

REPORT ON REMUNERATION

pursuant to art. 123-ter of the Italian Consolidated Finance Act

Banca IFIS S.p.A.

Document approved by the Board of Directors
during the session held on 6th March 2014

Banca IFIS S.p.A. – Registered office in Via Terraglio 63, 30174 Venice–Mestre – Registration number in the Companies Register of Venice and Tax Code 02505630109 – VAT number 02992620274 – REA (Administrative Economic Index) number: VE - 0247118 – Share capital Euro 53,811,095 – Register of Banks no. 5508 - Parent Company of the Banca IFIS Banking Group S.p.A., enrolled in the register of Banking Groups – Member of the Interbank Deposit Protection Fund, of the Italian Banking Association, of the Italian Factoring Association, of Factors Chain International

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Dear Shareholders,

in compliance with art. 123-*ter* of Italian Legislative Decree no. 58 of 24th February 1998 (Consolidated Finance Act or CFA), you have been convened to resolve in favour of or against Section I of this report.

With this document, the Board of Directors of Banca IFIS S.p.A. intends to fulfil the reference regulations referred to in art. 123-*ter* of the CFA, as well as banking sector regulations and the self-regulation rules contained in the Self-regulation Code of Listed Companies, as described in more detail below.

In particular, in view of the possibility granted by Annex 3A, Scheme No. 7-bis, of the “Issuers’ Regulations”, this report – for the purpose of fulfilling, in a single document, the regulations referred to in art.123-*ter* of the CFA and Bank of Italy’s supervisory provisions on the subject of remuneration – includes additional information, in aggregate form, on individuals known as “risk-takers” not included in the scope of application of the aforementioned article of the CFA.

INTRODUCTION

Provisions applicable to the Banca IFIS Banking Group

The provisions applicable to the Banca IFIS Banking Group on the subject of remuneration and incentive systems can be summarised in the following terms:

1. primary and secondary regulations applicable to listed companies
 - a. with Italian Legislative Decree no. 259 of 30th December 2010 transposing the Recommendations of European Commission 2004/913/EC of 14th December 2004 and 2009/385/EC of 30th April 2009 on the subject of remuneration of directors of listed companies, the legislator has added to the Consolidated Finance Act certain provisions on the subject of financial brokerage (Italian Legislative Decree no. 58 of 24th February 1998, known as CFA), art. 123-ter (Remuneration report) containing the requirement to make a Remuneration report available to the public at least twenty-one days prior to the date of the Ordinary Shareholder's Meeting referred to in art. 2364, second paragraph. This report must contain the information required by such regulation as well as additional specific information indicated by CONSOB through special Regulations (resolution no. 18049 of 23rd December 2011);
 - b. through resolution no. 18049 of 23rd December 2011, CONSOB, having heard the opinion of Bank of Italy and ISVAP:
 - deleted paragraph 1 of art. 78 and article 79 of the Regulations issued with resolution no. 11971 of 1999 (as subsequently amended) on the subject of Issuers (hereinafter, the "Issuers' Regulations");
 - added to the Issuers' Regulations art. 84-*quater* (Remuneration report) on the requirement to make the aforementioned report available to the public in compliance with the new "Scheme 7-bis" of Annex 3A of the Issuers' Regulations; such Scheme requires that, should the banks and insurance companies "*wish to produce a single document by which to fulfil the requirements of art. 123-ter of the Consolidated Finance Act and sector regulations, they may include in the remuneration report ... information in aggregate form on risk-takers not included within the scope of application of art. 123-ter of the CFA*";
 - added to art. 65 of the Issuers' Regulations the following paragraph 1-*quater*: *<<the term "executives with strategic responsibilities" is used to refer to the individuals described as such by Annex 1 of CONSOB Regulation no. 17221 of 12th March*

2010 setting out provisions on transactions with related parties, as subsequently amended >>;

2. secondary regulations applicable to Banks and Banking Groups

- a. general criteria and guidelines on the subject of corporate governance and organisation approved as a matter of urgency by the Italian Ministry of Economics and Finance, acting as President of the Inter-ministerial Committee for Credit and Savings (CICR), with Ministerial Decree of 5th August 2004;
- b. “Supervisory provisions on the subject of corporate governance and organisation of banks” of 4th March 2008, as amended by the Measure of 30th March 2011 referenced here below;
- c. measure of 30th March 2011 with which Bank of Italy issued new “provisions on the subject of remuneration and incentive practices and policies in banks and banking groups” (hereinafter also referred to as the “Supervisory provisions” or the “Provisions”), implementing European Community Directive 2010/76/EU (known as CRD III). During the month of December 2013, Bank of Italy subjected to consultation a few amendments to the Measure in order to transpose the new European Community provisions contained in Directive 2013/36/EU (known as CRD IV), which updates the overall prudential regulations for banks and investment firms;
- d. Bank of Italy’s Circular no. 263 “New prudential supervisory provisions for banks”, (Title IV – information to the public) which requires the publication of information on the subject of “remuneration and incentive practices and systems” (Table 15), at least once a year within the terms established for the publication of financial statements;
- e. supervisory provisions on the subject of “Transparency in banking and financial services and transactions – Fairness of relationships between intermediaries and customers” of 29th July 2009, which require, *inter alia*, the adoption of forms of remuneration and evaluation of sales network personnel that do not constitute an incentive to market products which are not suited to the customers’ financial needs;
- f. communication of 3rd March 2012 on “Financial Statements for 2012: evaluation of receivables, remuneration and dividend distribution”, forwarded to the banks including through specific communication;
- g. provisions contained in Bank of Italy’s “Communication for collection of data on remuneration at banks and SIMs (Securities Brokerage Firms) issued in order to transpose the EBA guidelines of 27th July 2012 on the collection of information by Bank of Italy.

3. self-regulation rules of listed companies

- a. Corporate Governance Code of Listed Companies (hereinafter “Code” or “Corporate Governance Code”), with specific reference to article 6, Remuneration of directors. In the format made available to listed companies by Borsa Italiana S.p.A. in January 2013 for the preparation of the “Report on corporate governance and ownership structures” pursuant to art. 123-*bis* of Italian CFA, one of the suggestions made is to provide information on the subject of remuneration by referring to the main sections of the remuneration report *ex art. 123-ter* of Italian CFA.

Composition of the Banca IFIS Banking Group

The Banca IFIS Banking Group currently consists of the Parent Company Banca IFIS S.p.A. and of the wholly-owned subsidiary IFIS Finance Sp. z o.o., with office in Warsaw (Poland).

Business areas of the Banca IFIS Banking Group

The Banking Group currently carries out its activity in the following areas of operation:

- *factoring*, in Italy and abroad; the activity abroad is carried out through the Parent Company’s internal departments (International Area) and through the subsidiary IFIS Finance; the financial assistance and credit management offer is mainly aimed at the sector of small and medium-sized companies; the permanent purchasing activity concerns on the other hand, receivables due from providers of the National Healthcare Service;
- purchase and management of non-performing loans;
- purchase and management of tax credits;
- *online* collection through the *rendimax* savings account and the *contomax* current account; although these tools do not represent a specific business line for the bank, because of the type of activity and the dimensions achieved by the collection, they are fully entitled to be classified amongst the Parent Company’s operational segments.

Company treasury activities are complementary to the aforementioned activities; although at times their contents are especially significant, they do not modify the mission of the Banking Group, which continues to be aimed at providing financial assistance and credit management.

SECTION I

Based on the instructions provided by Annex 3A, Scheme No. 7-*bis*, of the Issuers' Regulations, "...with reference to the members of the board of directors, general managers and other executives with strategic responsibilities...", this Section illustrates the remuneration policy of the Banca IFIS Banking Group and the procedures used to adopt and implement such policy.

Moreover, additional information is provided, specifically on the policy concerning "risk-takers" (according to the definition contained in the supervisory provisions), with a view to also fulfil banking-sector regulations through a single document.

1. Corporate bodies and individuals involved in the preparation, approval and implementation of remuneration policies

The role of corporate Bodies, control Functions and other company Functions is described in the Articles of Incorporation and/or in the company regulations, and it complies with Bank of Italy's supervisory provisions. This role is summarised here below.

1.1 Role of the Shareholders' Meeting

According to the provisions of art. 10 of the Articles of Incorporation, the Ordinary Shareholders' Meeting, "*in addition to determining the remuneration to be paid to the bodies appointed by the same Meeting, also approves:*

- *the remuneration policies in favour of directors, employees or associates not employed by the company;*
- *any remuneration plans based on financial instruments.*

The Shareholders' Meeting is adequately informed on the implementation of remuneration policies".

1.2 Role of the Board of Directors

The Board of Directors, as per the resolution adopted by the Shareholders' Meeting held on 30th April 2013, consists of:

- Sebastien Egon Fürstenberg (Chairman of the Board of Directors);
- Alessandro Csillaghy (Deputy Chairman of the Board of Directors; Executive Director);
- Giovanni Bossi (C.E.O.);
- Giuseppe Benini (Independent Director; Lead Independent Director);
- Francesca Maderna (Independent Director);

- Andrea Martin;
- Riccardo Preve;
- Marina Salamon;
- Daniele Santosuosso (Independent Director).

On a yearly basis, the Board of Directors adopts and reviews the remuneration policy, including for the purpose of reporting and formulating proposals to the Shareholders' Meeting.

During the preliminary phase, the Board avails itself of an internal Committee, as specified later on in the document. This Committee is assigned the task of making sure that company functions are involved in the process of preparing and checking the remuneration policies and practises. The main Parent Company functions involved are the Human Resources Area and the Strategic Planning and Management Control Function for the preparation and implementation, as well as the Risk Management Function, the Compliance and Anti-Money laundering Function and the Internal Audit Function for the consulting and control profiles.

The Board of Directors defines the remuneration and incentive systems for the "risk-takers" (as defined by Bank of Italy's supervisory provisions and the self-evaluation conducted from time to time by the Board itself), falling within the following categories:

- directors with executive tasks;
- general manager and heads of the main business lines, company functions or geographical areas, as well as those who report directly to corporate bodies with strategic supervision, management and control functions;
- managers and higher-level personnel of the internal control functions.

With regards to employees, as of the preparation date of the financial statements, the Banca IFIS Executives with strategic responsibilities are:

- the General Manager;
- the Financial Reporting Officer.

Pursuant to art. 14 of the Articles of Incorporation, *"the Board of Directors is exclusively responsible for resolutions concerning:*

...

- *the appointment, revocation and remuneration of members of Top Management;*
- *the evaluation of the consistency of the remuneration and incentive system with the Bank's long-term strategies, ensuring that the system is such as to not increase company risks".*

1.3 Role of Top Management

Top Management (consisting of the C.E.O. and General Manager) handles the tangible implementation of the remuneration policy.

Pursuant to art. 17 of the Articles of Incorporation, *“The General Manager handles the implementation of the C.E.O.’s management directives and assists the latter in executing the resolutions adopted by the Board of Directors”*.

2. Composition, responsibilities and functioning of the Appointment and Remuneration Committee

The drafting of this chapter also takes into account the format provided by Borsa Italiana S.p.A. for the Report on corporate governance and ownership structure pursuant to art. 123-*bis* of the CFA.

Composition, functioning and meetings of the Appointment and Remuneration Committee (ex art. 123-*bis*, paragraph 2, letter d) of Italian CFA)

During the course of 2012, the Board of Directors adopted a resolution that changed the “Remuneration Committee” into the “Appointment and Remuneration Committee”, amending the relevant Regulations. The decision to assign to a single internal committee the tasks of both the “Appointment Committee” and of the “Remuneration Committee” was due to:

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

During the course of 2013, the Committee’s composition changed following a resolution adopted by the Shareholders’ Meeting of 30th April 2013. The Board of Director now consists of the following members: the Chairman Sebastien Egon Fürstenberg (non-executive and not independent), Francesca Maderna (independent and non-executive director) as Chairman of the Committee, and Daniele Santosuosso (independent and non-executive director).

In view of the members’ *curricula vitae*, the Board has expressed an opinion of compliance of the Board’s composition with applicable legislative provisions, especially with regards to the experience acquired by Francesca Maderna on the subject of finance and remuneration policies.

The Committee stays in office for three years and meets periodically, including in video/telephone conference, any time the need arises in connection with the tasks assigned to it.

The Regulations in force were approved by the Board of Directors during the meeting of 19th December 2012, including the functions of the “Appointment Committee” in said regulations.

The Regulations require that the Chairman of the Parent Company's Board of Statutory Auditors, or another Standing Auditor appointed by the Chairman from time to time, also participate in the Committee's activities; in any event, other members of the Board of Statutory Auditors can participate as well. Moreover, the Regulations provide for the possibility of participation by the Parent Company's C.E.O. and General Manager, unless the agenda includes topics that concern them, and the ban, for the other directors, to take part in meetings of the Committee during which proposals are made to the Board of Directors concerning their remuneration. The Committee's Chairman evaluates, in connection with the topics to be discussed, the opportunity of having the Head of the Risk Management Function participate in the meetings, for the purpose of ensuring that the incentive systems are adequately correct to take into account all risks undertaken by the Banking Group, according to methods consistent with the ones adopted for risk management for regulatory and internal purposes. Lastly, the Committee may request the presence of:

- external consultants expert on the topic of remuneration policies, which may also be identified amongst the Parent Company's members of the Board of Directors, provided that such experts do not provide, at the same time, to the Human Resources Areas, to the executive directors or to the risk-takers of the Parent Company and/or of other Group subsidiaries, services significant enough to concretely compromise the independent opinion of said consultants;
- any other representative or company employee of the Parent Company or of another Group subsidiary.

Functions of the Committee

At least once a year, the Committee evaluates the adequacy, overall consistency and tangible application of the Group's remuneration policies approved by the Parent Company's Shareholders' Meeting. With the same minimum frequency, the Committee reports to the Parent Company's Board of Directors and Shareholders' Meeting on the activity carried out. Consequently, the Chairman or at least one member of the Committee is required to attend this Meeting.

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

- providing consulting services and formulating proposals to the Parent Company's Board of Directors concerning the remuneration of company representatives (including executive directors and other directors vested with special offices), of executives with strategic responsibilities and of the heads of the internal control functions of the Parent Company and of the Group's other subsidiaries, as well as on the definition of performance objectives related to the variable component of said remuneration;

- providing consulting services on the subject of determining criteria for the remuneration of the remaining “risk-takers” identified within the Parent Company and the other Group subsidiaries, in compliance with the supervisory provisions in force;
- directly supervising the proper application of rules pertaining to the remuneration of the heads of the internal control functions of the Parent Company and of the other Group subsidiaries, working closely with the Board of Statutory Auditors;
- handling the preparation of the documentation to be submitted to the Parent Company’s Board of Directors for the relevant decisions;
- cooperating with the Parent Company’s Control and Risks Committee, in case the coincidence of a significant component of the members of the two Committees fails to guarantee such cooperation *ipso facto*;
- ensuring the involvement of the Internal Audit Function, of the Human Resources Area, of the Strategic Planning Function, of the Risk Management Function and of the Compliance Function of the Parent Company during the preparation and control process of the Group’s remuneration policies and practises;
- monitoring the application of decisions adopted by the Board of Directors of the Parent Company and of the other Group subsidiaries on the subject of remuneration and, specifically, to express itself, also using the information provided by the company departments on the achievement of performance objectives on which the incentive plans are based and on the verification of the other conditions established for the disbursement of the payments;
- formulating proposals to the Parent Company’s Board of Directors with regards to the assignment criteria of stock options or shares in favour of the Group’s directors and employees;
- with regards to the latter, if possible, providing an interpretation in controversial cases and adjusting the assignment conditions of each tranche as well as regulating the exercise of emerging rights in case of transactions of an extraordinary nature on the Parent Company’s capital (mergers, increases in capital for free or against payment, fractioning or grouping of shares, etc.).

Minutes are taken of all Committee meetings, and the latter are recorded in the relevant register.

The Committee is entitled to access all company information which may be relevant for the performance of its duties.

Meetings of the Committee

During the course of 2013, the Committee met for a total of 9 times. Meetings are preceded by discussions between the members and/or by a preliminary individual review of the documentation.

The meetings lasted for an average of 30 minutes. The Committee did not avail itself of the services of external consultants.

All members in office took part in the meetings held during 2013. The C.E.O. attended the meetings when the topics that were being discussed did not concern him. The Chairman of the Board of Statutory Auditors also participated in the meetings, and another Standing Auditor appointed by the Chairman also attended two of the meetings.

During the course of these meetings, the Committee expressed its opinions with regards to the following topics;

- incentive system for the Commercial Network;
- information on the remuneration of “risk-takers”;
- implementation of the remuneration policies approved by the Shareholders’ Meeting and needs for review;
- proposal concerning the remuneration of the heads of the internal control Functions and of the Head of Human Resources Area;
- information on checks on the subject of compliance of the remuneration practises with the regulatory context;
- revision of the remuneration policies approved by the Shareholders’ Meeting of 27th April 2012.

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

In 2014, a meeting has already been held in order to review the remuneration of two individuals belonging to the “risk-takers” category. Moreover, at least two other meetings of the Committee are expected to take place for the purpose of expressing its evaluations (early enough to allow them to be discussed by the Board of Directors and/or the Shareholders’ Meeting):

- on this report on remuneration pursuant to art. art. 123-*ter* of the Issuers’ Regulations;
- on the preliminary inquiry carried out by the company departments for the purpose of verifying and updating the risk-takers’ self-evaluation document;
- on the remuneration (and/or on the determination of remuneration criteria) of risk-takers (performance of consulting and/or proposal tasks);
- on the checks carried out by the Internal Audit Function on the subject of compliance of the remuneration practises with the policies and with the regulatory context.

Depending on how the reference regulatory framework evolves, it is also likely that an additional meeting will be needed following the issuing of Bank of Italy’s supervisory provisions, for example to review the salaries paid to directors vested with special offices (the Chairman in particular).

3. Independent experts involved in preparing the remuneration policy

No independent experts were involved in the preparation of the remuneration policy of the Banca IFIS Banking Group.

4. Purposes and principles of the remuneration policy

4.1 Purposes pursued with the remuneration policy

Suitable remuneration and incentive mechanisms for directors and management can foster competitiveness and proper governance. Remuneration, specifically of individuals who cover important positions within the Bank, tends to attract and keep within the company individuals with professionalism and skills suited to the needs of the Banca IFIS Banking Group.

At the same time, remuneration systems should not be in contrast with company objectives and values, long-term strategies and prudent risk-management policies of the Bank, as per the provisions in the area of prudential control process.

The remuneration and incentive system of the Banca IFIS Banking Group draws upon the following principles:

- making company performance consistent with the Group's objectives of sustainable growth;
- stimulating and recognising individual contributions, generating motivation in the people concerned;
- developing loyalty in one's personnel by tying them to the company including through medium/long-term systems;
- searching for the best balance between the interests of the various stakeholders;
- focusing attention on risk mitigation policies;
- fostering respect for legality and discouraging any violation;
- avoid creating situations of conflict of interests.

4.2 Principles and contents of the policies set for 2013

4.2.1 Principles approved by the Shareholders' Meeting of 30th April 2013

The contents of the document entitled "Remuneration policies in favour of executives, employees and associates of the Banca IFIS Banking Group S.p.A.", approved by the Shareholders' Meeting of 27th April 2012, were revised in 2013 within the scope of the "Report on remuneration pursuant to article 123-*ter* of the Italian CFA" submitted to the approval of the Shareholders' Meeting of 30th April 2013 (hereinafter, the "Report").

The "Report" is available on the Bank's website in the section "Corporate Governance" (path>Shareholders' Meetings>2013), where the minutes of the Meeting of 30th April 2013 can also be found, pursuant to art. 125-*quater* of Italian CFA.

The Group's remuneration policies were also defined by taking into account the proportionality criteria associated with the characteristics, dimensions and complexity of the activity carried out. In this context, the following elements are particularly relevant:

- the Banca IFIS Banking Group falls within Class 2 intermediaries (total assets over Euro 3.5 billion and use of standardized methods for measuring/assessing risks and for determining the relevant internal capital), with a dimensional level still far from the level needed to be included in the list of “major” banking groups (total assets over Euro 40 billion);
- Banca IFIS, listed in the STAR segment of the Italian Stock Exchange, features a significant concentration of capital. The determining factors that affect the listing on the stock market, which presents a floating content, can be significantly influenced by external elements, such as the overall trend of the stock exchange and/or the specific trend of bank shares;
- the business developed by the Group is mainly addressed to activities with quantifiable risks that are basically expressed in the short term. In this context, the following activities are particularly relevant in terms of size:
 - ✓ factoring, which represents the main source of credit and counterparty risk towards the customers. This activity, mainly aimed at assignors in the small and medium business market segment, focuses on the financing of short-term trade receivables, usually for periods that do not exceed six months with the exception of receivables due from the Public Administration, which usually have average collection times of up to twelve months;
 - ✓ the treasury activity, the main source of credit and counterparty risk towards financial institutions and concentration risk as well as market, interest rate and liquidity risk. This activity is mainly carried out through a bonds portfolio consisting of bonds eligible from the Central European Bank with average residual life of less than two years.

The remaining activities, in terms of type, dimensions and/or management modes, also do not contain significant risk elements in the medium term.

Such considerations have an impact on:

- the definition of criteria used to determine the variable component of the remuneration, in which context there are no plans to pay part of the remuneration in company shares and/or in instruments associated with said shares;
- the identification of “risk-takers” as provided for by the provisions of Bank of Italy of 30th March 2011;
- the definition of Group remuneration policies using different methods depending on the category the personnel belongs to;
- the plan, for part of the “risk-takers” and, more generally speaking, for the remaining personnel, to not distribute part of the variable pay with a long-term deferral.

The Bank asks its employees to refrain from undertaking personal coverage strategies or insurance on their wages or on other aspects that may alter or invalidate the risk alignment effects inherent the remuneration mechanisms which are applied to them.

4.2.2 Self-evaluation process of “risk-takers”

4.2.2.1 Parent Company’s “risk-takers”

At Banca IFIS, according to the self-evaluation process, the following categories represent the risk-takers:

- Directors with executive tasks (two directors);
- General Manager;
- Heads of control functions (as identified by Bank of Italy’s provisions of 30th March 2011);
- Heads of the main business lines, company functions and other employees considered to be “risk-takers” but not part of the control functions. This category can be further subdivided into:
 - ✓ Heads of company functions that report directly to the bodies with strategic, managerial and control supervision functions (Communication Function and Investor Relations Function);
 - ✓ Heads of the main business lines (Commercial Area Italy, International Area, Non-Performing Loans Area, Customers Area, Debtors Area, Treasury Area, Problematic Loans Area);
 - ✓ Heads of other important company functions and/or additional “risk-takers” as per instructions provided by Bank of Italy (Organisation and IT Systems Area).

The category of “risk-takers” does not include additional resources of the aforementioned Functions/Areas, regardless of their contractual qualification, as well as the heads or higher-level personnel of other company Functions or Areas since the activities carried out by such individuals, and more generally speaking by the departments for which they are responsible, though not averse to generating and managing risks, are carried out with a view to limit risks and/or in support of the company’s operations, also crossing over into other departments. More specifically, the following are not relevant for the purpose of identifying “risk-takers”:

- certain General Manager’s staff functions;
- certain operational Areas;
- certain operational Areas managed by resources already included among “risk-takers”.

4.2.2.2 Subsidiaries' "risk-takers"

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

4.2.3 Remuneration of directors

The drafting of this paragraph also takes into account the format provided by Borsa Italiana S.p.A. for the Report on corporate governance and ownership structures pursuant to art. 123-bis of the CFA.

Remuneration policy

After the appointment of the current directors by the Shareholders' Meeting of 30th April 2013, the Board of Directors, as part of the remuneration policy decided by the shareholders, established the remuneration of executive directors, of other directors vested with special offices and of the General Manager. During the course of 2013, the Board adopted the following resolutions:

- to raise to € 40,000.000 the portion of the Bank's consolidated profit, before current taxes for the period only, on which the percentages of 1.5% and 0.75% established for determining the variable pay of the C.E.O. and of the General Manager are not applied;
- to set a limit of 100% for the C.E.O. and 60% for the General Manager of the Gross Annual Salary for the incidence of the variable pay over the fixed pay.

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

- a) the fixed component and the variable component are suitably balanced in relation to the Issuer's strategic objectives and risk management policy, also taking into account the sector and the characteristics of the business actually carried out;
- b) maximum limits are set for the variable components;
- c) the fixed component is enough to remunerate the director's services should the variable component not be paid due to failure in achieving the assigned performance objectives;
- d) the economic results on which the payment of the variable components is based are determined in advance, measurable and associated with the creation of value for the shareholders over a medium/long-term horizon;
- e) the payment of a significant portion of the variable component of the remuneration is deferred for a suitable time span with respect to the moment on which it is accrued; the measurement of said portion and the length of the deferral are consistent with both the

characteristics of the business carried out and the associated risk profiles and with sector regulations (Bank of Italy's supervisory provisions);

- f) within the Banca IFIS Banking Group there is no indemnity for early termination of the director's employment relationship or its non-renewal.

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

Remuneration plans based on shares

The issuing of any new plans, pursuant to the Articles of Incorporation, is submitted to the approval of the Shareholders' Meeting.

Remuneration of executive directors

In addition to a fixed recurring amount, the remuneration of the C.E.O. includes a variable portion equal to 1.5% of the bank's consolidated profit before taxes for the period only, for the portion exceeding Euro 40 million.

The payment of 40% of the variable component of the remuneration to the C.E.O. is subject to a three-year deferral, and such payment is not made if:

- the bank's consolidated result, before taxes for the period only, is negative for one or more of the three periods that closed after the determination of the variable component;
- the "total capital" is less than the "total internal capital" in the "ICAAP Report" to be submitted every year to Bank of Italy for one or more of the three periods that closed after the determination of the variable component;
- during the three-year deferral period, the C.E.O. has voluntarily resigned from the office or the Shareholders' Meeting has resolved on his revocation for just cause.

The sums subject to deferral are revaluated annually at the legal rate in force from time to time.

The amount of the C.E.O.'s variable pay is in any event subject to compliance with the overall limit for remuneration of the Board of Directors established by the Shareholders' Meeting, from which all the other remuneration which the Board decides to pay to other members for any reasons are first deducted.

The Deputy Chairman's remuneration consists of a fixed recurring pay established by the Board of Directors upon proposal by the Appointment and Remuneration Committee. The basic absence of managerial proxies within the scope of the tasks assigned to the Deputy Chairman means that a remuneration not tied to the achievement of specific performance objectives is considered adequate.

Remuneration of executives with strategic responsibilities

The General Manager's remuneration consists of an all-inclusive Gross Annual Salary (GAS) and of a variable pay, equal to 0.75% of the bank's consolidated result before taxes for the period only, for the portion exceeding Euro 40 million. The variable portion cannot exceed the limit of 60% of the GAS.

The payment of 40% of the variable component of the General Manager's remuneration is subject to a three-year deferral, and such payment is not made if:

- the bank's consolidated result, before taxes for the period only, is negative for one or more of the three periods that closed after the determination of the variable component;
- the "total capital" is less than the "total internal capital" in the "ICAAP Report" to be submitted every year to Bank of Italy for one or more of the three periods that closed after the determination of the variable component;
- during the three-year deferral period, the General Manager has voluntarily resigned from the office (save for the request for retirement) or the Board of Directors has resolved on withdrawal for just cause from the employment contract.

The sums subject to deferral are revaluated annually at the legal rate in force from time to time.

The remuneration paid to the only other Executive with strategic responsibilities identified for 2013, in addition to the General Manager, consists of a fixed recurring pay and a variable portion decided by the Board of Directors upon proposal of the Appointment and Remuneration Committee. The variable portion is not significant compared to the remuneration, and it is not tied to the achievement of specific performance objectives in view that such executive is assigned the responsibility of a control function.

The determination of the remuneration of executives with strategic responsibility was decided in compliance with the remuneration policy established by the Shareholders' Meeting.

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

The Financial Reporting Officer and the Head of the Internal Audit Function (as well as the other Heads of control Functions, including the new position of Chief Risk Officer) are excluded from the stock option plans, in compliance with supervisory provisions on the subject.

Any variable components of the remuneration for the Head of the Internal Audit Function and of the Financial Reporting Officer are submitted to the approval of the Board of Directors, subject to the opinion of the Appointment and Remuneration Committee.

Remuneration of non-executive directors

The remuneration of non-executive directors is not tied to the economic results obtained by the Bank.

Moreover, said directors are not the recipients of incentive plans based on shares.

Non-executive directors are also reimbursed for expenses incurred during the performance of their duties.

Individual contracts and indemnity in case of termination of the employment/director relationship

The Bank has not entered into any agreements with directors which provide for indemnities in case of resignation or dismissal/revocation without just cause or in case their employment relationship is terminated following a public purchase offer (art. 123-*bis*, paragraph 1, letter i) of the CFA).

At present, no indemnities are envisaged in case of termination from office or cancellation of the employment relationship for Executives with strategic responsibilities.

Usually, the Company does not enter into agreements aimed at governing *ex-ante* the early termination of the employment relationship at the Company's or at the individual's initiative, in any event without prejudice to the obligations of the law and/or the National Collective Labour Agreement (CCNL).

4.2.4 Risk-takers of the control functions

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

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

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

The process adopted to determine the remuneration nevertheless excludes incentive mechanisms associated with the economic results of both Banca IFIS and the Group as a whole. The heads of the control functions are therefore excluded from any stock option plans.

At the time of hiring, without prejudice to the consulting and proposal role of the Appointment and Remuneration Committee, the relevant remuneration is determined by:

- the Board of Directors for risk-takers of the control functions in staff the same Board or to the C.E.O. (presently the Head of the Internal Audit Function, the Compliance and Anti-money laundering Function, the Risk Management Function and the Financial Reporting Officer). For operational fluidity requirements, the Board of Directors, when reviewing the possible candidates, having heard the opinion of the Appointment and Remuneration

Committee, may delegate to the C.E.O. the task of defining the contract, indicating the reference parameters. Once the formalisation is completed, the C.E.O. duly informs the Committee and the Board;

- the C.E.O. for the remaining risk-takers of the control functions (at present the Head of the Human Resources Area). Once the formalisation is completed, the C.E.O. duly informs the Committee and the Board.

At least once a year, the Committee analyses the individual positions and, having heard the opinion of the C.E.O. as well as of the General Manager in connection with the Heads of the Functions in staff the same Committee:

- expresses its opinion and, if necessary, formulates proposals to the Board of Directors as regards the risk-takers of the Internal Audit, Compliance and Anti-money laundering and Risk Management Functions and for the Financial Reporting Officer;
- expresses its opinion and, if necessary, formulates proposals to the C.E.O. with regards to the risk-takers of the other internal control functions. The Board of Directors is duly notified of the decisions taken.

During the evaluation, the following aspects are taken into account: the level of risk supervision, any problems arising with regards to the latter, the individual salary situation of recent years as well as any other additional element in said context deemed useful for the overall evaluation.

<u>Fixed pay</u>	<u>Variable pay</u>
maximum % increase over previous year's Gross Annual Salary	maximum % over the previous year's Gross Annual Salary, regardless of any company bonus, paid according to generalised criteria
20%	15%

4.2.5 Additional risk-takers employed by the Parent Company

This category includes the Heads of the main business lines, the Heads of company functions and other employees of the Parent Company included, at the end of the self-evaluation process, in the group of "risk-takers" and not belonging to the category of heads of internal control functions.

The Appointment and Remuneration Committee has a consulting role in the determination of remuneration criteria which are annually submitted to the review of the Board of Directors.

At the time of hiring, the remuneration of said personnel is defined by the C.E.O., who then notifies the Committee during the next meeting.

Subsequent adjustments to the fixed and/or variable remuneration are defined by the C.E.O. within the scope of the criteria indicated below. At least once a year, the C.E.O. informs the Committee with regards to the decisions taken.

Though in a context of an evaluation of a strictly qualitative nature, access to the variable portion (to be paid after approval of the financial statements for the period following the one in question) is conditional upon exceeding the minimum limits specified here below for the following quantitative parameters:

- Group solvency ratio of at least 9%;
- Bank's consolidated profit before income taxes for the period equal to at least 5% of the net consolidated book equity before the profit for the period.

Failure to achieve one or both of these parameters results in the zeroing out of the variable portion, if any.

At the end of the qualitative evaluation (as for the variable pay) and/or based on additional elements (as for the fixed pay), provided that the quantitative parameters defined *ex ante* are complied with, the C.E.O. determines the remuneration within the following maximum percentage values.

Heads of the commercial business areas: Commercial Area Italy, International Area, Non-Performing Loans Area

<u>Fixed pay</u>	<u>Variable pay</u>
maximum % increase over previous year's Gross Annual Salary	maximum % over the previous year's Gross Annual Salary, regardless of any company bonus, paid according to generalised criteria
20%	80%

Other risk-takers

<u>Fixed pay</u>	<u>Variable pay</u>
maximum % increase over previous year's Gross Annual Salary	maximum % over the previous year's Gross Annual Salary, regardless of any company bonus, paid according to generalised criteria
20%	50%

4.2.6 Subsidiaries' risk-takers

IFIS Finance Sp. z o.o.

The current directors of IFIS Finance Sp. z o.o., included among Parent Company's risk-takers, do not receive remuneration from the Subsidiary, in application of the policies approved by Banca IFIS Shareholders' Meeting of 30th April 2013 (in general terms, it is nevertheless envisaged that any remuneration for administrative or control offices covered by employees of the Parent Company be paid to the latter).

4.2.7 Remuneration of non-employees

The Group may also avail itself of non-employees, whose relationship can basically be traced back to two types of contracts:

- consulting contracts
- project-based contracts.

For consulting-type contracts, *ad personam* tasks can be assigned, establishing the contents of the consulting activity, the fee to be paid (or criteria for its determination) and the relevant payment methods.

Project-based contracts, on the other hand, can be entered into with individuals assigned the task, under no employment relationship, of carrying out certain specific projects for which the contents, the expected results, and the execution times are specifically defined.

The remuneration for these types of contracts is determined in close relationship with the utility gained by the work of the associates, taking into account their professionalism, the complexity of the job and the rates of the reference market.

4.3 Changes to the policies for 2014

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

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

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

In view of the contents of this report, the needs for changes concerning 2014 arise from the considerations drawn on the subject of the future impact of the full transposition into national legislation of the provisions referred to in Directive 2013/363/EU (CRDA) as well as by certain revisions in relation to the Parent Company’s structure and organization chart (with the consequent updates in the identification of “risk-takers”).

4.3.1 Remuneration of directors

In addition to a fixed recurring amount, the remuneration of the C.E.O. includes a variable portion to be paid provided that, as of 31st December of the reference year, the “total capital” is not lower than the “total internal capital” indicated in the “ICAAP Report” to be forwarded on an annual basis to Bank of Italy. The variable portion is equal to 1.5% of the Bank’s consolidated result, before taxes for the period only, for the portion in excess of € 40 million. In any event, the ratio of variable component over the fixed component cannot exceed 1:1.

A variable remuneration that exceeds 50% of the fixed salary is considered a particularly high amount; in that case, the percentage to be deferred, already usually set at 40% of the variable portion, will be increased to 60%.

The portion of the C.E.O.’s variable remuneration is subject to a three-year deferral, and it is not paid if:

- for one of the three periods that closed after the determination of the variable component, the bank’s consolidated result, before taxes for the period only, is negative.
- for one of the three periods that closed after the determination of the variable component, the “total capital” is lower than the “total internal capital” in the “ICAAP Report” to be submitted annually to Bank of Italy;

- during the three-year deferral period, the C.E.O. has voluntarily resigned from the office or the Shareholders' Meeting has resolved on his revocation for just cause.

The variable portion of the remuneration will therefore be assigned upon the occurrence of the conditions necessary for its assignment (grant date).

The up-front variable remuneration is thus assigned and paid after approval of the financial statements and of the ICAAP Report for the period ending on 31st December of the previous year. Fifty percent of said variable remuneration is paid in Bank shares subject to a two-year retention period. The number of shares to be assigned is calculated by taking, as the fair value of the share, the average of the share market price from 1st until 30th April of the assignment and payment year. The up-front variable remuneration is subject to claw-back in case the right to receive the variable portion of the remuneration is not accrued during the year following the assignment.

The variable remuneration subject to a time deferral (vesting period) is revised annually at the legal rate in force from time to time. It is assigned and paid after the three-year deferral period has elapsed from approval of the financial statements and of the ICAAP Report for the period in reference and upon the occurrence of the required conditions. Fifty percent of said remuneration is paid in Bank shares subject to a one-year retention period. The number of shares to be assigned is calculated by taking, as the fair value of the share, the average of the share market price from 1st until 30th April of the assignment and payment year.

4.3.2 Remuneration of executives with strategic responsibilities

The General Manager's remuneration consists of an annual all-inclusive salary (Gross Annual Salary) and of a variable remuneration, to be paid provided that, as of 31st December of the reference year, the "total capital" is not less than the "total internal capital" indicated in the "ICAAP Report" to be forwarded on an annual basis to Bank of Italy. The variable portion of the remuneration is equal to 0.75% of the Bank's consolidated result, before taxes for the period only, for the portion in excess of € 40 million. In any event, the variable component cannot exceed 60% of the G.A.S. (Gross Annual Salary).

A variable remuneration that exceeds 50% of the fixed salary is considered a particularly high amount; in that case, the percentage to be deferred, already usually set at 40% of the variable portion, will be increased to 60%.

The portion of the General Manager's deferred variable pay is subject to a three-year deferral, and it is not paid if:

- for one of the three periods that closed after the determination of the variable component, the bank's consolidated result, before taxes for the period only, is negative;
- for one of the three periods that closed after the determination of the variable component, the "total capital" is less than the "total internal capital" in the "ICAAP Report" to be submitted annually to Bank of Italy;
- during the three-year deferral period, the General Manager has voluntarily resigned from the office (save for the request for retirement) or the Board of Directors has resolved on withdrawal for just cause from the employment contract.

The variable portion of the remuneration will therefore be assigned upon the occurrence of the conditions necessary for its assignment (grant date).

The up-front variable remuneration is thus assigned and paid after approval of the financial statements and of the ICAAP Report for the period ending on 31st December of the previous year. Fifty percent of said variable remuneration is paid in Bank shares subject to a two-year retention period. The number of shares to be assigned is calculated by taking, as the fair value of the share, the average of the share market price from 1st until 30th April of the assignment and payment year. The up-front variable remuneration is subject to claw-back in case the right to receive the variable portion of the remuneration is not accrued during the year following the assignment.

The variable remuneration subject to a time deferral (vesting period) is revised annually at the legal rate in force from time to time. It is assigned and paid after the three-year deferral period has elapsed from approval of the financial statements and of the ICAAP Report for the period in reference and upon the occurrence of the required conditions. Fifty percent of said remuneration is paid in Bank shares subject to a one-year retention period. The number of shares to be assigned is calculated by taking, as the fair value of the share, the average of the share market price from 1st until 30th April of the assignment and payment year.

Other "risk-takers"

Access to the variable portion by the remaining "risk-takers", other than the C.E.O. and Managing Director and not included in the category of heads of internal control functions, which can be paid only after approval of the annual financial statements for the period following the one in question, is subject to exceeding the minimum limits specified here below for the following quantitative parameters:

- Group solvency ratio of at least 9%;

- Bank's consolidated profit before the taxes for the period only of at least 5% of the consolidated net book equity before the profit for the period.

Hence, failure to achieve one or both of these parameters will result in the zeroing out of the variable portion, if any.

The same rules of deferral and partial payment in Bank treasury shares, referred to in paragraph 4.3.1, will be applied in case the variable pay exceeds 33% of the General Manager's Gross Annual Salary.

Employees that cover commercial positions

The variable pay is associated with the achievement of performance levels that, based on the weight and complexity of the position covered, may reach 100% of the Gross Annual Salary, without prejudice to the indications above concerning risk-takers. The logics of the incentive system are defined by the C.E.O. and communicated to the Board of Directors, which is also informed, even *ex post*, with regards to their application.

Other types of employees

During the annual evaluation required by the National Collective Labour Agreement (CCNL), the C.E.O. and/or Top Management can decide on non-recurring bonuses up to a maximum of three monthly salaries, without prejudice to the indications above concerning risk-takers.

Moreover, the Board of Directors, even in the absence of supplementary company negotiations, may resolve on the payment of the "company bonus" as required by the National Collective Labour Agreement in favour of all employees, determining the amount and the criteria of such bonus.

5. Non-monetary benefits

The corporate bodies and employees may be entitled to certain benefits, to a varying degree in consideration of their position and/or service needs task, which include: health insurance, on-the-job and off-the-job accident insurance, company car, company housing.

The assignment of benefits in 2013, in compliance with the "remuneration policies" and with the system of proxies, can be summarised as follows:

- health insurance, in compliance with the National Collective Labour Agreement (CCNL), for all employees as well as, in relation to contractual situations acquired previously, to professional Areas with personnel who were employees of Fast Finance and of Toscana Finanza at the time these companies were incorporated;
- on-the-job and off-the-job accident insurance for all employees;

- company's contribution to additional pension fund in an amount equal to 2.5 % of the Gross Annual Salary for executives and management cadres and 1% for professional Areas (except for certain contractual situations acquired previously);
- company car to certain company representatives, to all executives and to all personnel that cover commercial positions as well as to certain management cadres that do not cover commercial positions.

The assignment of company housing is limited to few cases.

Since 2013, all employees are also provided with a smartphone for free use.

6. Performance objectives based on which the variable components are assigned

Please refer to the remarks contained in the introduction of paragraph 4.2 "Principles and contents of the policies established for 2013" as well as to the contents of paragraph 4.3 "Changes in Policies for 2013" as concerns the definition of criteria used to determine the variable component of the remuneration.

Specifically, as mentioned before, the variable component of the C.E.O.'s and of the General Manager's remuneration is tied to the Bank's overall results and follows their trend, while the deferral mechanism takes into account the stability of the results over a three-year horizon as well as of the capital resources and liquidity need to deal with the company's activities.

For the risk-takers of control functions, the variable part is not significant with respect to the remuneration and it is not tied to the achievement of specific performance objectives. During the evaluation, the following aspects are taken into account: the level of risk supervision, any problems arising with regards to the latter, the individual salary situation of recent years as well as any other additional element in said context deemed useful for the overall evaluation.

For the remaining risk-takers, payment of the variable component, if any, is based on mainly qualitative evaluations, without prejudice to the prevision of certain general parameters defined *ex ante* (in terms of consolidated profits and solvency ratio), and it is carried out after the approval of the financial statements.

The variable pay system for the commercial network is defined by the C.E.O. and communicated to the Board of Directors.

For the remaining personnel, the variable pay is tied to mainly qualitative evaluations.

7. Evaluation criteria underlying the assignment of shares, stock options, other financial instruments or other variable components of the remuneration

Please refer to the "Information Document of remuneration plans based on financial instruments".

8. Consistency of the remuneration policy with the pursuit of long-term interests and with the risk management policy

In order to evaluate the consistency of the remuneration policy with the pursuit of long-term interests of the Banca IFIS Banking Group and with the overall risk management policy, reference is made to the previous sections of this report. In this context, please refer to:

- the three-year deferral period for payment of the variable component of the C.E.O.'s and of the General Manager's remuneration, provided that, in one of the three periods ending after the determination of such variable component, the Bank's consolidated result before the taxes for the period only is not negative and that the "total capital" is not less than the "total internal capital" in the "ICAAP Report" to be submitted every year to Bank of Italy;
- the exclusion of the Heads of control functions from any stock option plans;
- the duty of the Appointment and Remuneration Committee (two members of which are also part of the Control and Risks Committee) to ensure the involvement of various company functions, with special reference to the control functions, and to evaluate at least once a year the adequacy, overall consistency and tangible application of the Group's remuneration policies approved by the Shareholders' Meeting.

9. Vesting period, deferred payment systems, ex post correction mechanisms

Please refer to the *"Information Document of remuneration plans based on financial instruments"*.

10. Clauses for holding financial instruments in the portfolio

Please refer to the *"Information Document of remuneration plans based on financial instruments"*.

11. Remuneration in case of termination of office or employment

There are no indemnities for directors and executives with strategic responsibilities in case of termination of their relationship in addition to the ones provided for by law. The only planned indemnity is the employee severance fund (TFR).

12. Insurance coverage, social security or pension plans, other than mandatory ones

As indicated in Chapter 5 "Non-monetary benefits", all employees receive health insurance benefits in compliance with the National Collective Labour Agreement (CCNL). Moreover, certain

employees, in relation to previously acquired contractual situations, are the recipients of marginal discretionary pension benefits.

13. Remuneration policy applied with regards to independent directors, participation in committees and the performance of special duties

The current remuneration policies require that the annual pay for members of the Control and Risks Committee and for its coordinator, as well as for the members of the Supervisory Body as per Italian Legislative Decree 231/2001 should be established by the Board of Directors, if deemed necessary, if the Shareholders' Meeting has not arranged for doing so.

In addition to the office fee of Euro 25,000 established by the Shareholders' Meeting of 30th April 2013 for each member of the Board of Directors at the time of their appointment, each member of the Control and Risks Committee (Francesca Maderna, Andrea Martin and Daniele Santosuosso) is entitled to receive an additional annual pay of Euro 30,000, while the Committee's Chairman (Giuseppe Benini) is assigned a remuneration of Euro 45,000. Directors who are also part of the Supervisory Body as per Italian Legislative Decree 231/2001 are entitled to receive an annual fixed salary of Euro 25,000 for said office.

All members of the Board, except those vested with special offices (Chairman, Deputy Chairman and C.E.O.), are also entitled to an attendance fee of Euro 1,250 for each participation in person in the meetings of the Board of Directors or Euro 500 for each participation by means of connection in audio/video conference.

The Chairman's remuneration consists of:

- the aforementioned office fee of Euro 25,000 paid to each director.
- remuneration for the office of Chairman equal to Euro 800,000.

The Deputy Chairman's remuneration consists of:

- the aforementioned office fee of Euro 25,000 paid to each director;
- remuneration for the office of Deputy Chairman equal to Euro 450,000.

The C.E.O.'s remuneration consists of:

- the aforementioned office fee of Euro 25,000 paid to each director;
- fixed remuneration of Euro 650,000;
- Variable remuneration according to the terms illustrated above.

14. Criteria adopted for selecting the companies to be used as reference for the definition of the remuneration policies

The remuneration policies of other companies were not used as reference when defining the remuneration policy of the Banca IFIS Banking Group.

SECTION II

1. Part One

1.1 Items comprised in the remuneration

With regards to directors and statutory auditors, the following additional information is provided on the items comprised in the remuneration and that, for 2013, are summarised in Table 1 below.

The column “fixed remuneration” includes:

- in the relevant section, the office indemnity of Euro 25,000 for each member of the Board of Directors as of 1st May 2013, according to the resolution adopted by the Shareholders’ Meeting of 30th April 2013 at the time of appointment, and of Euro 15,000 for each member of the Board of Directors until 30th April 2013, according to the resolution adopted by the Shareholders’ Meeting of 29th April 2010 at the time of the previous appointment;
- in the relevant section, the total amount of attendance fees paid to the directors, according to the rules established by the Shareholders’ Meeting of 30th April 2013, for participation in the following Board of Directors’ meetings held during the course of 2013, as well as those pertaining to the rules established by the Shareholders’ Meeting of 29th April 2010 for participation in the Board of Directors’ meetings until 30th April 2013;
- in the sub-column “lump-sum expense reimbursements”, the amount invoiced as a lump-sum for reimbursement of expenses incurred by directors and statutory auditors for the performance of their duties;
- in the relevant section, the remuneration for special offices resolved by the Board of Directors ex art. 2389 of the Italian Civil Code in favour of the Chairman, Deputy Chairman and C.E.O.;
- lastly, the sub-column “employees’ fixed remuneration” indicates, for the General Manager and for the other employees, the gross annual salary before social security and tax charges to be paid by the employees, excluding the collective social security charges paid by the company and the employee termination indemnity (TFR), as well as the remuneration, if any, that corresponds to leaves for former holidays not taken.

The variable part of the C.E.O.’s and of the General Manager’s remuneration accrued in connection with the profits for the 2013 period is indicated in the section “profit sharing” of the column “Non-equity variable pay”.

Any bonuses accrued for the work carried out in 2013 by other employees falling within the definition of “executives with strategic responsibilities” (for 2013 only one person) or in the definition of “risk-takers” are listed in the section “bonuses and other incentives” of the column “non-equity variable pay”. This section also indicates, for the General Manager and for the other

employees, the “company bonus” envisaged by the National Collective Labour Agreement (CCNL) and resolved by the Board of Directors in favour of employees during the session of 26th November 2012, even in absence of additional company negotiations.

The column “Remuneration for participation in committees” includes the remuneration, established by the Shareholders’ Meeting of 29th April 2010, for each member of the Internal Control Committee (now Control and Risks Committee) in the amount of Euro 15,000, and the additional fee of Euro 5,000 for the coordinator (today Chairman) of the Committee, as well as the fees established by the Shareholders’ Meeting of 30th April 2013 for each member of the Internal Control and Risks Committee established in the amount of Euro 30,000 and the fee of Euro 45,000 for the Committee’s Chairman.

The column “Non-monetary benefits” includes the value of the following fringe benefits, as a general rule according to a criterion of tax liability:

- health insurance (for all employees);
- on-the-job and off-the-job accident insurance policy (for all employees); it also includes the portion of on-the-job accident insurance policy, although it is not taxable by law;
- meal ticket (given to all Bank employees); the entire amount of the ticket is included, including the non-taxable portion (Euro 5.29);
- company car (for all executives, all personnel that cover commercial positions as well as for certain management cadres that do not cover commercial positions);
- contributions to supplementary pension funds charged to the Bank related to the existing contractual situations of a few employees.

The insurance policy covering the civil liability of directors and officers, approved by the Shareholders’ Meeting, is not included in this column as, according to the verifications carried out, it does not represent a fringe benefit.

The column “other remuneration” includes, for the former member of the Board of Directors Leopoldo Conti, the amount invoiced for professional services rendered in 2013 (legal advice and credit collection).

For the “risk-takers” identified for 2013, pursuant to the supervisory provisions of Bank of Italy of 31st March 2011, the average amounts for person are indicated (sixteen employees, twelve of which are executives and four executive cadres).

1.2 Additional information on the consistency of payments with the remuneration policy

In a logic of consistency with the reporting to the Shareholders’ Meeting of 30th April 2013 concerning the implementation of remuneration policies approved the previous year (the relevant documentation is available on the Bank’s website in the section “Corporate Governance”

(path>Shareholders' Meeting > 2013) where the minutes of the Shareholders' Meeting of 30th April 2013 can also be consulted, pursuant to art. 125-*quater* of Italian CFA), other summary information is provided – in addition to the information contained in other sections of this Report – on the implementation, during the course of 2013, of the policies approved a year ago.

Executives (not included in the definition of executives with strategic responsibilities)

The average ratio between variable component for 2013, for those executives who received it, and the Gross Annual Salary for 2013 was equal to 30.56%.

Executive cadres and Professional Areas that cover commercial roles

The average ratio between variable component and Gross Annual Salary for 2013 was equal to 13.81%.

Other Executive cadres and Professional Areas

In 2013, bonuses equal to 9.20% of the population were paid, with an average amount equal to 8.04% of the Gross Annual Salary.

Other information

In order to provide complete information and in reference to the entire company population, please also note that:

- salary increases concerned 2.35% of the employees with an average increase in the Gross Annual Salary equal to 9.87%;
- promotions (level upgrades) concerned 17.18% of the employees;
- during the course of 2013, the total Gross Annual Salary underwent a before-tax increase (inclusive of inflation rate and contractual increases) of 2.62%;
- at the end of 2013, there were two project-based employment contracts in force.

AVERAGE REMUNERATION PER QUALIFICATION

The following table illustrates the levels of Gross Annual Salary (GAS) and Total Annual Salary (TAS) – comprising the Gross Annual Salary, the variable portion and the annual company bonus – per qualification level, calculated on the entire company population.

Level	No.	Average Gross Annual Salary €	Average Gross Annual Variable Pay €
Executives	19	127,253	31,621
Executive cadres 4 th - 3 rd levels	45	68,446	11,215
Executive Cadres 2 nd – 1 st levels	62	48,525	4,817
3 rd level Area	297	32,150	3,159

The levels of both the Gross Annual Salary (GAS), taking into account the covered positions, do not deviate significantly from those of the Italian banking system (source: ABI).

Group Subsidiaries

The amounts paid to directors and employees of the Polish subsidiary IFIS Finance Sp. z o.o. are consistent with the logics of the Group's remuneration and incentive system. Specifically:

- the directors' mandate was carried out:
 - ✓ by an executive of the Parent Company free of charge and consequently with no need to pay the remuneration for offices covered by employees of the Parent Company;
 - ✓ by the Parent Company's Vice-President, who performed the task free of charge.
- in December 2013, all personnel received a company bonus equal to one month's salary;
- a variable component was paid to four employees, according to a model similar to the one adopted by the Parent Company for the incentive system aimed at the commercial network.

2. Part two: Remuneration paid in 2013

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

Name and surname	Office	Period in office	Office expiry date	Fixed remuneration					Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	TFR. end-of-office or employee severance indemnity
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed Salary		Bonuses and other incentives	Profit-sharing					
Fürstenberg Sebastien Egon	Chairman	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				22	-	-	800	-	-	-	-	-	-	822	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				22	-	-	800	-	-	-	-	-	-	822	n.a.	-
Csillaghy Alessandro	Deputy Chairman	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				22	-	-	450	-	-	-	-	-	-	472	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				22	-	-	450	-	-	-	-	-	-	472	n.a.	-
Bossi Giovanni	C.E.O.	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				22	-	-	650	-	-	-	650	-	-	1.322	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				22	-	-	650	-	-	-	650	-	-	1.322	n.a.	-

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Name and surname	Office	Period in office	Office expiry date	Fixed remuneration					Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	TFR, end-of-office or employee severance indemnity
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed Salary		Bonuses and other incentives	Profit-sharing					
Giuseppe Benini	Member of Board of Directors	from 30/04/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				17	14	3		-	47	-	-	-	-	80	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				17	14	3	-	-	47	-	-	-	-	80	n.a.	-
Conti Leopoldo	Member of Board of Directors	from 1/1/2013 to 30/04/2013	Approval of financial statements as of 31/12/12													
Remuneration from Banca IFIS S.p.A.				5	5	-	-	-	5	-	-	346	-	361	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				5	5	-	-	-	5	-	-	346	-	361	n.a.	-
Maderna Francesca	Member of Board of Directors	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				22	16	3	-	-	25	-	-	-	-	66	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				22	16	3	-	-	25	-	-	-	-	66	n.a.	-
Martin Andrea	Member of Board of Directors	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				22	20	-	-	-	43	-	-	-	-	85	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				22	20	-	-	-	43	-	-	-	-	85	n.a.	-

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Name and surname	Office	Period in office	Office expiry date	Fixed remuneration					Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	TFR, end-of-office or employee severance indemnity
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed Salary		Bonuses and other incentives	Profit-sharing					
Preve Riccardo	Member of Board of Directors	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				22	11	1	-	-	5	-	-	-	-	38	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				22	11	1	-	-	5	-	-	-	-	38	n.a.	-
Salamon Marina	Member of Board of Directors	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				22	14	-	-	-	-	-	-	-	-	36	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				22	14	-	-	-	-	-	-	-	-	36	-	-
Daniele Santosuosso	Member of Board of Directors	from 30/04/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				17	11	3	-	-	34	-	-	-	-	64	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				17	11	3	-	-	34	-	-	-	-	64	n.a.	-
Giacomo Bugna	Chairman of the Board of Statutory Auditors	from 30/04/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				50	11	5	-	-	-	-	-	-	-	65	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				50	11	5	-	-	-	-	-	-	-	65	n.a.	-

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Name and surname	Office	Period in office	Office expiry date	Fixed remuneration					Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	TFR, end-of-office or employee severance indemnity
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed Salary		Bonuses and other incentives	Profit-sharing					
Giovanna Ciriotto	Standing auditor	from 30/04/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				33	10	-	-	-	-	-	-	-	-	43	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				33	10	-	-	-	-	-	-	-	-	43	n.a.	-
Rovida Mauro	Chairman of the Board of Statutory Auditors until 30/04/2013 (then Standing auditor)	from 1/1/2013 to 31/12/2013	Approval of financial statements as of 31/12/15													
Remuneration from Banca IFIS S.p.A.				53	8	9	-	-	-	-	-	-	-	70	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				53	8	9	-	-	-	-	-	-	-	70	n.a.	-
Santesso Erasmo	Standing auditor	from 1/1/2013 to 30/04/2013	Approval of financial statements as of 31/12/12													
Remuneration from Banca IFIS S.p.A.				13	-	-	-	-	-	-	-	-	-	13	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				13	-	-	-	-	-	-	-	-	-	13	n.a.	-
Stevanato Dario	Standing auditor	from 1/1/2013 to 30/04/2013	Approval of financial statements as of 31/12/12													
Remuneration from Banca IFIS S.p.A.				13	-	-	-	-	-	-	-	-	-	13	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				13	-	-	-	-	-	-	-	-	-	13	n.a.	-

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Name and surname	Office	Period in office	Office expiry date	Fixed remuneration					Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	TFR, end-of-office or employee severance indemnity
				Office fee resolved by the Shareholders' Meeting	Attendance fee	Lump-sum expense reimbursement	Remuneration for special offices ex art. 2389 of the Italian Civil Code	Employees Fixed Salary		Bonuses and other incentives	Profit-sharing					
Staccione Alberto	General Manager	from 1/1/2013 to 31/12/2013	n.a.													
Remuneration from Banca IFIS S.p.A.				-	-	-	-	307	-	24	184	25	-	540	n.a.	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	307	-	24	184	25	-	540	n.a.	-
Other executives with strategic responsibilities (one employee in 2013)																
Remuneration from Banca IFIS S.p.A.				-	-	-	-	103	-	18	-	9	-	130	-	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	103	-	18	-	9	-	130	n.a.	-
"Risk-takers" according to Bank of Italy's supervisory provisions (15 people as of 31 December 2013)																
Remuneration from Banca IFIS S.p.A.				-	-	-	-	116	-	26	-	8	-	150	-	-
Remuneration from Banca IFIS S.p.A. subsidiaries				-	-	-	-	-	-	-	-	-	-	-	n.a.	-
Total				-	-	-	-	116	-	26	-	8	-	150	n.a.	-

Other tables: Monetary incentive plans in favour of the members of the board of directors, of the general managers and of the other executives with strategic responsibilities

Of the other tables required by Annex 3A, Scheme No. 7-bis, of the “Issuers’ Regulations”, only Table 3B currently applies to the Banca IFIS Banking Group. This table is provided here below with information on the profit-sharing plan for the C.E.O. and the General Manager. The plan provides for the deferral of a portion equal to 40% for a three-year period, starting from the financial statements for the period ending on 31st December 2010

Name and surname	Office	Plan	Year's bonus			Previous years' bonuses			Other bonuses
			Payable / paid	Deferred	Deferral period	No longer payable	Payable / paid	Still deferred	
Bossi Giovanni	C.E.O.								
Remuneration by Banca IFIS S.p.A.		Plan A (profit-sharing for the period)	390	260	3 years	0	59	285	0
Remuneration by Banca IFIS S.p.A. subsidiaries		n.a.	0	0		0	0	-	0
Total			390	260		0	59	285	
Staccione Alberto	General Manager								
Remuneration by Banca IFIS S.p.A.		Plan A (profit-sharing for the period)	110	74	3 years	0	30	139	0
Remuneration by Banca IFIS S.p.A. subsidiaries		n.a.	0	0		0	0	-	0
Total			110	74		0	30	139	

Data in thousands of Euros

SCHEME FOR SHAREHOLDINGS OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

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

Surname and name	Office	Participated company	Number of shares owned at the end of the previous period	Number of shares purchased ⁽¹⁾	Number of shares sold	Number of shares owned at the end of the current period
Fürstenberg Sebastien Egon (including shares held indirectly through La Scogliera S.p.A.)	Chairman	Banca IFIS S.p.A.	37,097,083 (a)	345,320	6,941,917	30,500,486
Csillaghy Alessandro	Deputy Chairman					
Bossi Giovanni	C.E.O.	Banca IFIS S.p.A.	1,838,648			1,838,648
Benini Giuseppe ^(c)	Member of the Board of Directors					
Maderna Francesca	Member of the Board of Directors	Banca IFIS S.p.A.	1,070,422			1,070,422
Martin Andrea	Member of the Board of Directors					
Preve Riccardo (including shares held indirectly through Preve Costruzioni S.p.A.)	Member of the Board of Directors	Banca IFIS S.p.A.	1,291,050		46,716	1,244,334
Salamon Marina (held indirectly through Alchimia S.p.A.)	Member of the Board of Directors	Banca IFIS S.p.A.	1,069,447			1,069,447
Santosuosso Daniele ^(c)	Member of the Board of Directors					
Conti Leopoldo ^(b)	Member of the Board of Directors					
Giacomo Bugna ^(c)	Chairman of the Board of Statutory Auditors					
Ciriotto Giovanna ^(c)	Standing auditor					
Rovida Mauro ^(d)	Standing auditor					
Santesso Erasmo ^(b)	Standing auditor					
Stevanato Dario ^(b)	Standing auditor					
Staccione Alberto	General Manager	Banca IFIS S.p.A.	156,762		16,762	140,000

(a) the number of shares held at the end of the previous period and communicated to the market contained an error which was corrected through communication to CONSOB during the course of 2013

(b) in office until 30th April 2013

(c) in office since 30th April 2013

(d) Chairman of the Board of Statutory Auditor until 30th April 2013

Table 2: Shareholdings held by other executives with strategic responsibility

Number of Executives with strategic responsibilities	Participated company	Number of shares owned at the end of the previous period	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current period
1	Banca IFIS S.p.A.	-	1.000		1.000