

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

BANCA IFIS BANKING GROUP

Board of Directors' Meeting of 3rd March 2015

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

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

The structuring of the remuneration policies of the "risk-takers" expresses a judgement of substantial coherence of the policies and remuneration and incentive scheme practices of the Banca IFIS banking group with the current regulatory framework, with particular reference to the provisions concerning:

- i) the remuneration of the Chairman of the Board of Directors, established to an extent not exceeding that of the Chief Executive Officer;
- ii) the variable component of the remuneration of the Chief Executive Officer and of the General Manager

In summary, the analysis leads to identification of the elements reported below that are relevant in the decision-making and information processes.

Shareholders' meeting

The definition by the Shareholders' Meeting, ex ante:

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

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

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

Board of Directors (Strategic supervisory body)

In addition to that which is provided for the Shareholders' Meeting, the Board of Directors, also availing itself of the support of the Remuneration Committee, carries out strategic supervisory activities through, among other things:

- the definition, subject to the opinion of the Board of Statutory Auditors, of the remuneration of Directors vested with special offices, within the maximum limit set by the Shareholders' Meeting;
- the identification of "risk-takers" within the scope of a self-evaluation process;
- the definition of remuneration and incentive systems for the main personnel categories with, in said context, the definition of the remuneration for the executive directors with strategic responsibilities, Heads of the Internal Audit, Risk Management, Compliance and Anti-money laundering functions, in compliance with the policies approved by the Shareholders' Meeting;
- the definition of the System of proxies for the management of human resources and the examination of the required periodical reporting;
- the examination of the incentive system and relevant financial reports prepared by Top Management;
- the examination of information on the checks carried out on the subject of compliance of the remuneration practices with the approved policies and with the normative context, prepared by the Head of the Internal Audit Function;

all integrated in a process that includes the analysis, evaluation and approval by the Board of Directors of the three-yearly Industrial Plan (updated on an annual basis), of the Risk Appetite Framework, of the policies of government and management of the various risks, of the periodical reports on the results obtained as well as on risk management (deviations of the results compared to forecasts of the Plan, tableau de bord of the business audit functions, the reports of the corporate organs/functions, etc.) and on the exercise of the proxies (on the subject of credit, finance, expenditures, personnel management, etc.)

Risk-takers

The self-evaluation process, aimed at identifying categories of individuals whose professional activity has or may have an impact on the Group's risk profile, until now carried out on an annual basis and developed through the identification and evaluation of the individual positions (responsibilities, hierarchical levels, activities carried out, operational proxies, etc.) makes it possible to always have an updated perimeter of the individuals to whom the remuneration and incentive criteria defined ex-ante apply, with a suitable degree of transparency.

Banca IFIS S.p.A.

Head of the Internal Audit Function

Miceli Ruggero