

**RESULTS OF CHECKS ON COMPLIANCE OF REMUNERATION PRACTICES WITH APPROVED POLICIES
AND THE LEGAL CONTEXT**

BANCA IFIS BANKING GROUP

Board of Directors' Meeting of 23 February 2016

The data examined proved in line with the indications of the Shareholders' Meeting, of the Board of Directors and of applicable reports.

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 Regulatory Bodies, and checks carried out on compliance of remuneration practices with approved policies showed consistent implementation.

The structuring of remuneration policies for 'Risk takers' shows that Banca IFIS Group's policies and remuneration and incentive schemes are coherent with the current regulatory framework.

In short, as regards the decision-making and information processes, the analysis carried out identified the following:

Shareholders' meeting

The definition by the Shareholders' Meeting, ex ante:

- of remuneration policies for directors, employees and collaborators of the Banca IFIS Banking Group with the absence of specific payments at the end of office or at early termination of the relationship for key officers with strategic responsibilities (without prejudice to provisions of the law);
- of a maximum limit to the total amount of payments for members of the Board of Directors per individual financial period, with specific provisions as regards remuneration for the Chairman of the Board of Directors and the Chief Executive Officer;
- of pre-set fixed payments for members of the Board of Statutory Auditors;

allows shareholders to be aware of the total costs of the Governance and Control bodies.

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

Board of Directors (Strategic supervisory body)

In addition to that provided for as regards the Shareholders' Meeting, the Board of Directors, also availing itself of support from the Remuneration Committee, carries out a strategic supervisory role by, among other things:

- defining, subject to the opinion of the Board of Statutory Auditors, remuneration for Directors vested with special offices, within the maximum limit set by the Shareholders' Meeting;
- identifying 'Risk-takers' within the scope of a self-evaluation process;
- defining remuneration and incentive systems for the main personnel categories, particularly the General Manager, Heads of corporate control functions, the Financial Reporting Officer and Managers with strategic responsibilities in important operating units, in compliance with the policies approved by the Shareholders' Meeting;
- defining the Proxy system for the management of human resources and examining the required periodical reporting;
- examining incentive systems and relevant financial reports presented to the Chief Executive Officer;
- examining reports prepared by the Internal Auditing Officer on checks on compliance of remuneration practices with approved policies and the legal context;

all integrated in a process that involves analysis, evaluation and approval by the Board of Directors of the three-year Industrial Plan (updated annually), of the Risk Appetite Framework, of risk management and control policies, of periodical reports on results obtained as well as on risk management (periodical financial reports, deviations of results from Plan forecasts, tableau de bord of business audit functions, of corporate bodies' reports, etc.) and of the exercising of proxies (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, carried out on an annual basis, so far, by identifying and evaluating individual positions (responsibilities, hierarchical levels, activities carried out, operational proxies, etc.) makes it possible to constantly update the perimeter of individuals to whom the remuneration and incentive criteria defined ex-ante apply, with a suitable degree of transparency.

Banca IFIS S.p.A.
Internal Auditing Officer
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