

Corporate governance

Governance Structure

Corporate Governance GLOSSARY

Code/Corporate Governance Code: the Corporate Governance Code of listed companies approved in March 2006 (and amended in March 2010) by the *Corporate Governance* Committee and promoted by Borsa Italiana S.p.A. If not specified otherwise, references to Principles, Criteria and Comments are understood as referring to the Code of 2006.

Code/2011 Corporate Governance Code: the Corporate Governance Code for Listed Companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civil Code / C. C.: the Italian Civil Code

Board: the Issuer's Board of Directors

Issuer: the issuer of securities to which the Report refers

Financial Year/FY: the corporate financial year to which the Report refers.

Consob Issuers' Regulation: the Regulation concerning issuers implemented with Consob (Italian securities & exchange commission) resolution no. 11971 of 1999 (as subsequently amended)

Consob Market Regulation: the Regulation concerning markets implemented with Consob resolution no. 16191 of 2007 (as subsequently amended)

Regulations containing provisions relating to transactions with related parties: the Regulation concerning related-party transactions implemented with Consob resolution no. 17221 of 12 March 2010 (as subsequently amended)

Report: the report on corporate governance and company structure that companies are required to prepare pursuant to Article 123-*bis* of the CFA.

CFA/Consolidated Finance Act: Legislative Decree no. 58 of 24 February 1998 (known in Italian as "*Testo Unico della Finanza*" – TUF)

ISSUER PROFILE

Governance

Banca IFIS, listed in the STAR segment of the Italian Stock Exchange and parent company of the Banca IFIS banking group, applies the traditional administration & control model, believing it to be the best for its specific corporate reality to ensure efficient management and effective controls.

In the model applied by Banca IFIS:

- strategic supervision is performed by the Board of Directors;
- management, without prejudice to the matters for which the Board has exclusive authority and/or to the powers not delegated by the Board of Directors, is performed by top management (consisting of the CEO and General Manager);
- control is performed by the Board of Statutory Auditors.

Mission

The banking group currently operates in the following fields:

- *factoring*, in Italy and abroad; business abroad is carried out both through the internal structures of the Parent Company (International Area) and through the subsidiary IFIS Finance; the provision of financial and credit management support mainly involves the Small and Medium-sized Enterprises segment;
- acquisition and management of non-performing loans;
- acquisition and management of tax receivables;
- on-line collection developed through the Rendimax Savings Account; although not forming a specific line of corporate business, due to the type of activity and the dimensions achieved, the instrument belongs, in its own right, to the Bank's operating segments.

Activities associated to the Treasury Department are complementary to such activities and although their contents on certain occasions are particularly significant, they do not change the mission of the banking group which continues to be focused on providing financial and credit management support to Small and Medium-sized Enterprises.

Corporate social responsibility

The Bank introduced by virtue of the Board resolution passed on 4 July 2003 and subsequently updated during 2010, its Code of Ethics, which spells out the combination of the rights, duties and responsibilities of the Bank as regards all parties with whom it has dealings to accomplish its corporate purpose, complying with the legislation and regulations in force in all countries where the Bank operates. The Code establishes reference standards and rules of conduct designed to reinforce corporate decision-making processes and guide the Bank's conduct, thus making it a tool aiming to encourage "corporate business ethics". This document has been published on Banca IFIS's website www.bancaifis.it in the "Investor Relations" section.

Outlook

Following the authorisation issued by the Bank of Italy, during 2011 control was acquired of the former Toscana Finanza Group and its integration was started.

With stipulation of the Deed of Merger, on 27 December 2011, the merger of Toscana Finanza S.p.A. with Banca IFIS S.p.A. was concluded becoming effective in civil, accounting and fiscal terms from 31 December 2011.

The aim of the merger was to strengthen the organisation of the processes of the newly-acquired company, to simplify the implementation of strategic, management and technical-operational control and to obtain synergies and economies of scale while maintaining highly specialised structures.

With the aim of further simplifying management of the banking group, making the participation chain even more streamlined and efficient, procedures were also started to go ahead with the merger of the wholly owned subsidiary Fast Finance S.p.A. with Banca IFIS S.p.A. The relevant application for authorisation was presented to the Bank of Italy on 23 January 2012. Finally, it was decided to wind-up the subsidiary TF Sec s.r.l.

Information on Shareholding Structure (as per Art. 123-bis, para. 1, CFA)

as at 31/12/2011

a) Structure of share capital (as per Art. 123-bis, para. 1, letter a), CFA)

As at 31 December 2011 subscribed and paid-in share capital totalled 53,811,095.00 Euro, divided into 53,811,095 ordinary shares of the par value of 1.00 Euro each, as shown in the following table:

Share categories forming share capital as at 31 December 2011:

STRUCTURE OF SHARE CAPITAL				
	No. of shares	% of share capital	Listed (market) / unlisted	Rights and obligations
Ordinary shares	53,811,095	100%	Listed (on MTA – Milan electronic equity market)	Each ordinary share attributes the right to one vote

As at 31 December 2011 there were no other financial instruments outstanding attributing the right to subscribe newly issued shares.

With regard to the stock option plans for directors and employees deliberated by the Shareholders Meeting of 30 April 2007, the last phase ("Plan No. 5") was concluded on 30 April 2011 without subscriptions by the Bank's directors and employees. The relevant references will be eliminated in the Articles of Association currently undergoing updating.

b) Restrictions on security transfer (as per Art. 123-bis, para. 1, letter b), CFA)

There are no restrictions on security transfer.

c) Significant shareholdings (as per Art. 123-bis, para. 1, letter c), CFA)

As at 31/12/2011, it resulted from communications made pursuant to article 120 of the CFA and from communications made by relevant subjects pursuant to Article 152 *octies* of the Issuers' Regulation, that the following subjects possess, directly or indirectly, shares with voting rights representing more than 2% of share capital:

Declarant	% of share capital	Direct shareholder	Possession status
FÜRSTENBERG SEBASTIEN EGON	69.221	La Scogliera S.p.A.: 69.186	Ownership
		Fürstenberg Sebastien Egon: 0,035 Total: 69.221	Ownership
INTESA SANPAOLO S.P.A. (1)	2.710	Cassa di Risparmio del Veneto S.p.A.: 1.983	Pledge
		Banca Fideuram S.p.A.: 0.002 Banco di Napoli S.p.A. 0.004	Pledge
		Intesa Sanpaolo S.p.A.: 0.720 Total 2.710	Pledge
PREVE RICCARDO	2.743	Preve Costruzioni S.p.A.: 2.586 Preve Riccardo: 0.157 Total 2.743	Ownership
BOSSI GIOVANNI	3.549	Bossi, Giovanni	Ownership

(1) The percentages declared by Intesa Sanpaolo S.p.A as per Article 120 CFA can be fully attributed to pledges held by this banking group. According to the declaration received from Banca IFIS, no. 387,271 shares, equal to 0.720% are held as pledge at Intesa Sanpaolo, while no. 1,065,447 shares, equal to 1.980% are in pledge at Cassa di Risparmio del

Veneto S.p.A., and are owned by Alchimia S.p.A. which, moreover, has no voting rights only in the case of extraordinary shareholders' meetings (subject to waiver of the pledge holder).

It is appropriate to point out that:

- the activity of the investment holding company La Scogliera S.p.A. is limited to holding its only significant equity investment consisting of the controlling interest in Banca IFIS S.p.A.;
- even though it is the majority shareholder, La Scogliera S.p.A. does not perform any management and coordination activity vis-à-vis Banca IFIS S.p.A.;
- the corporate purpose of La Scogliera S.p.A. expressly excludes management and coordination of the financial companies and banks in which it owns equity interests.

d) Securities granting special rights (as per Art. 123-bis, para. 1, letter d), CFA)

No securities have been issued that grant special rights of control.

e) Employee equity participation: mechanism for exercising voting rights (as per Art. 123-bis, para. 1, letter e), CFA)

Any employees holding shares of the Company exercise their shareholder rights in the same ways as other shareholders.

f) Restrictions on voting rights (as per Art. 123-bis, para. 1, letter f), CFA)

The Company is not aware of the existence of restrictions on voting rights, with the sole exception of pledging to a bank of part of the equity interest held by a shareholder owning a non-controlling interest, as specified earlier in paragraph c) Significant shareholdings.

g) Shareholder agreements (as per Art. 123-bis, para. 1, letter g), CFA)

The Board of Directors of Banca IFIS S.p.A. is not aware of the existence of agreements between the Company's shareholders as defined by Article 122 of the CFA.

h) Change-of-control clauses (as per Art. 123-bis, para. 1, letter h), CFA) and statutory provisions on takeover bids (as per Artt. 104, para. 1-ter, and 104-bis, para. 1).

Neither Banca IFIS S.p.A. nor its subsidiaries Fast Finance S.p.A., TF Sec Srl and IFIS Finance Sp. z o.o. have concluded significant agreements that take effect, are modified or lapse if change of control of the contractual party occurs.

The Articles of Association of Banca IFIS S.p.A. do not contravene the passivity rule laid down by Article 104, paragraphs 1 and 2, of the CFA nor do they envisage the application of the neutralisation rules laid down by Article 104-bis, paragraphs 2 and 3, of the CFA.

i) Delegations of power to increase share capital and authorizations to buy treasury shares (as per Art. 123-bis, para. 1, letter m), CFA)

i.1) Capital resolved and not subscribed; delegation of authority to the Board of Directors to increase share capital

As at 31 December 2011 the Board was not empowered to increase share capital pursuant to Article 2443 of the Italian Civil Code, i.e. to issue equity securities.

i.2) Treasury shares

The Ordinary Shareholders' Meeting of 29 April 2011 authorised the purchase and sale of treasury shares, pursuant to Article 2357 et seq. of the Italian Civil Code, as well as Article 132 of Legislative Decree no. 58/98. The essential characteristics of the resolution are as follows:

- "Reserve for future buyback of treasury shares" up to the maximum amount of 20,000,000.00 Euro gross of the part already used;
- maximum number of shares that can be purchased: not more than one fifth of share capital, taking into account for this purpose also the shares owned by subsidiaries, and whose total purchase amount is covered by the "Reserve for future buyback of treasury shares";
- duration of authorization: 18 months;

- minimum purchase price: 2 Euro;
- maximum purchase price: 20.00 Euro;
- minimum selling price: not less than 80% of the reference price recorded in the trading session of the market where the stock is listed on the day before execution of the sale.

In going back over all the elements forming the resolution passed by the Shareholders' Meeting of 29 April 2011, the Ordinary Shareholders' Meeting of 2 November 2011 deliberated the amendment to "other disposal methods" for treasury shares purchased, including the possibility of utilising the Reserve for buyback of treasury shares for the attribution of Banca IFIS S.p.A. shares to shareholders of the former incorporated Toscana Finanza S.p.A.

As a result of the effect of the Merger, the Bank allocated shares, at the exchange rate of 7 ordinary Banca IFIS shares for every 23 ordinary Toscana Finanza shares, utilising the Reserve for buyback of treasury shares existing on the date the merger came into effect.

The number of treasury shares held as at FY2011 year-end totalled no. 997,190, accounting for 1.853% of share capital.

The Board intends to propose to shareholders renewal of authorization to the buyback of treasury shares pursuant to artt. 2357 et seq. of the Italian Civil Code.

On 16 February 2011 the Bank appointed Credit Agricole Cheuvreux France to support the liquidity of its own ordinary shares, in compliance with Consob resolution no.16839 of 19/03/2009. On 30 January 2012 Banca IFIS communicated that it had not renewed the contract with the liquidity provider.

l) Management and coordination activity (as per Artt. 2497 et seq., Italian Civil Code)

Even though it is the majority shareholder, La Scogliera S.p.A does not perform any management and coordination activity in Banca IFIS S.p.A. In this regard, it should be noted that the corporate purpose of La Scogliera S.p.A. expressly excludes management and coordination of the financial companies and banks in which it owns equity interests.

Note that:

- the information required by Article 123-bis, paragraph 1, letter i) ("*agreements between the company and directors entailing indemnities in the event of resignation or dismissal without just cause or if the employment relationship ceases following a takeover bid*"), can be found in the Remuneration Report published pursuant to Article 123-ter of the CFA;

- the information required by Article 123-bis, paragraph 1, letter l) ("*rules applicable to the appointment and substitution of directors ... as well as the amendment of the Articles of Association, if different from additional legislative and regulatory rules applicable*"), are illustrated in the section of the Report dedicated to the Board of Directors (Section 4.1).

COMPLIANCE

Banca IFIS S.p.A. complies with the Corporate Governance Code of listed companies approved in 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., as updated in March 2010 (new Article 7 – remuneration of directors) and extensively reviewed in December 2011 (with invitation to the issuers to apply the amendments "*before the end of the financial year starting in 2012, informing the market with the Report on Corporate Governance to be published during the following financial year*").

The Corporate Governance Code is accessible to the public on the website of Borsa Italiana (www.borsaitaliana.it).

The Corporate Governance structure of Banca IFIS is not influenced by non-Italian laws.

IFIS Finance Sp. z o.o., a factoring company wholly owned by the Issuer, is a Polish legal entity and is therefore subject to Polish legislation. This however, also because of the subsidiary's limited size in relation to the Parent company, in no way affects the Corporate Governance structure of Banca IFIS S.p.A.

Board of Directors

4.1. APPOINTMENT AND SUBSTITUTION (as per Art. 123-bis, para. 1, letter I), CFA)

Members of the Board of Directors are appointed on the basis of lists presented by shareholders. Candidates are listed in sequential order and their number in any case must not exceed the maximum number of members established by the Articles of Association (fifteen).

Only shareholders who, alone or together with others, own at least 1% of ordinary shares at the time of submittal have the right to submit lists. A lower ownership threshold is possible and – by virtue of current legislation – it must be indicated in the notice convening the Shareholders' Meeting called to vote on appointment of the members of the Board of Directors.

Board members are elected as follows:

- 1) all directors except one are elected, according to the sequential order with which they are indicated on the list, from the list obtaining the highest number of votes at the Shareholders' Meeting;
- 2) one director is elected from the list obtaining the highest number of votes at the Shareholders' Meeting and that, pursuant to Article 147-ter, paragraph 3, of the CFA is in no way connected, not even indirectly, with the shareholders who submitted or voted for the list that came first in terms of the number of votes.

If just one list of candidates is submitted, the names indicated on that list are elected as members of the Board of Directors, up to the number of directors to be elected less one, who is elected by the Shareholders' Meeting there and then, based on a simple majority but excluding from the vote the shareholders who submitted the single list, and based on the proposal of the shareholders not excluded from the right to vote.

The lists must be accompanied by:

- information relating to the identity of shareholders who have presented lists, stating the percentage of shares held as a whole;
- a declaration by shareholders other than those who own, also jointly, a controlling or relative majority interest, certifying the absence of connections with the latter, as indicated in Article 147-ter of the CFA and Article 144-quinquies of the Consob Issuers' Regulation;
- exhaustive information on candidates' personal and professional characteristics, as well as by a declaration by the candidates themselves certifying possession of the requirements established by law and acceptance of their candidacy.

Candidates who do not meet the requirements of integrity, professionalism and independence

established by Article 26 of Legislative Decree no. 385/1993 (CBA – Consolidated Banking Act) cannot be included in lists. In addition, each list must indicate at least two candidates meeting the requirements of independence established both by the Corporate Governance Code for Listed Companies prepared by Borsa Italiana S.p.A. and by Article 148, paragraph 3 of Legislative Decree no. 58/1998. These candidates must be positioned, on the list, in the first four positions of the sequential order.

The list failing to observe the above rules will be considered not to have been submitted.

With reference to the election of members of the Board of Directors (presentation of lists by the twenty-fifth day prior to the date of the Meeting, information supporting the lists and their composition), procedures are underway to fully update the Articles of Association. In particular, the project to amend the Articles of Association has taken into account:

- the provisions introduced by Legislative Decree no. 27 of 27 January 2010 which transposed in Italy Directive 2007/36/EC referring to exercise of the rights of shareholders of listed companies;
- paragraph 1-ter of Article 147-ter of the CFA on the balance between categories, also in light of the consultation document issued by Consob on 9 December 2011 and containing a possible amendment to the “Issuers’ Regulation” (later implemented with Consob resolution no. 18098 of 8 February 2012).

In any case, at least two members of the Board of Directors must meet the independence requirements established both by the Corporate Governance Code for Listed Companies prepared by Borsa Italiana and by Article 148, paragraph 3 of Legislative Decree no. 58/1998.

If, during the year, fewer than two directors are found to meet such requirements, the Board will resolve the lapse of one or of two of its members who have ceased to meet such requirements, based on a criterion of shorter tenure, or, in the case of equal tenure, or lower age, and will co-opt one or two independent members. For any substitution of Board members, without prejudice to the case of cessation of all Directors, legal provisions hold good, without application of the list vote.

In the event of cessation of the director elected from the list that obtained the highest number of votes at the Shareholders’ Meeting and that, pursuant to Article 147-ter, paragraph 3 of the CFA is in no way connected, not even indirectly, with the shareholders who submitted or voted for the list that came first in terms of number of votes, the Board will first check the continued availability of the candidates listed in the list, according to the latter’s sequential order, and will co-opt members based on this criterion of preference.

Succession Plans

The Banca IFIS shares do not belong to the FTSE-Mib Index; the Board of Directors has not yet evaluated the adoption of a succession plan for executive directors.

4.2. COMPOSITION (as per Art. 123-bis, para. 2, letter d), CFA)

The composition of the Board in office as at FY2011 year-end, as shown also in Table 2 attached to this Report, was as follows:

- Sebastien Egon Fürstenberg (Chairman);
- Alessandro Csillaghy (Deputy Chairman; Executive Director);
- Giovanni Bossi (CEO);
- Roberto Cravero (Independent Director; Lead Independent Director);
- Leopoldo Conti;

- Andrea Martin (Independent Director);
- Marina Salamon;
- Riccardo Preve (Independent Director);
- Francesca Maderna (Independent Director).

The Shareholders' Meeting that appointed the Board took place on 29 April 2010. Two lists were submitted: one by the majority shareholder "LA SCOGLIERA S.p.A." and one by the shareholder "PREVE COSTRUZIONI S.p.A." (which certified the absence of connections with the controlling shareholder). Below we show, for both of them, the list of candidates, the list of those elected and the percentage of votes obtained in relation to voting capital:

List submitted by the majority shareholder "LA SCOGLIERA S.p.A."		
List of candidates	List of those elected	Percentage of votes obtained
Sebastien Egon Fürstenberg	Sebastien Egon Fürstenberg	96.39%
Roberto Cravero	Roberto Cravero	
Andrea Martin	Andrea Martin	
Francesca Maderna	Francesca Maderna	
Alessandro Csillaghy	Alessandro Csillaghy	
Giovanni Bossi	Giovanni Bossi	
Leopoldo Conti	Leopoldo Conti	
Marina Salamon	Marina Salamon	
Andrea Di Giusto		

List submitted by the shareholder "PREVE COSTRUZIONI S.p.A."		
List of candidates	List of those elected	Percentage of votes obtained
Riccardo Preve	Riccardo Preve	3.49%
Giovanni Angioni		

Below we show a summary of each director's personal and professional characteristics (pursuant to Article 144-*decies* of the Consob Issuers' Regulation) based on the declarations provided by each of them and attached to the lists, as well as on any subsequent updates notified by those concerned.

Chairman of the Board of Directors – Sebastien Egon Fürstenberg

Sebastien Egon Fürstenberg has been active in the factoring sector for over 25 years. In 1983 he founded the company I.Fi.S. S.p.A. – Istituto di Finanziamento e Sconto (now Banca IFIS S.p.A.). As from 1992 he was the Sole Director and, as from 2 February 2009, Chairman of the Board of Directors of La Scogliera S.p.A., a company whose purpose is to purchase, manage and sell investments in banks and financial companies and which holds the majority equity interest in Banca IFIS S.p.A..

Deputy Chairman – Alessandro Csillaghy

Alessandro Csillaghy has been the Bank's Deputy Chairman since 1996, performing an executive role to develop the Bank's presence abroad, by means of contacts with local institutions and foreign entrepreneurs designed to further Banca IFIS's foreign commercial business.

In particular, he has set up representative offices in Central Europe in Bucharest and Timisoara in Romania and in Budapest in Hungary. He is the head of the Budapest representative office and, since April 2010, the officer in charge of the Paris branch.

Chief Executive Officer – Giovanni Bossi

A graduate in Economics & Commerce and a licensed professional accountant, Giovanni Bossi has been registered in the Italian public register of approved statutory auditors since 1992. In the past he has taught at the faculty of Finance Science and Law at Rome's Luiss University.

As a self-employed professional he provided consulting services to industrial and financial groups, also controlled by European public companies, located in Northern Italy, as well as to Italian companies in relation to the design and development of industrial and financial activities in East European countries.

He has been CEO of the Issuer since May 1995 and, since 2 February 2009, also CEO of La Scogliera S.p.A.

Director – Leopoldo Conti

A law graduate, Leopoldo Conti has practised professionally as a lawyer since 1986, doing so at the Genoa courts. He mainly provides consulting services and assistance to companies. He has built up many years of experience holding office in various companies. He was Chairman of the Board of Directors of Achab S.r.l., a food processing company and a member of the Board of Directors of Advance Medical S.r.l., a manufacturer of medical-surgical aids, and of I.Fi.S. SIM S.p.A., a securities brokerage company.

Director – Roberto Cravero

A graduate in Economics & Commerce and registered in the Biella register of licensed professional accountants since 1984, Roberto Cravero has been a member of the Auditor Training Commission of the Italian National Council of Professional Accountants for two mandates.

He is registered with no. 16616 in the Italian public register of approved statutory auditors (as published in the Italian Official Gazette no. 31- bis on 21/04/1995).

He has performed consulting and advisory activities in the corporate finance area. At present he holds office as a Director or Statutory Auditor in various industrial and financial companies.

Director – Andrea Martin

A graduate in Economics & Commerce, Andrea Martin is registered with the Venice orders of Labour Consultants and of Professional Accountants & Accounting Experts; since 1986 he's registered with the register of statutory auditors. Since 1993 he is registered in the central list of expert auditors for fiduciary and audit firms.

He has performed consulting services for some provincial associations of Veneto manufacturers, as well as for their consortia and service companies, for the Venice Public Prosecution Department for bankruptcy and corporate crimes, and has followed numerous creditor arrangement procedures. He has held offices as chairman, deputy chairman, executive committee member and internal statutory auditor of banks, financial and tax-collection entities. He has also been an external auditor for various public entities and public and private cultural foundations.

He currently holds office as a member of the Board of Statutory Auditors of various public entities, companies and foundations.

Director – Marina Salamon

With a university degree in history (specialization in economic history), in 1982 Marina Salamon founded Altana S.p.A. one of the foremost European medium/high-end children's apparel companies.

She controls Doxa S.p.A, Doxa Marketing Advice S.r.l., Connexia S.p.A., Duepuntozero Research S.r.l. and Doxa Metrics S.r.l.: these are some of the major Italian companies in the market research

and web communication sector. The group also has minority interests in the companies The Visual Agency S.r.l. and Doxa Pharma S.r.l..

All entrepreneurial and financial undertakings are headed by the holding company Alchimia S.p.A., wholly owned, which is strongly present also in the real estate sector. Alchimia S.p.A. has also invested in the photovoltaic sector, through the construction or acquisition of solar parks in various Italian locations.

Director – Riccardo Preve

A graduate in sociology, in 1980 Riccardo Preve founded Preve Costruzioni S.p.A., a company operating in the building of infrastructures for public contracts which controls other companies in the road signs and construction sectors.

He has a strong presence in the real estate sector and has invested in the photovoltaic sector.

He currently covers the position of Chairman, CEO and Technical Director of various industrial companies and he is a Member of the Committee of Confindustria Cuneo.

He has many years of experience in various financial companies and was Chairman of Banca di Credito Cooperativo.

Director – Francesca Maderna

Francesca Maderna graduated in Economics & Commerce in 1988 and has been registered with the Belluno Order of Professional Accountants since 1990 and in the Italian public register of approved statutory auditors (with no. 33675) since 1995.

At present she holds the following offices: Sole Director of Immobiliare del Nord S.p.A., a company that manages property assets; Sole Director of Vitanova Srl, a leisure-boat charter company; and Director of Clinica Mediterranea S.p.A..

In addition, she has held directorships in various companies in the hollow-glass sector (AVIR Group).

On 16 February 2012 the Board made an overall assessment of the architecture of the corporate governance system adopted by Banca IFIS and carried out an analysis of the effectiveness of the way it functions with regard to the structure of its capital, strategic prospects, dimensions, operating complexity and the type of business of the Bank and the group, also in light of a "Note" issued by the Bank of Italy on 11 January 2012 on the application of supervisory provisions concerning the organisation and corporate governance of banks. From this it emerged, amongst other things, that a further expansion of the Board of Directors would be advisable at its next renewal and with the statutory mechanisms in force (list vote), including at least one person in possession of specific competence in the purchase and management of non-performing loans and/or tax receivables in view of the already started process of integration of the former Toscana Finanza Group.

Maximum number of offices held in other companies

The "Regulation on the maximum total number of offices that can be held by company officers" was approved by the Shareholders' Meeting on 30 June 2009.

This Regulation first of all establishes that:

"The officers of Banca IFIS S.p.A. accept office and maintain it insofar as they believe themselves able to dedicate the necessary time to diligent performance of their tasks, taking into account both (a) the number and the quality of offices held in the management and control bodies of other companies and (b) the commitment required of them by their further professional activities and by association appointments held".

For the purposes of calculation of the limits on the maximum total number of offices governed by the "Regulation", the following items are relevant:

- a) companies with shares listed in Italian or foreign regulated markets;

- b) Italian or foreign companies, with shares not listed in regulated markets and that operate in the insurance and banking sectors and in the financial sector in general. As regards the latter sector, the only financial companies relevant are those subject to prudential supervision by the Bank of Italy and registered in the specific list indicated in Article 107 of Legislative Decree no. 385/1993. In the case of foreign companies, a evaluation of substantial equivalence is performed;
- c) “companies of significant size” (“companies of significant size” are those that have individual shareholders’ equity of at least 100 million Euro based on the last approved set of annual accounts).

Conversely, offices held within the Banca IFIS Group or in companies other than those listed above, do not count.

In the Regulation “executive offices” mean the following offices:

- CEO
- General Manager
- Member of the Management Board
- Member of the Executive Committee

“Non-executive or control offices” mean the following offices:

- Member of the Board of Directors without proxies
- Standing member of the Board of Statutory Auditors
- Member of the Supervisory Board.

Besides the officer held in the Bank, an executive director:

- cannot hold other executive offices in the companies identified, in terms of type or size, as relevant for the purposes of the Regulation;
- can hold up to a maximum of 5 (five) offices as non-executive director or statutory auditor in such companies.

Besides the office held in the Bank, a non-executive director cannot hold more than 10 (ten) offices as director or statutory auditor, of which not more than 2 (two) executive offices, in other companies identified, in terms of type or size, as relevant for the purposes of the Regulation.

Candidates for appointment as a Director or Statutory Auditor of Banca IFIS S.p.A. must provide the Bank with an updated statement of the management, direction and control offices held by each of them.

Following appointment, the Company’s Directors and Statutory Auditors promptly notify the Corporate Affairs Department of Banca IFIS S.p.A. of any changes affecting the offices held by them in the management and control bodies of other companies.

The Board of Directors of Banca IFIS S.p.A. has the authority to accord possible exceptions, also temporary, to the maximum limit in the Regulation. At the time of writing of this Report, no such exceptions had been accorded.

As part of the submittal of the lists for the appointments made by the Shareholders’ Meeting on 29 April 2010, all candidates declared – when accepting their candidacy and possible appointment – that they had perused the “Regulation” and checked that they did not hold a number of offices in other companies exceeding the related limits.

No significant changes in this respect were notified subsequent to appointment.

Offices held by Directors of Banca IFIS S.p.A. as at 31 December 2011 in the management and control bodies of other companies “relevant” for the purposes of the said Regulation, based on the information provided by those directors, were as follows:

Members	Office held in Banca IFIS	Offices held in other companies
Sebastien Egon Fürstenberg	Chairman	--
Alessandro Csillaghy	Deputy Chairman	--

Giovanni Bossi	C.E.O.	--
Roberto Cravero	Director	<p>a)</p> <p>PARMALAT SPA (Standing Statutory Auditor)</p> <p>b)</p> <p>CASSA LOMBARDA SpA (Bank) (Director) FIDOR SpA (Fiduciary co. – static admin.) (Director) FIDUCIARIA OREFICI SpA (Securities dealing firm) (Director) ANTHILIA SGR (Chairman of the Board of Statutory Auditors)</p> <p>c)</p> <p>ERMENEGILDO ZEGNA HOLDITALIA SpA (Standing Statutory Auditor)</p>
Leopoldo Conti	Director	--
Andrea Martin	Director	--
Marina Salamon	Director	<p>c)</p> <p>IIY SpA (Director)</p>
Riccardo Preve	Director	--
Francesca Maderna	Director	--

4.3. ROLE OF BOARD OF DIRECTORS (as per Art. 123-bis, para. 2, letter d), CFA)

In FY2011 17 meetings of the Board of Directors were held, each lasting about 3 hours on average. Percentage attendances are shown in Table 2 attached to this Report.

Since the beginning of 2012 up to the date of approval of this Report 3 Board meetings have been held, including the one during which the Report was approved. The number of Board meetings in 2012 is expected to be in line with that of the previous financial year and in any case not less than 12.

In fulfilment of the obligations established, for listed issuers, by Article 2.6.2 of the Market Regulation of Borsa Italiana S.p.A., the Board of Directors annually approves the Corporate Events Calendar, to be notified to Borsa Italiana, for disclosure to the public, within the deadline of 30 (thirty) days after the end of the previous corporate financial year.

In particular, the Calendar specifies, within the framework of Board meetings established for the new financial year, the dates fixed for the approval of draft financial statements, interim financial report and quarterly reports, as well as the date scheduled for the Shareholders' Meeting for the approval of the financial statements.

In the meeting of 22 September 2011 the Board approved some non-significant amendments to the already existing "Regulation for procedures for calling meetings and for operation of the Board of Directors' Meeting". The Regulation establishes that:

- the documentation supporting discussion of agenda items is sent to each Director and Statutory Auditor by e-mail or fax by the end of the second day before the date fixed for the meeting, without prejudice to urgent cases when documentation is made available by the end of the day before the meeting and in any case as soon as possible;
- such documentation is sent, on the Chairman's instructions, by the Bank's Corporate Affairs Department;
- when the Chairman deems it advisable in relation to the contents of the topic and related resolution – also in order to avoid abusive disclosure of confidential information, made possible by the means of communication instruments used quite apart from the intentions of those concerned – the briefing documentation can be provided directly at the meeting, advising Directors and Statutory Auditors of this beforehand by the deadline indicated above so that, if they deem it appropriate, they can in any case have access to the information at the Company's registered office by the end of the day before the meeting and in any case as soon as available.

Pursuant to the Articles of Association, Board meetings are attended by the General Manager with consultative functions. In addition, pursuant to the aforesaid "Regulation", the Chairman can invite to attend Board meetings managers or other employees of the Company or other parties or external advisors, whose presence is deemed useful by the Chairman in relation to the matters to be addressed. During 2011 meetings were also attended by the Corporate Accounting Reporting Officer and by the employee called to act as secretary. There was also occasional attendance by the Head of the Credit Assessment Area, to aid the Board in the assessment of some assignment dossiers, and by the Head of the Organization & Information Systems Area when topics were addressed concerning the latter's related activities and responsibilities. Lastly, the Internal Audit Officer and the Compliance Officer, responsible also for the Anti-Money Laundering Function, directly illustrate their reports and work plans to directors, in accordance with the current supervisory regulation enacted by the Bank of Italy.

Pursuant to Article 14 of the Articles of Association, besides the attributions that, mandatorily, cannot be delegated, matters that are the exclusive prerogative of the Board of Directors include:

- adaptations of the Articles of Association to regulatory requirements;
- strategic guidelines and operations as well as business and financial plans of the Group;

Purchase and disposal of equity investments, companies and/or company branches leading to changes in the group or investments or disinvestments exceeding 1% (one percent) of the shareholders' equity reported in the Company's latest financial statements approved.

The Board assesses on an ongoing basis, as part of its handling of matters for which it is responsible, the appropriateness of the Bank's organizational, administration and general accounting set-up. In particular, during 2011 and at the beginning of 2012, it updated the General Regulations of the Bank and the Group Regulations. On 15 December 2011, as specified in Section 12 (Directors' Interests and related-party transactions), the Board updated the "Procedure for related-party transactions" approved in 2010. The control model is calibrated according to the risk priorities characterizing the Bank's core management. Each year a document on risk-management

policies that identifies procedures for performing related controls is submitted to the Board of Directors for approval.

During 2011 and up to the date of this Report the dimensions and structure of the Banca IFIS Group developed significantly. The main stages of this development are summarised below:

- voluntary takeover bid, promoted from 4 April 2011 until 10 May 2011, for all the ordinary shares of Toscana Finanza S.p.A., amounting to no. 30,594,476 shares, including no. 499,715 treasury shares in the portfolio (representing 1.63% of the Company's share capital). This takeover bid involved a total of no. 23,637,292 ordinary shares of Toscana Finanza S.p.A., equal to 77.26% of the latter's share capital;
- signing, on 22 June 2011, of a deed integrating the Framework Agreement between Banca IFIS and the former shareholders of Toscana Finanza (signed in March 2010) for implementation of the Merger without the transfer of the assets and liabilities of Toscana Finanza S.p.A.;
- on 27 December 2011 finalisation of the deed of merger of Toscana Finanza S.p.A. with Banca IFIS S.p.A. effective from 31 December 2011;
- definition on 18 January 2012 of the positions of the "Key Figures" laid down by the above-mentioned Framework Agreement, regarding the latter and in light of the new development of the integration project of the former Toscana Finanza Group;
- approval by the Board, on 19 January 2012, of the merger plan of Fast Finance S.p.A. with Banca IFIS S.p.A., subject to the approval of the Internal Audit Committee (the part of it composed solely of independent directors);
- for the wholly owned subsidiary TF Sec Srl, which moreover does not meet the requirements for registration within the scope of consolidation of the banking group, the start of the winding-up procedure.

At the end of the integration of the former Toscana Finanza Group, the Banca IFIS Group will therefore be again composed of the Parent Company Banca IFIS S.p.A. and the wholly owned subsidiary IFIS FINANCE Sp. z o.o. - a factoring company located in Poland. Even though this company's total contribution to consolidated turnover is extremely minor, Banca IFIS S.p.A. had equipped itself with some governance and control governance tools to set relations with the subsidiary in an appropriate frame work. It had been working constantly to refine these tools for accomplishing a single overall entrepreneurial design, also as regards the internal audit system and management of conflicts of interest; Banca IFIS S.p.A. further refined those tools when it acquired and consolidated the former Toscana Finanza Group.

The remuneration of the CEO and of the other directors vested with specific offices was established by the Board of Directors at the first meeting following its appointment by the Shareholders' Meeting, which took place on the same date (29 April 2010), within the overall ceiling for directors' remuneration and as per the "Policies" resolved by the Shareholders' Meeting. The Board Resolution was passed also in the light of the opinion of the Remuneration Committee and Board of Statutory Auditors. On the same occasion the mechanism for calculating the variable part of the CEO's remuneration – described in Section 9 of this Report – was also revised. Lastly, during 2010 the Board, having reviewed the specific committee's proposals, also resolved on the overall remuneration of the other executive director. During 2011, as part of the process to bring the Banca IFIS Group in line with the development of the regulatory framework regarding remuneration and

incentive policies and practices (a consequence, in March 2010, of the new Article 7 of the Corporate Governance Code of listed companies, regarding the remuneration of directors and the issuing, with provision of 30 March 2011, by the Bank of Italy, of new supervisory provisions “regarding remuneration and incentives policies and practices in banks and banking groups”), a mechanism was identified for adjusting the performance indicator already established for the variable part of the remuneration of the CEO with the aim of taking into account the level of capital resources and liquidity necessary for the activities undertaken. For further details, please refer to the Remuneration Report laid down by Article 123 *ter* of the CFA, which is available on the website www.bancaifis.it (in the “Investor Relations” section) and will be submitted to the Ordinary Shareholders’ Meeting.

The Board evaluates general operating progress on at least a quarterly basis, in particular when it reviews the financial reports required by Article 154-*ter* of the CFA and when a quarterly dashboard report is received by the top-management. This report summarizes, for each given period, overall operating performance in terms both of results achieved and risks taken on. The document examines the key metrics in terms of target/actual/deviation and of consequent impacts on operating manoeuvres.

Pursuant to the provisions of the Articles of Association highlighted earlier, the Board has the prerogative of prior review and approval of the transactions of the Issuer and its subsidiaries, when such transactions are of significant importance in strategic, economic, equity or financial terms. In such cases the following procedure is applied: the Board of Directors gives a mandate to the CEO to perform a feasibility study of the transaction, in order to assess its risks and opportunities. This study must contain all the parameters necessary to permit knowledgeable decision-making by the Board of Directors. The Board, after having reviewed the feasibility study, can either approve the transaction or ask for further in-depth analysis.

As regards the prior review and approval of transactions of the Issuer and its subsidiaries in which one or more directors have an interest, either directly or on behalf of third parties, or with related parties, those are the sole responsibility of the Board of Directors, and reference should be made to what is specified in Section 12 and to the “Procedure for related-party transactions”, available on the website www.bancaifis.it (in the “Investor Relations” section). The “Procedure” also regulates transactions that have to be resolved applying the formalities established by Article 136 of Legislative Decree no. 385/1993 (“TUB”, Consolidated Banking Act).

The Board has not established general criteria to identify transactions of significant strategic, economic, equity or financial importance for the Bank. The reason is due to the fact that the present arrangement of the Banca IFIS Group’s governance documentation (with special reference to documents concerning strategic planning and risk policies) already performs this function, including, at any given time, significant transactions.

The Board examined the issue of general criteria to identify related-party transactions of significant strategic, economic, equity or financial importance for the Bank when it approves and reviews the “Procedure for related-party transactions” mentioned earlier.

At its meeting on 8 April 2010 the Board of Directors – in view of the forthcoming Shareholders' Meeting on 29 April 2010 and submittal of the lists of candidates to renew corporate bodies - evaluated the size, composition and operation of the Board and its Committees. This revealed, in particular:

- the advisability of evaluating, case by case, the independence of any candidates owning minority interests in the Bank, also considering any other commercial, financial or professional dealings that might figure as “significant”;
- an opinion of appropriateness, in relation to the Bank's size and operating complexity, of a Board of Directors substantially similar to the one about to lapse in terms of size and assortment of professional skills, without prejudice to the desirability of moderate adaptation to growth of the Company's size;
- in the light of the evolution of some relevant regulatory frameworks, the recommendation to shareholders to include in their lists an adequate number of candidates classifiable as “independent” and the advisability of requiring, right from the time of appointment, the presence in the Remuneration Committee of directors and managers and for any stock option plans of a member with “*appropriate knowledge and experience in financial matters to be evaluated by the Board of Directors at the time of appointment*”.

The recent above-mentioned indications of the Bank of Italy on the supervisory provisions regarding corporate organisation and governance may, doubtlessly, lead to a further refinement of the process to identify the optimal composition and subsequent verification at the time of the next renewal of corporate bodies. The project to amend the Articles of Association under examination by the Bank of Italy should, for example, lead to a greater assortment of categories in observance of paragraph 1 *ter* of Article 147 *ter* of the CFA introduced by Article 1, paragraph 1 of Law no. 120 of 12/7/2011 and in light of the consultation document issued by Consob on 9 December 2011, containing a possible amendment of the “Issuers' Regulation”.

The mentioned Note of the Bank of Italy dated 11 January 2012 states, amongst other things: “*The provisions on corporate governance already envisage that top-management bodies should be obliged to carry out periodic self-assessments; they appear to be necessary in order to ensure that the functioning of the bodies is constantly guaranteed, and also in order to identify any critical areas and to remedy them. Therefore it is essential that the self-assessment process is carried out with rigour and in depth: therefore, banks are reminded to pay specific attention to this obligation. Therefore the parent company and the banks not belonging to banking groups are asked to send the Bank of Italy, by 31 March 2012, a document summarising the following: the methods used to carry out the self-assessment process; the profiles under analysis; any third parties involved in the assessment procedures and the methods used to select them; the main results which emerged and the actions taken to remedy identified weaknesses.*”

The self-assessment of top-management bodies was last conducted by the Board of Directors during the meeting of 16 February 2012. From the point of view of methods, it was felt that:

- the criteria adopted to date (*ex ante* assessment in view of the presentation of lists of candidates, verification of the requirements of professionalism and integrity in the thirty days following appointment and assessments carried out annually at the time of the report on corporate governance and shareholding structures) allowed the Bank to be able to rely on adequate corporate bodies, in line with the composition considered to be optimal before the start of the appointment process;
- such criteria were based on considerations deriving from the composition of the banking group, from the relevant fields of operations and from Banca IFIS's status as a listed company.

The profiles under analysis can be summarised in the evaluation of the compliance of the structures and procedures with the two main regulatory references (supervisory provisions regarding corporate

organisation and governance and corporate governance and the Corporate Governance Code for listed companies).

It seems advisable to point out:

- that the Chairman Sebastien Egon Fürstenberg is also the majority shareholder and is responsible for promoting internal discussion, supervising the organisation of the board's work and the circulation of information, while the leading independent director Roberto Cravero is a point of reference and coordination of the requests and contributions of non-executive, and in particular independent, directors to improve operation of the Board;
- that the CEO Giovanni Bossi has the experience and expertise necessary for fulfilling many of the "types of operations" indicated below.

A table follows containing a comparison between the requirements of professionalism and skill considered necessary for composition purposes, such as – optimal quantities for the described operating areas of the Group and the actual composition of the Board of Directors.

Type of operations	Directors present
The Group's core business in the factoring field leads us to consider the presence of professional figures coming from the entrepreneurial world to be useful	Francesca Maderna Riccardo Preve Marina Salamon
The current and future development of the factoring business at international level makes advisable the presence of people who know foreign markets and how to deal with the structures to be found in such markets.	Alessandro Csillaghy
The specific aspects of factoring also lead us to consider advisable the presence of people with significant legal knowledge of the sector	Leopoldo Conti
Operations involving the collection, utilisation and management of liquidity entails the need for specific experience and expertise in financial matters	Roberto Cravero Andrea Martin
The integration of the former Toscana Finanza Group makes us believe that some specific expertise in the area of acquisition and management of non performing loans and tax receivables would be advisable	to be procured
At least one member (of the Remuneration Committee) must be in possession of adequate knowledge and experience in financial matters or remuneration policies	Roberto Cravero Andrea Martin
At least one member (of the Control and Risks Committee) must be in possession of adequate experience in accounting and financial matters or risks management	Roberto Cravero Andrea Martin

As far as the Board of Statutory Auditors is concerned, its current composition contains an appreciable assortment of expertise and includes elements with significant professional experience both in the most strictly professional and in the academic sphere, including the corporate, financial, fiscal and auditing fields.

The Shareholders' Meeting has not authorized any exceptions to the ban on competition envisaged by Article 2390 of the Italian Civil Code.

4.4. DELEGATED BODIES AND OFFICERS

CEOs

In the model applied by Banca IFIS:

- strategic supervision is performed by the Board of Directors;
- operating management, without prejudice to the matters coming within the sole authority of the Board and/or powers not delegated by the Board of Directors, is performed by Top Management (consisting of the CEO, appointed by the Board from among its members, and the General Manager).

Management powers cover the following main areas:

- human resources management;
- granting and utilization of credit;
- treasury;
- spending management.

Distribution of management powers is calibrated on decreasing levels of authorization, from the Board of Directors to operating units.

The most significant limits in terms of value and area are summarized below, whereas systematic information flows exist concerning exercise of powers at any given time, as well as compliance with related quantitative limits:

Human resources management	As regards human resources management, the CEO is responsible for decisions concerning the start, management and cessation of managers' employment, without prejudice to the authorities maintained by the Board for relations with key managers [i.e. strategically accountable] and/or those in staff functions serving the Board.
Granting and utilization of credit	<p>As regards the granting of credit, the CEO has the authority to:</p> <ul style="list-style-type: none"> • take on credit risks vis-à-vis third-party corporate counterparties for transactions lasting a maximum of 18 months, up to a maximum amount of 5,000,000 Euro or the lower amount of 2,500,000 Euro depending on the transactions' type of risk. Higher limits are established for transactions featuring joint signature with the General Manager. <p>The CEO also has the power to:</p> <ul style="list-style-type: none"> • suspend, reduce or revoke lines of credit in place, and to authorize their transformation into others of the same amount featuring similar or lower technical risk levels; • establish the split of the existing debtor credit ceiling between the individual assignors, while observing the overall limit approved by the relevant bodies and any sub-limits, establishing the related maximum pair ratio; • establish, for a multiple credit facility usable by parties belonging to the same group, its breakdown between the individual parties, while observing the overall limit approved by the relevant bodies and any sub-limits. <p>With the exception of financial conditions, whose definition is the prerogative of the Credit Committee or Board of Directors, the CEO also has the right to establish the financial conditions applicable to transactions undertaken with customers, without any type of limit.</p>
Treasury	The most significant limit attributed to the CEO in this area (in a perspective of integrated asset & liability management) is equal to:

	<ul style="list-style-type: none"> • 5% in terms of the absolute value of weighted net exposure for each due-date range; • 10% in terms of overall weighted net exposure. •
Spending management	Generally speaking, up to euro 1,000,000 for each spending instruction within the sphere of the annual forecasts contained in the Industrial Plan.

Pursuant to Article 15 of the Articles of Association, in emergencies the CEO can take decisions concerning any deal or transaction that is not the sole prerogative of the Board of Directors, informing the Chairman immediately and notifying the Board at the first subsequent meeting.

Chairman

The Chairman has not been given any management powers.

As he is the majority shareholder, the Chairman, via the corporate governance mechanisms described in this Report and particularly at shareholders' meetings, plays a significant role in determining corporate strategies.

Executive Committee

The Articles of Association do not envisage the possibility of setting up an executive committee.

Reporting to Board

During 2011 the CEO did not take any emergency decisions pursuant to Article 15 of the Articles of Association.

The Board received reports on the exercising of management powers at different intervals depending on the subject of the power involved.

The rules for reporting on the use of powers are summarized below:

Trading of financial instruments issued by the Bank	At every meeting
Report on liquidity status	At every meeting
Composition of investment securities book	At every meeting
Credit-granting activity	Monthly
Report on use of powers relating to spending	Quarterly
Dashboard report (management report on overall operating progress in terms both of results and risks taken on)	Quarterly
Report on use of powers for Human Resources management	6-monthly
Training of personnel in prevention of money laundering	Annual
Incentive system (report on criteria adopted by Top Management)	Annual

4.5. OTHER EXECUTIVE DIRECTORS

There are no other directors considered executive directors because they hold:

- office as the CEO or executive chairman of a strategically significant subsidiary;
- management positions in the Bank or in a strategically significant subsidiary or in the parent company.

In addition to the CEO, the definition of “executive director” also includes the Deputy Chairman for his activities promoting the corporate image and commercial development in some foreign markets.

The rules for the calling and operation of the Board of Directors and for reporting on the use of executive powers form part of the initiatives undertaken to increase all directors’ awareness of corporate reality and dynamics.

4.6. INDEPENDENT DIRECTORS

The Board performs its own assessments of the requirements established by the Corporate Governance Code for directors classified as independent at the first meeting after appointment by the Shareholders’ Meeting. It also assesses, periodically, the directors’ level of independence. On 29 April 2010, after appointment, the Board ascertained that four of its members (Andrea Martin, Roberto Cravero, Francesca Maderna and Riccardo Preve) met independence requirements as per the criteria contained in the Corporate Governance Code for Listed Companies. This assessment was confirmed at the Board Meeting of 22 March 2012.

As regards the director Roberto Cravero, the Board of Directors officially noted that the latter met all the requirements established by Application Criterion 3.C.1 of the Code, except for the one under letter e), as he had been appointed as a Director of the Company on 27 April 1998 – a period when, among other things, the Company had not yet applied for authorization to operate as a bank (the latter activity started as of 1 January 2002) – and had thus held office as a Director for over 9 years out of the last 12. Notwithstanding this, the Board of Directors, in view of the declaration issued by Mr. Cravero concerning the modest impact of the fees paid to him by the Bank in relation to his business turnover, and in consideration of the independence of judgement he had shown during the mandates, believed, and believes, that Mr. Cravero meets the independence requirement established by Application Criterion 3.C.1. of the Corporate Governance Code.

In addition, the Board of Statutory Auditors, pursuant to Application Criterion 3.C.5. of the Corporate Governance Code, checked application of the criteria and verification procedures used by the Board of Directors to assess the independence of its members and deemed it compliant with the indications provided by the Corporate Governance Code.

During the year the independent directors did not meet without the other directors, as they found no need to do so.

4.7. LEAD INDEPENDENT DIRECTOR

In line with the guidelines established by the Corporate Governance Code for Listed Companies, as the Chairman of the Board of Directors is also the majority shareholder of La Scogliera S.p.A., and thus controls Banca IFIS, the Board of Directors has designated an independent Director as Lead Independent Director. The latter has the task of being the point of reference and coordination of the requests and contributions of (non-executive and in particular independent) Directors to improve operation of the Board, also ensuring that the information flows between Directors are constant and effective. The Lead Independent Director has the power to call, when deeming it appropriate or at the request of other Directors, specific meetings solely for independent Directors for significant matters relating to operation of the Board and/to company operations in general.

On 29 April 2010 the Board of Directors confirmed Roberto Cravero as Lead Independent Director for the 3-year period 2010-2012.

Processing of corporate information

Pursuant to Principle 4.P.1 of the Corporate Governance Code, Directors and Statutory Auditors are required to keep documents and information acquired during performance of their duties confidential and, together with all the Bank's employees, to comply with the "Regulation for internal management and external disclosure of corporate documents and information" approved by the Board of Directors of Banca IFIS S.p.A. on 11 April 2007. The CEO is responsible for correct corporate information ensuring, via compliance with the above "Regulation", provision of correct information to the market, with special reference to privileged information.

With resolution of 19 January 2012 the Board of Directors appointed as investor relations manager the Head of Communications Mara Di Giorgio. The staff of the Investor Relations Department reports to the CEO. The "Regulation for internal management and external disclosure of corporate documents and information" can thus be updated.

Within the legal and regulatory environment of Banca IFIS S.p.A., the Regulation governs internal management and external disclosure of the documents and information concerning the issuer and its subsidiaries, with special reference to information of a privileged nature, establishing:

- the approach for management, processing and circulation of "confidential information";
- the approach for identification, management and circulation of "privileged" information" and the issue of related press releases;
- the approach for management of external disclosure of other documents and information concerning the Bank.

Confidential information

The Regulation is designed first of all to avoid selective, untimely, incomplete or inappropriate disclosure of confidential information.

The Regulation also governs the processing and management of information and documents that, albeit not relevant pursuant to stock market regulations, are confidential in nature and which it is therefore advisable to protect, in the corporate interest, from indiscriminate access and circulation.

The Regulation therefore establishes that the Directors, Statutory Auditors and employees of the Bank who, for reasons of office, come into legitimate possession of confidential information concerning the Bank and/or Banca IFIS Group, are required to:

- keep it confidential, protecting it most scrupulously from access by parties who, as regards such confidential information, do not have the duty and/or need to be informed about it by virtue of their role;
- transmit such information only to parties legitimately able to come into possession of the same.

Besides observing the above requirements, Directors, Statutory Auditors and employees of the Bank who come into possession of confidential information not relating to their office or to the position held in the Bank, strip themselves of such possession, sending the confidential information to its "natural" addressee, if identified, or to the CEO in other cases, removing such information from any support on which they are present and ensuring that this deletion is definitive and irreversible.

Privileged information

In order to drive the procedure for the disclosure of information, the Bank has identified the moment when information occurs and acquires the status of “precise” and “price-sensitive”.

If information stems from a unilateral decision by the Bank such as – solely by way of example – entry into or exit from a business or an extraordinary finance transaction, the moment of occurrence is the moment when the related decision is taken by the relevant body.

If it instead stems from mere confirmation of objective facts and circumstances such as, for example, resignation of a member of the management team or from performance of a precise procedure such as, once again for example, preparation of an accounting document, occurrence respectively coincides with the moment of reception by the corporate organization or when the above-mentioned procedure has been completed.

In the presence of unmistakable signs of the fact that, notwithstanding the use of appropriate procedures to preserve the confidentiality of privileged information concerning the events in question, confidentiality obligations have not been observed by parties having access to the privileged information, the Bank is required to issue a press release simultaneously in the case of wilful disclosure and without delay in the case of unintentional disclosure.

If, when markets are closed or in the pre-opening phase, news is generated in the public domain concerning the Bank’s economic and financial position or extraordinary finance transactions (circulated by national news media or by specialized, credible Internet sites) not disclosed according to the procedures established by Article 66 of the Issuers’ Regulation and capable of tangibly affecting the stocks’ price, the CEO evaluates the possibility of informing the public as soon as possible as regards the truthfulness of the news, supplementing or rectifying its contents where necessary. Changes in the Bank’s share price are considered significant when they deviate significantly from the previous day’s closing price and are not in line with the market or sector trend.

In such cases, a correct and timely press release is issued to the public, in the ways and terms indicated in this procedure.

Characteristics of information disclosed to the public

In drafting press releases and in its conduct in disclosing them, the Bank observes criteria of fairness, clarity, equality of access to information, and timeliness.

In pursuing the objective of providing exhaustive corporate information that is not misleading, the Bank pays the utmost attention to the legitimate requests for data and news coming from the market, pre-empting them when possible.

Clarity relates to the form of the press release and requires that the latter be complete, intelligible and suited to the various recipients.

To achieve this, the Bank endeavours to communicate all items able to assure representation of the economic, financial and equity repercussions of the event disclosed, also circulating to the public any significant modification that occurs subsequently.

Internal Board Committees(as per Art. 123-bis, para. 2, letter d), CFA)

The following committees have been set up within the Board of Directors:

- Internal Audit Committee, consisting of three independent non-executive directors and by one not independent and non-executive director, as specified later on in Section 10;

- Remuneration Committee – for the remuneration of Directors and managers and for any stock option plans, consisting of the Chairman and two independent directors, as specified later on in Section 8;

An Appointment Committee has not been set up. The reasons for this decision are explained in Section 7.

The Board of Directors has also appointed a Supervisory Body vested with autonomous powers of initiative and control as indicated in Legislative Decree no. 231/2001. It is currently chaired by an independent director and consists of two other permanent members (a non-executive director and the Internal Audit Officer), as specified in greater detail in the third paragraph of Section 11.

No Committee performs the functions of two or more Committees envisaged in the Corporate Governance Code.

No further Committees have been set up in addition to those reported in this Section.

APPOINTMENT COMMITTEE

Given the limited dispersion of the shareholding structure and the small shareholder base, the Board of Directors has not found a need to set up an internal Committee for appointment proposals for directorships and directly performs the functions usually attributed to this Committee.

The amendments made to the Corporate Governance Code in 2011 include, moreover, the recommendation to set up the Appointment Committee (before it was requested only to assess whether or not it was necessary) and the possibility of *“centralizing or distributing the functions assigned to committees established by the Code in the ... most appropriate manner ... for example, an appointment and remuneration committee which respects the requirements of composition of both committees could be set up”*. The relevant decisions shall therefore be made by the Board by the end of 2012.

In the terms indicated in Section 4, the Articles of Association regulate the mechanisms designed to assure a minimum number of independent directors and the presence of at least one director elected or appointed by minority shareholders. The procedure started to further adapt the Articles of Association also takes into account the regulatory prescriptions concerning the assortment of categories.

REMUNERATION COMMITTEE

For the information included up to last year in this Section please refer to the relevant parts of the remuneration report published in compliance with Article 123 ter of the CFA.

REMUNERATION OF DIRECTORS

For the information included up to last year in this Section please refer to the relevant parts of the remuneration report published in compliance with Article 123 ter of the CFA.

INTERNAL AUDIT COMMITTEE

The Board has set up an Internal Audit Committee within the Board itself, formed by the Director Roberto Cravero (independent and non-executive) with the role of coordinator and by the Directors Leopoldo Conti (non-executive and not independent), Riccardo Conti (independent and non-executive) and Andrea Martin (independent and non-executive).

During 2011 the Committee met 12 times, as shown in Table 2 attached to this Report, while, on average, meetings lasted one and a half hour. 6 of these were joint meetings with the Board of Statutory Auditors and 1 was a joint meeting with the Board of Statutory Auditors and the Supervisory Body.

The coordinator Roberto Cravero took part in all the meetings, the member Leopoldo Conti, was absent from 3 meetings and the members Andrea Martin and Riccardo Preve were absent from 2 meetings.

The Chairman of the Board of Statutory Auditors attended all 12 meetings.

During the current financial year, the Company has already held 4 meetings, 3 of which were joint meetings with the Board of Statutory Auditors.

During its meetings the Committee also interacted, based on prior agreement and to address individual topics, with the CEO, the Corporate Accounting Reporting Officer and the auditing firm. It systematically interacted with the Internal Audit Officer and Compliance Officer, who normally attend the Committee's meetings with a view to achieving synergy between the various players in the internal audit system.

In assessing directors' compliance with the requirements of integrity, professionalism and independence, and subsequently on occasion of the top-management's self-assessment on 16 February 2012, the Board of Directors ascertained that Roberto Cravero, the Committee's coordinator, has accounting and financial experience, deemed appropriate by the Board.

The Committee makes proposals and provides advice to the Board, and in particular it has to:

- aid the Board of Directors in performing its task of setting guidelines for the internal audit system and of periodically checking its appropriateness and operation, satisfying itself that the main corporate risks are properly identified and managed;
- evaluate the work plan drawn up by the Internal Audit Officer and receive the latter's periodically reports;
- assess the results set out in the Independent Auditors' report and in any letter of recommendations prepared by the same;
- express its opinion on the "Work Plan" of the Compliance Department and on the reports concerning the plan's implementation, in view of their presentation to the Board of Directors;
- evaluate, together with the Corporate Accounting Reporting Officer and external auditors, proper utilization of accounting standards and their uniformity for the purpose of drawing up consolidated financial statements;
- perform any further tasks assigned to it by the Board of Directors.

As regards related-party transactions, the Internal Audit Committee – or rather the part of it consisting solely of independent directors – also performs the functions attributed to it by the Board, as governed by the "Procedure for related-party transactions".

The amendments made to the 2011 Corporate Governance Code include, amongst other things, the re-naming of the Committee (which must be re-named the "Control and Risks Committee") and the accurate clarification of the different function carried out by this Committee compared with that of the Board of Statutory Auditors also in consideration of the innovations introduced by Legislative Decree no. 39/2010. The Regulation is therefore expected to be updated by the end of 2012.

During 2011 the Committee's activity regarded some key guidelines, i.e.:

- updating of the Committee Regulations;
- examination of the work plan and checks of the Compliance Department;
- anti-money laundering regulations – internal arrangements and safeguards (with particular reference to the obligations concerning the Centralized Computer Database);
- 2011 Internal Audit Plan and Inspection Report;
- “Procedure for related-party transactions” – application and review;
- discussion with the Board of Statutory Auditors, the Corporate Accounting Reporting Officer and the auditing firm on some of the items in the financial Report as at 30 June and the Interim Report as at 30 September (also with regard to some specific requests of the Bank of Italy);
- fees recognized to the Independent Auditors;
- financial autonomy of control bodies and functions;
- Bank of Italy inspection – adjustment plan;
- use of external consultancies;
- results of the investigation carried out by the Internal Audit Department on the acquisition of tax receivables by Fast Finance;
- remuneration and incentive system;
- forecasts on the 2012 Plan of the Internal Audit Department and the 2011 Report.

Upon conclusion of its interim reports to the Board of Directors, the Committee stated that it had not found any inadequacies in the internal audit system.

Committee meetings were properly documented in minutes.

In performing its functions, the Internal Audit Committee can access the information and corporate functions necessary to carry out its tasks. The Committee can also ask for the presence at its meetings of:

- Experts if the technical content of transactions becomes particularly important, to be identified also among Board members. These experts can be called to take part in meetings on an advisory basis;
- All members of company staff concerned, who can be called to take part in the meetings on an advisory basis.

With resolution of 19 January 2012 the Board of Directors allocated the Internal Audit Committee annual economic resources of 60,000 Euro, to be used autonomously, subject to reporting to the Board concerning the use of funds within the sphere of the already envisaged six-monthly Report.

INTERNAL AUDIT SYSTEM

The guidelines emerging from the Board's documentation assign the Internal Audit System (IAS) the objective of ensuring proper information and appropriate coverage of control for all activities and, in particular, in the areas of greater corporate risk. As part of the last report on ICAAP (Internal Capital Adequacy Assessment Process) (which banks have to send to the Bank of Italy by the end of April each year), the most significant risks were deemed to be credit risk, operating risks, liquidity risk and reputational risk. In addition, rate and market risks and, more in general, all the main regulatory and economic risks are constantly covered.

Banca IFIS's IAS consists of rules, procedures and organization units aiming to ensure observance of corporate strategies and achievement of the following goals:

- effectiveness and efficiency of corporate processes (administration, production, distribution, etc.);
- safeguarding of assets' value and protection from losses;

- reliability and integrity of accounting and operating information;
- compliance of transactions with legislation, supervisory regulations and also with internal policies, plans, regulations and procedures, and with Codes (Code of Ethics, Corporate Governance Code, etc.) adopted for internal application by the Bank.

Controls involve, with different roles, the Board of Directors, the Board of Statutory Auditors, General Managers, and all personnel. Some types of controls are highlighted below:

- *Line controls* which aim to ensure that operations are carried out correctly. These controls are carried out by the operational structures themselves or are incorporated in procedures or in back office activities;
- *Risk management controls* which aim to define methods for measuring risks, verify if limits assigned to the various operational areas are being respected and check if operations within all areas are consistent with the risk / reward objectives assigned. These controls are entrusted to various structures, different from the operational one;
- *Internal Audit activities* which aim to identify anomalous trends and violations of procedures and regulations, as well as to appraise the overall efficiency and effectiveness of the Internal Audit System. These activities are carried out on a continual basis, both periodically and by exception, by various different structures that are independent from operational structures, also via on-the-spot audits.

Corporate Bodies foster a corporate culture that sets value on the control function. All personnel in the organization must be aware of the role assigned to them in the internal audit system and be fully involved.

The Board of Directors has the task of (a) approving strategic guidelines and risk management policies, (b) approving the Bank's organizational structure, (c) establishing the guidelines of the internal audit system of the Bank and its subsidiaries, and also of (d) checking that the internal audit set-up is consistent with elected risk propensity.

In addition, the Board of Directors ensures that a correct, complete and timely information system is established and that the functionality, efficiency and effectiveness of the IAS is assured, based on regular assessments and, when necessary, taking appropriate remedial actions.

The roles of the other main players in the IAS (Internal Audit Committee, Executive Director in Charge of Internal Audit System, Supervisory Committee pursuant to Legislative Decree no. 231/2001, Internal Audit Department and Corporate Accounting Reporting Officer) are described in the parts of this Report specifically dedicated to such figures and/or their respective activities.

The overall framework of the figures involved in the IAS is completed by further risk-management control functions, mainly entrusted to the:

- Risk Management Department, with the aim of establishing the methodologies, tools and procedures to identify, measure, monitor and control the various types of risk as well as to:
 - ▶ Monitor observance of the risk policies established by the Board of Directors through detection of any critical and risk thresholds identified for the various types of risk;
 - ▶ Cover some types (like liquidity risk and operating risk) also through the production of reports for corporate bodies;
- Compliance Department, with the aim of identifying the risk of regulatory non-compliance, assessing its impacts and recommending mitigation actions by means of prior analysis and monitoring of the regulations included in the relevant boundary and their knock-on effect on corporate units and processes. During 2011, the new Anti-Money Laundering Function was assigned to the Compliance Department.

Procedures are underway to bring the Articles of Association in line with the new 2011 Corporate Governance Code also with regard to the name of the Internal Audit System which will be changed to “Internal Audit and Risks Management System”.

Key characteristics of present risk management and internal audit systems in relation to the financial reporting process

1. Foreword

In relation to the financial reporting process, the risk management and internal audit systems are components of the same overall “System”, which is designed, among other things, to assure the trustworthiness, accuracy, reliability and timeliness of financial reporting.

Together with the central body of administration & accounting procedures, the provisions in the Articles of Association concerning the “Corporate Accounting Reporting Officer” (hereinafter also “Accounting Reporting Officer”), the appointment of the present Accounting Reporting Officer, and the “Regulation of the Corporate Accounting Reporting Officer”, approved by the Board, form the overall set of measures applied by the Bank to cover the risk of erroneous financial reporting.

As regards this, the approaches via which the appropriateness and effective application of the said administration & accounting procedures is ensured are based on our internally developed methodology. The latter is based on assessment of the risk of erroneous financial reporting, meaning an intentional or unintentional action potentially capable of producing errors in financial statements. This methodology, as described at the beginning of the present paragraph, is consistent with the requirements established by supervisory regulations concerning risk assessment and the internal audit system.

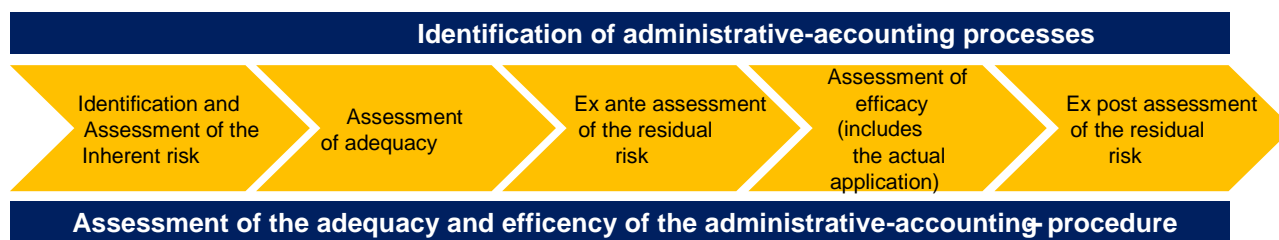
2. Description of key characteristics of present risk management and internal audit systems in relation to the financial reporting process (the “System”)

The System is described in the following documentation approved by the Board of Directors, also bearing in mind its supervisory tasks pursuant to Article 154-*bis* of the CFA (Consolidated Finance Act):

- Group Accounting Manual, which describes the guidelines underlying preparation of the individual and consolidated financial statements in accordance with the requirements of current regulations;
- Financial Reporting Process, which governs the activity of production and approval of the individual financial statements, of the interim report and of quarterly reports, as well as of the consolidated financial statements and related annexes;
- Regulation of the Corporate Accounting Reporting Officer, which includes the methodological document describing the process for managing the risks of erroneous financial reporting. Specifically, this latter document establishes the approach followed by the Accounting Reporting Officer to assess the individual administration & accounting processes, examining their:
 - riskiness;
 - appropriateness;
 - efficacy and effective application.

2.1 Phases of the process for managing risks of erroneous financial reporting

The process is illustrated below in chart form.



2.1.1 Identification of administration & accounting processes

An “administration & accounting process” is that corporate process comprising operations/transactions capable of positively or negatively affecting the correctness of data and therefore preparation of financial statements and further corporate acts and notifications.

2.1.2 Assessment of inherent risk

Administration & accounting processes can generate events featuring the risk of erroneous financial reporting, i.e. events able to violate one or more financial-statement assertions.

Each risk event identified has a given level of inherent riskiness, which depends on the following criteria:

- risk associated with a significant accounting item;
- risk generated by an operation/transaction featuring high frequency;
- risk generated by an operation/transaction subject to a specific valuation (e.g. securities, impairment).

In the face of the inherent risk found at the level of activity, specific criteria are established as the basis to assess efficacy, as described in the subsequent point addressing this topic.

2.1.3 Assessment of the appropriateness of administration & accounting procedures

Assessment of the appropriateness of administration & accounting procedures is performed by analysis of the documentary set-up of the administration & accounting procedure examined and of line controls existing and consequently documented.

Documentary analysis of the administration & accounting procedure

Documentary analysis concerns the combination of internal regulations and operating practices. In view of the risk-based approach applied, the analysis is carried out with reference to risks, to the operations/transactions generating them and to the line controls established to mitigate such risks.

For each risk the analysis assesses:

- the level of formalization of procedures, consisting of various parameters, such as, by way of non-exhaustive example, formalization, updating and circulation;
- the level of responsibility, consisting of the existence and attribution of roles and responsibilities in the execution of the operation/transaction generating the risk.

In addition, for each line control the analysis assesses the:

- level of formalization;
- attribution of roles and responsibilities;
- level of traceability and verifiability of the controls themselves.

Combination of appropriateness assessments

Appropriateness is assessed by combining the assessments of appropriateness of the:

- documentary analysis of procedures and
- analysis of line controls.

2.1.4 Ex ante assessment of residual risk

For each risk event, ex ante assessment of the residual risk is performed by combining the level of “inherent risk” with the related assessment of appropriateness.

2.1.5 Assessment of efficacy

Based on the assessment of inherent risk at the level of activity (see point 2.1.2), efficacy is then assessed.

The aim of the assessment of efficacy is to check that conducts and corporate operations (which, for the purposes of this analysis, translate into processes and activities) are able to assure achievement of the Bank’s established objectives, while covering the risks identified.

The tools used to make this assessment are:

- Testing of controls: these are checks designed to check that line controls have been executed or, in the latter’s absence, the proper functioning of the process by means of tests of transactions;
- Compliance with international accounting standards: these are checks designed to ascertain that accounting entries are performed in compliance with the requirements of current relevant regulations and international accounting standards;
- Operating environment factors: these are analyses designed to detect the presence of organizational or regulatory changes that may affect achievement of process objectives.

2.1.6 Ex post assessment of residual risk

Ex post assessment of residual risk is performed by comparing the level of residual risk ex ante, found for each individual risk, with the related assessment of efficacy.

Specifically, for each risk a comparison is performed – as regards the administration & accounting procedures and controls in place – between the assessment of the set-up and the assessment of the operation of these organizational approaches.

2.1.7 Assessment of appropriateness and effective application of administration & accounting procedures

To make the assessment of appropriateness and effective application of administration & accounting procedures, the ex post assessments of residual risk at the level of activity are grouped.

Further grouping of the assessments obtained at activity level leads to attribution of a rating of appropriateness and effective application of administration & accounting procedures at process level.

Lastly, the overall evaluation of the appropriateness and effective application of administration & accounting procedures in terms of the Bank as a whole, is based on the qualitative evaluation of the Accounting Reporting Officer, developed on the basis of his professional judgement stemming from the evidence obtained on the individual processes.

The Accounting Reporting Officer uses the evaluation of the appropriateness and effective application of administration & accounting procedures to provide the certification required pursuant to Article 154-bis, paragraph 5, of Legislative Decree no. 58/1998. The Accounting Reporting Officer reports back to the CEO on occasion of this certification.

2.2 Roles and functions involved

In the light of the important responsibilities entrusted to him, the Accounting Reporting Officer is attributed appropriate powers and resources for performance of his functions, as detailed in the last paragraph of this Section. Specifically, the Accounting Reporting Officer, who retains responsibility for and coordination of the activity, draws on the support both of internal personnel and of an auditing firm other than the one appointed to audit accounts, which has been given the task of assisting the Accounting Reporting Officer in the assessment activity described earlier.

As regards relations with the Bank's units/Bodies, besides the necessary information flows envisaged by regulations with the various control functions and vis-à-vis the Management & Control Bodies, the Accounting Reporting Officer receives from all Organizational Units the utmost collaboration needed to carry out the activities for which he is responsible, with assurance of free access to all premises, information, accounting records and documentation and timely, complete, accurate and reliable supply of all data requested. If any of the activities managed by the Organizational Unit in question have been outsourced to third parties, the Head of the Organizational Unit ensures that the Accounting Reporting Officer is also able to access the information at such parties' disposal. The Accounting Reporting Officer agrees the procedures for implementation of appropriate information flows with each Organizational Unit.

In addition, as regards coordination of Group Companies for preparation of consolidated financial reports, specific information flows are established for provision to the Parent Company. Specifically, Group Companies identify the delegated parties to empower to interact with the Accounting Reporting Officer, in order to enable the latter to fulfil his responsibilities.

In particular, the delegated parties provide the Accounting Reporting Officer with the information and with any certifications deemed necessary to enable the latter to comply with the requirements established pursuant to Articles 123-*bis* and 154-*bis*, paragraph 5, of the CFA, as well as with those established by Circulars 272 and 115 issued by the Bank of Italy concerning the matrix for accounts and production of supervisory reports on a consolidated basis.

During 2011 the process of gradual reinforcement and ongoing structuring of the internal audit system continued. In this context the Board of Directors, also based on the reports received from the Internal Audit Committee, did not find any inadequacies in relation to the Bank's size and operations.

11.1. EXECUTIVE DIRECTOR IN CHARGE OF INTERNAL AUDIT

The Board of Directors has identified the CEO as the executive director in charge of overseeing the functionality of the internal audit system. This responsibility also comes to him from the tasks that the supervisory directives enacted by the Bank of Italy attribute to delegated bodies/officers and/or to the body/officer performing the management function. In Banca IFIS the management function, without prejudice to matters that are the exclusive prerogative of the Board pursuant to the Articles of Association and/or powers not delegated by the Board – as also specified in the “Corporate governance project” approved by the Board – is performed by Top Management (consisting of the CEO and General Manager).

During 2011 the CEO kept on promoting and following the refinement of the processes to identify the main corporate risks (strategic, operating, financial and compliance) in relation to the Bank's evolution in terms of size, the range of services marketed and operating organization, as well as in relation to trends in the legislative and regulatory framework.

He constantly reported back to the Board of Directors on all aspects of corporate management, including verification of the overall appropriateness, effectiveness and efficiency of the internal audit system.

In particular, during 2011 the CEO:

- interacted with the other parties in the internal audit system;

- constantly followed implementation of the Audit Plan and the results of the audits performance;
- reported to the Board of Directors every quarter on the trend of such risks.

Lastly, in 2006 the CEO had proposed to the Board appointment of the present Internal Audit Officer who, based on corporate internal regulations, performs the activities attributed by the Corporate Governance Code to the “Internal Audit Officer”. Appraisal of the latter’s performance, also in relation to the variable part of remuneration, is the prerogative of the Board of Directors as the Internal Audit Department is established within the Board itself.

11.2. INTERNAL AUDIT OFFICER

Since mid 2006 the position of Internal Audit Officer, reporting to the Board of Directors, has been held by the manager Ruggero Miceli. The mission assigned to this Department by the relevant regulation approved by the Board of Directors also includes verification that the internal audit system is always appropriate, fully operational and working properly.

The appointment took place at the Board meeting held on 4 August 2006, on the proposal of the executive director in charge of overseeing the functionality of the internal audit system.

At the time of hiring, the remuneration of Mr. Miceli was approved by the Remuneration Committee. Remuneration policies for the members, employees and outside staff members of the Banca IFIS banking group approved by the Shareholders’ Meeting subsequently decreed his exclusion from stock option plans, as other managers of control functions, as established by supervisory requirements concerning banks’ organization and corporate governance.

The Internal Audit Officer and, more in general, the Internal Audit Department, is not responsible for any operating area and does not report on a line basis to any manager of operating areas. The positioning of the Internal Audit Department in the corporate organization chart as a staff department of the Board of Directors, as well as assuring its independence – consistently with the Bank of Italy’s guidance and with sector best practice – facilitates the appropriate exchange of information with the Internal Audit Committee, Board of Statutory Auditors and, in general, with corporate bodies and officers.

During 2011 the Internal Audit Officer:

- had direct access to all information useful for performance of his office;
- reported on his work on a 6 monthly basis to the Board of Directors;
- constantly interacted with the Internal Audit Committee, Board of Statutory Auditors and with the Supervisory Committee set up as per Legislative Decree no. 231/2001 (of which he is a member), also reporting on his work;
- reported back continuously on his work also to the executive director in charge of overseeing the functionality of the internal audit system.

At the time of approval of the 2011 Audit Plan, the Board of Directors had also confirmed the decision-making autonomy of the Internal Audit Officer concerning training of the Department’s staff, purchase of publications and payment of association dues, as well as assignment of further economic resources of 50,000 Euro, that can be drawn upon independently by the Internal Audit Officer.

The main activities performed by the Internal Audit Officer during 2011, based on the said Audit Plan, concerned – with varying levels of depth depending on the level of risk – the following organizational components:

- subsidiary;
- Italian and foreign branches;
- management areas/services.

The main areas concerned were:

- Credit management;
- Online funding;
- Information technology;
- Compliance.

Besides the interim Reports on the work done, in compliance with the requirements of Supervisory Bodies, the Internal Audit Officer also prepared specific reports concerning:

- assessments of the subsidiary company;
- audits of the foreign branch;
- remuneration policies;
- the ICAAP process.

He also interacted with Level 2 control units with reference to the areas of risk covered by such units.

11.3. ORGANIZATIONAL MODEL as per Legislative Decree no. 231/2001

Banca IFIS, sensitive to the need to ensure conditions of transparency and fairness in conducting its business, in order to safeguard its institutional role and image, the expectations of shareholders and of those who work for and with the Bank, has deemed it consistent with its corporate policies to implement the Organizational & Management Model envisaged by Legislative Decree 231/2001.

This initiative was taken also in the conviction that application of the Organizational Model is a sound means of increasing the sensitivity of those who work for the Bank, spurring them to apply, in performing and conducting their activities, fair and linear conduct, such as to prevent the risk of perpetration of the crimes contemplated in Legislative Decree no. 231/2001.

The Bank condemns conduct contrary to current legislative requirements and to the ethical principles also stated in the Bank's Code of Ethics. In this respect, application and effective implementation of the Model improves the Bank's Corporate Governance, limiting the risk of crimes being committed.

In preparing its Organizational Model, Banca IFIS has based itself on the guidelines issued by the ABI (Italian Banking Association) for the adoption of organizational models in relation to banks' administrative liability". These guidelines provide orientation for the interpretation and analysis of the legal and organizational implications stemming from introduction of Legislative Decree no. 231/2001.

Crimes pursuant to Legislative Decree no. 231/2001

As regards the crimes to which the set of rules in question is applicable, at present they consist of the following types:

- a) crimes in dealings with Public Administration;
- b) computer crimes and unlawful processing of data;
- c) organized crime;
- d) counterfeiting of coins, legal tenders, government stamps and identification instruments or signs;
- e) crimes against industry and trade;
- f) some types of corporate crimes;
- g) crimes with terrorist intent or aiming to subvert the democratic order;

- h) mutilation of female genitals;
- i) crimes against the person;
- j) market abuses;
- k) crimes (manslaughter and negligently causing serious or grievous bodily harm) committed with breach of occupational health and safety regulations;
- l) receiving, laundering and use of cash, assets or other benefits of unlawful provenance;
- m) copyright breaches;
- n) convincing people to be reticent or to make false statements to the court authorities.
- o) environmental crimes.

For full observance and interpretation of the Organization Model, a Supervisory Body has been set up. The Supervisory Body is a collective body formed by members of the Board of Directors, chosen from among the non-executive Directors, and the Internal Audit Officer. Following resolution of the Board of Directors appointed by the Shareholders' Meeting of 29 April 2010 the Body is currently chaired by the director Andrea Martin and is composed of another two permanent members: the director Leopoldo Conti and the Internal Audit Officer Ruggero Miceli. Membership is the same as in the previous 3-year period.

The Body holds office for three years and meets at least once a quarter. Meetings are regularly documented in minutes, which are recorded in the minutes register. The Committee reports on its work to the Board of Directors every six months. This Body is in possession of independent powers of initiative and control, as per Legislative Decree no. 231/2001 "Rules for the administrative liability of legal entities, companies and associations, including those without legal personality".

Insofar as it is applicable, the Organizational Model adopted by the Bank also refers to the subsidiaries, considering the current Group structure, particularly as regards:

- Group regulations;
- Code of Ethics;
- Group Accounting Manual;
- System of delegated powers;
- Business procedures (where present).

The Regulation of the Supervisory Committee is available on the Bank's website, in the section "Investor Relations – Corporate Governance – Supervisory Committee".

In light of the changes made to the Corporate Governance Code during 2011, during 2012 the envisaged assessments on the possibility of attributing the Board of Statutory Auditors the functions of a supervisory body as per Legislative Decree no. 231/2001 will be made.

11.4. INDEPENDENT AUDITORS

The Issuer's Shareholders' Meeting of 30 April 2007 appointed KPMG S.p.A. to audit the Company's financial statements and the Group's consolidated financial statements as well as Banca IFIS' interim report for the financial years 2008-2013 and until approval of the financial statements as at 31 December 2013.

The audit of the financial statements of the subsidiary IFIS Finance Sp z o.o. has been assigned to a KPMG network company.

Fast Finance S.p.A. is audited by BDO Sala Scelsi Farina Società di Revisione per Azioni.

11.5. CORPORATE ACCOUNTING REPORTING OFFICER

On 27 September 2007 the Board of Directors appointed Carlo Siroombo as Corporate Accounting Reporting Officer, effective from 1 October 2007.

Pursuant to Article 19 of the Articles of Association:

- the Board of Directors, pursuant to Article 154-*bis* of Legislative Decree no. 58/1998, appoints, after having received the mandatory opinion of the Board of Statutory Auditors, a corporate accounting reporting officer;
- the Corporate Accounting Reporting Officer must meet the requirements of integrity established for election as a statutory auditor by Article 2 of Ministry Decree no. 162 of 30 March 2000 and the requirements of professionalism established for election as a director of Banks that are joint-stock companies by Article 1, paragraph 1, of Ministry Decree no. 161 of 18 March 1998.

Following the proposal made by the Internal Audit Committee, the Board of Directors allocated a budget of 100,000 Euro to the Corporate Accounting Reporting Officer with the obligation to report to the Board concerning how the funds are utilised. The Accounting Reporting Officer may exceed the approved budget limits in the case of specific and proven needs, pursuant to the general provisions laid down by the “Regulation of the Corporate Accounting Reporting Officer” approved by the BoD on 7 March 2011.

DIRECTORS’ INTERESTS AND RELATED-PARTY TRANSACTIONS

During 2011 the Board of Directors approved – following approval of the Internal Audit Committee (the part composed solely of independent directors), the Board of Statutory Auditors and the Corporate Accounting Reporting Officer – a new version of the “Procedure for related-party transactions”.

The “Procedure”, which describes the criteria for identifying the transactions that must be approved by the Board after receiving the opinion (or after involvement) of the Internal Audit Committee, is available on the Website www.bancaifis.it (in the section “Investor Relations”).

The Board has not found any need for further operating solutions to facilitate identification and appropriate management of situations in which a director has an interest on his/her own account or that of third parties.

It should be noted that during 2011, moreover, the Company finalized the merger of Toscana Finanza S.p.A. This transaction is classified among the major transactions with related parties.

The Board of Directors approved the transaction on the basis of the binding preliminary opinion issued by the independent and non-executive directors of the Internal Audit Committee. To this end, the Committee availed itself of the opinion issued by an advisor on the transaction in order to determine the consistency of the share exchange ratios.

APPOINTMENT OF STATUTORY AUDITORS

The appointment of members of the Board of Statutory Auditors is regulated by Article 21 of the Articles of Association and takes place based on lists presented by shareholders on which candidates are listed in sequential order and with a number of candidates not exceeding the members to be elected. Each list consists of two sections: one for candidates for the office of standing statutory auditor and the other for candidates for the office of substitute statutory auditor.

A list can be presented by the shareholder or shareholders who, at the time of submittal of the list, own an equity interest equal to at least 1% of ordinary shares, or to another lower ownership threshold that –pursuant to current regulations – must be indicated in the notice convening the Shareholders’ Meeting called to resolve the appointment of Statutory Auditors.

A shareholder can neither submit nor vote for more than one list, not even via agents or fiduciary companies. Shareholders belonging to the same group and shareholders forming part of a shareholder agreement concerning the Company's shares cannot submit or vote for more than one list, not even via agents or fiduciary companies. A candidate can be present only on one list, on pain of ineligibility.

From the same list, the candidate indicated in the first position of the relevant section of the list is elected as a substitute auditor.

In the case of a tie between two or more lists, the oldest candidates will be elected as statutory auditors.

Chairmanship of the Board of Statutory Auditors is the prerogative of the Standing Statutory Auditor elected from the minority list mentioned above.

Outgoing statutory auditors can be re-elected.

If, notwithstanding the provisions of the Articles of Association, as indicated above, only one list is presented or only one list receives votes, three standing and two substitute statutory auditors will be elected – on condition that the list in question receives the majority of the votes represented at the Shareholders' Meeting – in the order in which they are indicated for the respective office on that list. The candidate for the office of standing statutory auditor indicated in the first position on the list will be appointed Chairman of the Board of Statutory Auditors.

In the event of substitution of a standing statutory auditor, his/her place is taken over by the substitute statutory auditor belonging to the same list as the auditor who has ceased to hold office.

If it is necessary to appoint standing and/or substitute statutory auditors in order to reconstitute the Board of Statutory Auditors following auditors' early cessation from office, that Shareholders' Meeting will proceed as follows. If it is necessary to substitute statutory auditors elected from the majority list, appointment of the statutory auditor(s) takes place on the basis of a majority vote, without the constraint of lists. If instead it is necessary to substitute a statutory auditor designated by the minority, the Shareholders' Meeting will substitute him/her, with a relative majority vote, choosing the candidate from among the candidates indicated on the list to which the auditor to be replaced belonged, who have confirmed their candidacy at least 25 days before the date set for the Shareholders' Meeting on first call, together with statements concerning the absence of causes of ineligibility or incompatibility, as well as possession of the requirements needed to hold the office.

Concerning the deadlines for presenting the lists and their composition, procedures are underway to adapt the Articles of Association. In particular, the project to amend the Articles of Association sent to the Bank of Italy has taken into account:

- the provisions introduced by Legislative Decree no. 27 of 27 January 2010 which transposed in Italy Directive 2007/36/EC relating to the exercise of rights of shareholders of listed companies;
- paragraph 1-ter of Article 147-ter of the CFA on the balance between categories, also in light of the consultation document issued by Consob on 9 December 2011 and containing a possible amendment to the "Issuers' Regulation" (implemented at a later date with Consob resolution no. 18098 of 8 February 2012).

Statutory Auditors

The membership of the Board of Statutory Auditors in office as at FY2011 year-end date, as is also shown in Table 3 attached to this Report, is as follows:

- Chairman: Mauro Rovida,
- Standing statutory auditor: Erasmo Santesso,
- Standing statutory auditor: Dario Stevanato,
- Substitute statutory auditor: Luca Giacometti,
- Substitute statutory auditor: Francesca Rapetti.

The Shareholders' Meeting that made the appointment took place on 29 April 2010. The election for the 3-year period 2010-2012 took place based on a list vote. Two lists of candidates were submitted: one by the majority shareholder "LA SCOGLIERA S.p.A." and one by the shareholder "PREVE COSTRUZIONI S.p.A." (which certified the absence of connections with the controlling shareholder). Below we show, for both of them, the list of candidates, the list of those elected and the percentage of votes obtained in relation to voting capital:

List of candidates presented by the majority shareholder "La Scogliera S.p.A."		
Candidates for the office of standing statutory auditor	List of those elected	Percentage of votes obtained
Erasmo Santesso	Erasmo Santesso	96.39 %
Dario Stevanato	Dario Stevanato	
Candidates for the office of substitute statutory auditor		
Francesca Rapetti	Francesca Rapetti	

List of candidates presented by the shareholder "PREVE COSTRUZIONI S.p.A."		
Candidates for the office of standing statutory auditor	List of those elected	Percentage of votes obtained
Mauro Carlo Rovida	Mauro Carlo Rovida	3.49 %
Candidates for the office of substitute statutory auditor		
Luca Giacometti	Luca Giacometti	

Below we summarize the personal and professional characteristics of each standing statutory auditor (pursuant to Article 144-*decies* of the Consob Issuers' Regulation) based on the statements provided by each of them and attached to the lists, as well as on any subsequent updates notified by those concerned.

Chairman of the Board of Statutory Auditors – Mauro Rovida

Mauro Rovida graduated in Economics & Commerce in 1973, was research fellow in the Economic Politics department of the Economics & Commerce Faculty at the University of Genoa, has been a licensed Professional Accountant since 1975 and is also an officially approved Statutory Auditor. He works as a consultant, mainly in Genoa, in the corporate, litigation and tendering fields. He is a consultant for various companies and groups in Genoa involved in construction, maritime tourism services, port cargo handling services, industrial companies connected with shipping business, real

estate trading, mechanical industry, clothing, information technology and services. He is a member of various Boards of Directors and Boards of Statutory Auditors.

Standing statutory auditor – Erasmo Santesso

Erasmo Santesso graduated in Economics & Commerce at the University of Venice in 1971, is registered as an officially approved Statutory Auditor and is Full Professor of Business Economics at the University of Venice. He has performed consultancy and training activities in the field of planning and control, organisation and finance in various companies and entities. He is currently a member of the Board of Directors of Inipress S.p.A., R.p.m. S.p.A. and Aermec S.p.A., as well as of the Board of Statutory Auditors of Acciaierie Venete S.p.A. and Cassa di Risparmio di Venezia (Chairman of the Board of Statutory Auditors).

Standing statutory auditor – Dario Stevanato

Dario Stevanato is a lawyer and licensed Professional Accountant in Venice. He is also Full Professor of Tax Law and International Tax Law at the University of Trieste.

He participates as a speaker in numerous conferences, courses, seminars and training initiatives concerning tax matters, organised by public and private entities.

He has published three monographs and several hundred articles and papers on tax matters. He is part of the scientific management team of the journals '*Dialoghi tributari*', '*Corriere Tributario*' and '*Diritto e Pratica Tributaria*'.

During FY2010 the Board of Statutory Auditors met at the Bank during the course of 15 days, when it had contacts with Top Management, the Internal Audit Committee, the Supervisory Committee as per Legislative Decree no. 231/2001, the independent auditors, the Internal Audit Officer, the Accounting Reporting Officer and other control departments, as well as with numerous managers and employees of the Bank. The meetings and/or audits lasted about 2 hours and a half on average.

Since the beginning of 2012 until the date of approval of this Report, the Board of Statutory Auditors has met at the Bank during the course of 4 days, working with the Internal Audit Committee, the auditing firm, the control departments and a couple of members and managers of operating areas. The Board of Statutory Auditors will foreseeably hold a number of meetings in 2012 in line with those held in the previous year.

There have been no changes in the Board of Statutory Auditors' membership as at FY2010 year-end date.

The Board of Directors of 27 May 2010 has checked statutory auditors' possession of the requirements of integrity, professional skill/repute and independence, as per Article 148, paragraph 3 of Legislative Decree no. 58/1998, based on the Substitute Declarations envisaged by Italian Presidential Decree no. 445 of 28 December 2000.

In addition the Board of Statutory Auditors checks the suitability of its members to perform the functions of the control body in terms of professionalism, availability of time and independence. It also checked its own appropriateness in terms of powers, operation and membership, taking into account the entity and complexity of Banca IFIS and its business activities. As regards this, it has been confirmed on each occasion that the members of the Board of Statutory Auditors continue to meet the independence requirements as per all the criteria established by the Corporate Governance Code for directors' independence.

Consistently with the provisions of the Corporate Governance Code, and also pursuant to the provisions of Article 136 of the Consolidated Banking Act ("Obligations of banking officers"), paragraphs 1, 2 and 2-bis, if a statutory auditor either directly or on third parties' account has an interest in a certain transaction of the Issuer, he/she must inform the other statutory auditors and the Chairman of the Board promptly and exhaustively about the nature, terms, origin and extent of

his/her interest. The Statutory Auditors also fall within the field of application of the “Procedure for related-party transactions” discussed in Section 12.

The Board of Statutory Auditors has watched over compliance with the law and the Articles of Association, observance of the principles of proper management and, in particular, the appropriateness of the organizational structure. In addition, it has performed the tasks of control entrusted to it by law, checking the correctness of accounting procedures and assessing the degree of efficiency and appropriateness of the Internal Audit System, coordinating its activity with that of the other players in that “System”. Furthermore, it watched over the independence of the auditing firm, checking both observance of relevant regulatory requirements and the nature and entity of services other than independent statutory auditing provided to the Issuer and its subsidiaries by the auditing firm and by the entities belonging to the latter’s network.

As regards its coordination with the other players of the Internal Audit System, the Board of Statutory Auditors had primarily relations, as envisaged by the Corporate Governance Code, with the Internal Audit Department, whose Manager normally attends the Board of Statutory Auditors’ meetings, and with the Internal Audit Committee, whose meetings are normally attended by the Chairman of the Board of Statutory Auditors. In addition, during 2011 seven joint meetings of the Board of Statutory Auditors and Internal Audit Committee were held.

RELATIONS WITH SHAREHOLDERS

The Bank has created a specific section on its Website, easy to identify and access by clicking on “Investor Relations” in the menu at the top of the home page, which makes available information of importance to shareholders in order to enable them to exercise their rights knowledgeably.

The CEO had been put in charge of managing relations with shareholders (*Investor Relations Manager*) by virtue of the Board resolution passed on 29 April 2010. With Board resolution of 19 January 2012 the office was assigned to the Head of Communications Mara Di Giorgio.

The Investor Relations Department reporting to the CEO was also deliberated and set up.

SHAREHOLDERS’ MEETINGS (as per Art. 123-bis, para. 2, letter c), CFA)

The duties of the Shareholders’ Meeting are similar to those found in the majority of listed Italian banks. Specifically, the Shareholders’ Meeting:

- approves financial statements;
- appoints, applying the list vote mechanism, and revokes members of the Board of Directors, establishing their remuneration;
- appoints, applying the list vote mechanism, and revokes members and the Chairman of the Board of Statutory Auditors, establishing their remuneration;
- resolves on remuneration policies for directors, employees and outside staff members and receives reports on the same;
- resolves on remuneration plans based on financial instruments;
- resolves on transactions that involve amendments to the Articles of Association;
- resolves on the other matters reserved for it by the Articles of Association or by law.

Shareholders’ Meetings can also be held outside the Company’s registered office, as long as the venue is in Italy. The Shareholders’ Meeting is held at least once a year, within 120 days after the end of the corporate financial year.

It would be useful to make the following comments on the above mentioned project to amend the Articles of Association about to be finalised:

- notwithstanding the rules established by Article 154-ter of the CFA concerning publication of the annual financial report including the draft financial statements (within 120 days of closure of the financial year), it would seem advisable to enforce the right to establish a longer period of time for calling the Shareholders' Meeting, in compliance with the provisions of Article 2364 of the Italian Civil Code in the event of particular requirements which must, in any case, be indicated in the "Directors' report";
- alignment of the statutory rules on the right to take part in the Shareholders' Meeting to Article 83-sexies, paragraph 2, of the CA (record date mechanism).

Only shareholders who, alone or together with others, own at least 1% of ordinary shares at the time of submittal have the right to submit lists for the appointment of members of the Board of Directors. A lower ownership threshold is possible – if allowed by current legislation – and must be indicated in the meeting notice convening the Shareholders' Meeting called to vote on appointment of the members of the Board of Directors. A shareholder can neither submit nor vote for more than one list, not even via agents or fiduciary companies. Shareholders belonging to the same group and shareholders forming part of a shareholder agreement concerning the Company's shares cannot submit or vote for more than one list, not even via agents or fiduciary companies. A candidate can be present only on one list, on pain of ineligibility. One director is taken from a list other than the one receiving the most votes. In the event of the latter's cessation from office during the mandate, the Board will first check the continued availability of the candidates listed on the list concerned, according to the latter's sequential order, and will proceed with cooptation based on this criterion of preference.

The "Shareholders' Meeting Regulation", the current version of which was approved by the Shareholders' Meeting on 20 September 2004, is undergoing revision in order to bring it fully in line with the provisions introduced by Legislative Decree no. 27 of 27 January 2010 which transposed in Italy Directive 2007/36/EC regarding the exercise of the rights of shareholders of listed companies.

The regulation governs the manner in which meetings are held and function. The Regulation specifies the maximum duration of individual contributions by attendees, their order, the voting procedure, the contributions of Directors and Statutory Auditors, and also the powers to settle and prevent the occurrence of conflict during Shareholders' Meetings.

Pursuant to Article 5 of the Shareholders' Meeting Regulation, the Meeting's Chairman, also drawing on the assistance of qualified Company personnel, checks that proxies are correct, the right of attendees to take part in the Meeting and the latter's proper empowerment.

All those who attend have the right to take the stand on each of the topics discussed. Those who intend to speak must ask the Chairman, presenting him with a written request indicating the topic to which the request refers. The request must be presented after the Chairman has read out the agenda items and until he declares discussion of the topic to which the request to speak refers closed. As a rule, the Chairman gives permission to speak according to the chronological order in which requests are submitted. If two or more requests are submitted simultaneously, the Chairman gives permission to speak according to the alphabetical order of the requesters' surnames. The Chairman can authorize the submittal of requests to speak by a show of hands. In such cases the Chairman gives permission to speak according to the alphabetical order of requesters' surnames. Members of the Board of Directors and the General Manager can ask to take part in the discussion.

Managers and Middle Managers of the Company and Group Directors, Managers and Middle Managers take the stand when the Chairman deems this useful in relation to the subject to be discussed. The Chairman and, at his request, the CEO and General Manager answer at the end of each intervention or after completion of all interventions on an individual agenda item.

On occasion of shareholders' meetings the CEO, on behalf of the Board of Directors, makes himself available to report on the activity performed and planned by the Board, while in any case observing the rules for privileged information. The Board, also by means of the reports made available to shareholders in the terms established by the CFA and through ongoing fine-tuning of the organization of institutional communication via the Website, commits itself to ensure that shareholders receive sufficient information on the items necessary to enable them to take informed decisions as regards the resolutions that are the prerogative of the Shareholders' Meeting.

During the financial year, the shareholdings of two members of the Board of Directors (Francesca Maderna and Marina Salamon) went down below the threshold of 2%, while no significant changes occurred in the control structure of Banca IFIS S.p.A. and the market capitalisation of shares recorded the following values at the beginning and end of the period:

	Date	Share price (€)	No. of shares forming capital	Capitalization (€)
	30 December 2010	5.240	53,811,095.00	281,970,137.80
	30 December 2011	4.000	53,811,095.00	215,244,380.00

Source: Bloomberg, closing price (PX-LAST)

The decrease in capitalisation reflects the trend of Stock Exchange indices and, in particular, of banking stocks.

Further Corporate Governance Practices (as per Art. 123-bis, para. 2, letter a), CFA)

No further committees have been appointed other than those described in the previous sections. Adoption of the Organizational Model pursuant to Legislative Decree no. 231/2001 is discussed in the third paragraph of Section 11.

CHANGES SINCE END OF FINANCIAL YEAR CONCERNED

Since FY2011 year-end up to the date of approval of this Report there have been no changes in the corporate governance structure.

TABLES

TABLE 1: INFORMATION ON SHAREHOLDING STRUCTURE

STRUCTURE OF SHARE CAPITAL				
	No. of shares	% of share capital	Listed (market) / unlisted	Rights and obligations
Ordinary shares	53,811,095	100%	Listed (on MTA – Milan electronic equity market)	Each ordinary share attributes the right to one vote
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (giving right to subscribe newly issued shares)				
	Listed (market) / unlisted	No. of instruments outstanding	Share category servicing conversion/exercise	No. of shares servicing conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT SHAREHOLDINGS

Declarant	% of share capital	Direct shareholder	Possession status
FÜRSTENBERG SEBASTIEN EGON	69.221	La Scogliera S.p.A.: 69.186	Ownership
		Fürstenberg Sebastien Egon:0.035 Total: 69.221	Ownership
INTESA SANPAOLO S.P.A. ⁽¹⁾	2.710	Cassa di Risparmio del Veneto S.p.A.: 1,983	Pledge
		Banca Fideuram S.p.A.: 0.002 Banco di Napoli S.p.A. 0.004	Pledge
		Intesa Sanpaolo S.p.A.: 0.720 Total 2.710	Pledge
PREVE RICCARDO	2.743	Preve Costruzioni S.p.A.: 2,586 Preve Riccardo: 0.157 Total 2.743	Ownership
BOSSI GIOVANNI	3.549	Bossi, Giovanni	Ownership

⁽¹⁾ The percentages declared by Intesa Sanpaolo S.p.A as per Article 120 CFA can be fully attributed to pledges held by this banking group. According to the declaration received from Banca IFIS, no. 387,271 shares, equal to 0.720% are held

as pledge at Intesa Sanpaolo, while no. 1,065,447 shares, equal to 1.980% are in pledge at Cassa di Risparmio del Veneto S.p.A., and are owned by Alchimia S.p.A. which, moreover, has no voting rights only in the case of extraordinary shareholders' meetings (subject to waiver of the pledge holder).

TABLE 2: STRUCTURE OF BOARD OF DIRECTORS AND BOARD COMMITTEES

Board of Directors											Internal Audit Comm.		Remun. Comm.		
Office	Members	In office since	In office until	List (M/m)*	Exec.	Non-exec.	Indep. as per Code	Indep. as per CFA	(%)**	No. of other offices***	***	**	****	***	
Chairman	Furstenberg, Sebastien Egon	2010	2012	M		x			100%	-			X	100%	
Deputy Chairman	Csillaghy, Alessandro	2010	2012	M	x				94%	-					
CEO	Bossi, Giovanni	2010	2012	M	x				100%	-					
Director	Conti, Leopoldo	2010	2012	M		x			88%	-	X	67%			
Director (LID)	Cravero, Roberto	2010	2012	M		x	x	x	94%	6	X	100%	X	100%	
Director	Martin, Andrea	2010	2012	M		x	x	x	88%	-	X	83%	X	67%	
Director	Preve Riccardo	2010	2012	m		x	x	x	100%	-	X	83%			
Director	Salamon, Marina	2010	2012	M		x			76%	1					
Director	Maderna Francesca	2010	2012	M		x	x	x	100%	-					
Quorum required for presentation of lists on occasion of last appointment: 1%															
No. of meetings held during FY concerned:						BoD: 17	ICC: 12	RC: 3							

NOTES

* In this column "M/m" indicates whether the member was elected from the list voted by the majority (M) or by the minority (m).

** These columns show directors' percentage attendance of meetings, respectively of the BoD and committees (no. of attendances/no. of meetings held during effective period of office of person concerned).

*** This column shows the number of directorships or offices as statutory auditor held by the person concerned in other companies listed on regulated Italian and foreign markets, in financial, banking and insurance companies, or companies of significant size. The second paragraph of Section 4 lists these companies with reference to each director. None of the directors holds offices in the sole subsidiary of Banca IFIS S.p.A.

****In this column "X" indicates that the BoD member belongs to the committee.

TABLE 3: STRUCTURE OF BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Office	Members	In office since	In office until	List (M/m)*	Independence as per Code	** (%)	No. of other offices ***
Chairman	Rovida, Mauro	2010	2012	m	X	100%	19
Standing statutory auditor	Santesso, Erasmo	2010	2012	M	X	59%	6
Standing statutory auditor	Stevanato, Dario	2010	2012	M	X	82%	7
Substitute statutory auditor	Giacometti, Luca	2010	2012	m	X		
Substitute statutory auditor	Rapetti, Francesca	2010	2012	M	X		
-----STATUTORY AUDITORS WHO CEASED TO HOLD OFFICE DURING FY CONCERNED-----							
Quorum required for presentation of lists on occasion of last appointment: 1%							
Number of meetings held during FY concerned: 22 meetings							

NOTES

* In this column, as per the Borsa Italiana format, "M/m" indicates whether the member was elected from the list voted by the majority (M) or by the minority (m). The present membership of the Board of Statutory Auditors was resolved by the Ordinary Shareholders' Meeting on 29 April 2010 for the 3-year period 2010-2012, using the list-vote mechanism.

** This column shows statutory auditors' percentage attendance of BSA meetings (no. of attendances/no. of meetings held during effective period of office of person concerned).
*** This column shows the number of directorships or offices as statutory auditor – relevant for the purposes of Article 148-bis of the CFA - held by the person concerned. The full list of offices is published, pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulation, on Consob's website (area interattiva > saivc > informativa al pubblico of the Italian version).