the previous financial year, submit an advance authorisation application to the Bank of Italy as set out in Article 4, paragraph 5 of Commission Delegated Regulation (EU) No. 604/2014 (i.e. authorisation for exclusion of personnel who earn total remuneration equal to or greater than EUR 750,000 or personnel who are part of the 0.3% of personnel whose total remuneration was higher in the previous financial year).

This advance authorisation application is accompanied by the information identified in Appendix A referred to in Part One, Heading IV, Chapter 2, Section I of the Bank of Italy's Supervisory Provisions. The Bank of Italy will make its decision known within 3 months of receiving complete documentation. Authorisation lasts for one year and refers to the year following that in which the application is submitted, except for exclusions authorised for the first time, which will also extend to the year in which the application is submitted.

The notification at i) and the authorisation application at ii) may, together, refer to multiple members of personnel or categories of personnel whose exclusion is founded on the same conditions, provided that the individuals for whom exclusion is requested are clearly identifiable and that the same level of information requested in accordance with this paragraph is guaranteed. Authorisation applications for exclusions relating to personnel who earn total remuneration equal to or greater than EUR 1 million (see Article 4, paragraph 5, third sentence of Commission Delegated Regulation (EU) No. 604/2014) are in any case submitted individually for each member of personnel.

### **3.5 Drafting the Self-Assessment document and monitoring it**

Annually, under the responsibility of the Parent Company's Human Resources department, the Self-Assessment document will be drafted; this document constitutes the preparatory phase for preparing the remuneration and incentive policies for Group personnel and it contains:

- the reference internal regulations
- the qualitative and quantitative analysis in accordance with Articles 3 and 4 of Commission Delegated Regulation;
- the number of personnel identified as key personnel;
- the number of individuals identified for the first time;
- the names and individual identifiers;
- the description of their roles and responsibilities of this personnel;

- a comparison with the results of the previous identification process.

The same information refers to any excluded personnel and personnel for whom an exclusion notification or application has been or will be submitted, as governed by paragraph 3.4.1.

The Parent Company's Human Resources department, with support from the Parent Company's Compliance Office, monitors whether the contents of the Self-Assessment document is in line with any organisational changes made in order to assess the need to review the document to ensure that it is in line with the organisational changes made.

### **3.6 Presentation of the Self-Assessment document to the Remuneration Committee and approval from the Board of Directors**

The Self-Assessment document complete with the list of names of individuals who are key personnel will be submitted to the Parent Company's Remuneration Committee for assessment and, if its opinion is favourable, submitted to the Parent Company's Board of Directors for approval.

Following these determinations, Subsidiary Companies follow the indications received and in any case are directly responsible for the compliance with the applicable regulations and for the correct implementation of the guidelines provided by the Parent Company.