

# Remuneration and Incentive Policies of DoBank S.p.A.



Prepared pursuant to:

- Bank of Italy provisions - Circular No. 285 of 17 December 2013, 7th Update of 18 November 2014 “Remuneration and Incentive Policies and Practices” and Art. 450 of the CRR (EU Regulation No. 575/2013);
- Art. 123-ter of the TUF [Consolidated Finance Law], Art. 84-quater and Diagrams 7, 7-bis and 7-ter of Annex 3A of the

Regulation adopted with CONSOB Resolution No. 11971 of 14 May 1999 as amended and supplemented, to implement Legislative Decree No. 58 of 24 February 1998

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## **Letter from the Chairman of the Remuneration Committee to Shareholders**

Dear Shareholders, I am pleased to present the Remuneration Report that will be submitted to the Shareholders' Meeting.

The listing on a regulated market on 14 July 2017 was a key milestone, and at the same time, the launch of a new strategy aimed at strengthening doBank's role as a leader in the non-performing loan management sector with the following main goals:

- increasing volume and profitability in its core business in the servicing segment;
- expanding its operations in the ancillary product segment;
- jointly investing in selected opportunities to securitize non-performing loan portfolios.

The Remuneration Policy is a key tool for establishing a dialogue with investors and the public in general aimed at highlighting how management and all individuals in the Group are motivated to pursue the business strategies indicated and achieve expected results.

By submitting this Remuneration Report to you, doBank is pursuing the goal of clear governance through a transparent policy that is consistent with its business strategies.

In this regard, the introduction provides a summary of the goals and principles that guide the doBank Group's remuneration policy, and thus, the specifics of the incentive system for 2018 aimed at supporting the business strategies described and at the same time ensures that shareholders' interests are being met with a focus on the creation of value over time.

This Remuneration Report was approved by the Board of Directors on 19 March 2018 subject to the favourable opinion of the Remuneration Committee, and it is being submitted to the Shareholders' Meeting for approval of the Remuneration Policy in accordance with the Supervisory Provisions of the Bank of Italy and Article 123-ter of the TUF.

Chairman of the Remuneration Committee

## **Executive Summary**

The doBank Group is a leader in the management of primarily non-performing loans for banks and public and private investors. The Group has also developed an assortment of ancillary products related to servicing activities that include gathering, developing and providing property-related and legal information on borrowers and providing property services that are also related to recovery activities (e.g. participation in auctions, REOCO, etc.) and activities to provide legal support for the recovery of loans.

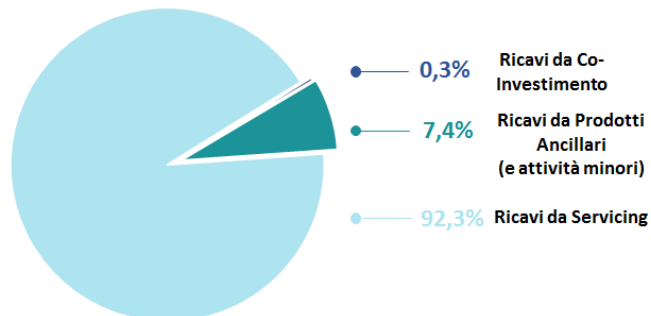
The doBank Group intends to continue strengthening its role as a leader in the non-performing loan management sector by continuing to:

Increase volume and profitability in its core business

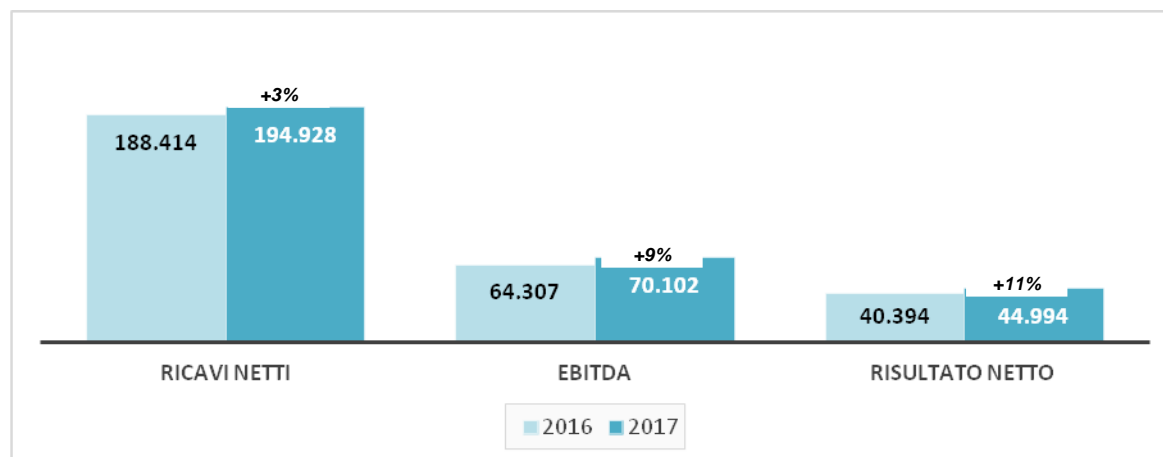
Expand its operations in the ancillary product segment

Jointly invest in selected opportunities to securitize non-performing loan portfolios

### ***Breakdown of doBank S.p.A. Gross Revenues (2017)***



### Key Economic Indicators (2017 vs. 2016, amounts in thousands)



Significant results were achieved in 2017 in both the development of core servicing activities, with the achievement of goals shared with the market, and in the positive conclusion of the Group's corporate restructuring and of major special projects, including in the IT area, and the success of listing on the Milan Stock Exchange.

The overall increase in collections and revenues, which was substantial in view of lower assets under management, demonstrates effective portfolio management. Cost containment has made it possible to increase the EBITDA margin by 2 percentage points and contributed to double-digit profit growth and growth of the Group's cash position.

With regard to 2018, doBank is participating in major servicing transactions in the Italian market thereby confirming its leadership position. Goals achieved include a stronger focus on increasing assets under management: (GBV) by on-boarding new portfolios under management totalling over 11 billion Euros just in the first quarter of 2018. Recovery capabilities were expanded using an integrated operating management model at the Group level and improving recovery processes and systems with the expectation of a significant increase in collections.

The increase in profitability is confirmed as a strategic goal to sustain the business, and thus, ensure a return to investors subject to capital and liquidity requirements complying with regulatory projections in terms of sound and prudent risk management.

Business objectives in 2018 are based on two fundamental strategies to sustain performance over time:

- The achievement of the operating and financial results stated in the 2017-2019 strategic plan to strengthen and increase attractiveness among institutional investors;
- The expansion of the Group's profitability trends to support growing value over the long term in an increasingly challenging competitive environment.

In keeping with business priorities, the remuneration strategy for 2018 should be seen as a part of an overall reinforcement of measures initiated as a part of the 2017-2019 plan, following the listing on regulated markets (MTA) on 14 July 2017 in support of clear and transparent governance and the creation of value over time for shareholders, investors, and in general, the economic environment in which doBank operates.

This remuneration policy is consistent with business strategies and is aimed at having management increase its focus on achieving projected results in keeping with the approach taken and in preparation for updating the business plan, which is scheduled for the first half of 2018. The remuneration policy is developed in keeping with applicable regulatory provisions and criteria for sound, prudent risk management.

The goals pursued with the remuneration policy are as follows:

- Aligning the interests of management and the Group with those of investors;
- Creating value over time for all stakeholders;
- Creating incentives to achieve projected results in view of opportunities arising out of the relevant regulatory environment in Europe, and bearing in mind the increasingly challenging competitive environment;
- Attracting, retaining and motivating employees with a focus on resources with unique skills to pursue the company's growth and business goals.

The following are the principles of the remuneration policy that guide the establishment of remuneration and incentive systems to pursue the goals indicated:

- Compliance with regulatory requirements and principles of good professional conduct;
- Clear and transparent governance;
- Sustainable pay for sustainable performance;
- Fair internal treatment and external competitiveness.

The 2018 Remuneration and Incentive Policy is characterised by the following features:

- **Maintaining the focus of the Chief Executive Officer on serving the interests of shareholders, investors and customers**

Upon the achievement of goals assigned, the payment of potential variable remuneration, which is defined up to a limit of 2:1 over the fixed component, entirely in shares, with the deferment of 60% for 5 years, on a pro-rata basis, retention of 2 years for the up-front component, and of 1 year for the deferred component, entirely subject to malus and clawbacks.

- **Reassessment of incentive system for Key Employees and focus on achieving the Group's profitability goals in accordance with the risk policies established in the context of long-term sustainability and alignment with investors' interests**
  - Upon the achievement of over performance under the MBO system, payment of variable remuneration up to a limit of 200% of the fixed

component.

- Potential variable remuneration related to the MBO system paid 60% up front and 40% on a deferred pro rata basis over three years, assigned 50% in shares, with retention of two years for the up-front component, and of one year for deferred components, as a tool for serving the interests of investors over the long term.
- Possibility of including in the Key Employee incentive system additional selected resources with responsibility for project initiatives and planning under way in accordance with applicable regulatory provisions.
- Incentive system for Asset Managers integrated with an opportunity for variable remuneration in shares, aimed at supporting the achievement of the business objectives and raising the resources' loyalty in the long term.
- **Revision of mix of MBO targets for all Management aimed at creating incentives for achieving the Group's profitability goals**, to generate funds and support growth while, at the same time, maintaining a **focus on strategies for creating value**:
  - Management focus on sustainable profitability
  - Potential variable remuneration related to the MBO system up to the limit of 100% of fixed remuneration assigned entirely in the form of cash with a deferred component after one year of 40% for participants forming a part of Key Staff.
- **Maintenance of the focus of company control functions on control and function-related goals**, limiting the maximum potential variable remuneration to 33% in keeping with applicable regulatory provisions. The same remuneration structure is also confirmed for other equivalent functions in order to avoid possible conflicts of interest.
- **Sustainability of the overall structure of remuneration policy**, including by providing mechanisms for adhering to **sound, prudent risk management** and **actual long-term results**, in the context of overall **compliance with regulatory requirements and principles of good professional conduct** in all incentive systems
  - **Criteria for activating** the incentive system related to profitability and capital and liquidity requirements.
  - Possibility of totally eliminating (**malus**) deferred components if capital and liquidity requirements are not in line with the projections of the Risk Appetite Framework.
  - Implementation of strict **clawback** provisions, i.e. restitution requirements, if, within 7 years for the Chief Executive Officer and 5 years for other risk takes,



and 2 years for other employees, fraudulent behaviour, gross negligence and/or other behaviours specified in the reference regulations are discovered.

- **Reassessment of severance pay policies:**
  - Limitation up to a maximum of **24 months** of total remuneration of additional compensation when advance notice is given in anticipation of, or on the occasion of, the early termination of the position and/or the early termination of the employment relationship with provisions for a stock component, deferrals, malus and clawbacks in keeping with variable remuneration provisions.
- **Adjustment to the structure of the Remuneration Report**, in view of regulatory requirements and investor expectations, confirming the principle of clear and transparent governance with a description of methods used to ensure alignment between incentives, performance and sound, prudent risk management.

**Section I: Remuneration and Incentive Policies of the doBank S.p.A. Group**



## 1 Regulatory framework

The 2018 Remuneration Report of the doBank S.p.A. Group is prepared on the basis of the regulatory framework concerning remuneration and incentive systems from the following sources:

- at the EU level:
  - Directive 2013/36/EU of the European Parliament and Council of 26 June 2013 on access to the activities of credit institutions and prudential oversight of credit institutions and investment undertakings (the CRD IV);
  - Regulation 575 of the European Parliament and Council of 26 June 2013 related to prudential requirements for credit institutions and investment undertakings (the CRR);
  - Delegated Regulation 604 of the European Commission of 4 March 2014, which supplements CRD IV with regard to technical regulatory requirements regarding qualitative and quantitative criteria for identifying categories of personnel whose professional activities have a substantial impact on the entity's risk profile (so-called Risk Takers);
  - Delegated Regulation 527 of the European Commission of 12 March 2014, which supplements CRD IV with regard to technical regulatory requirements regarding the determination of categories of instruments that appropriately reflect the credit quality of the entity on an ongoing basis, and are suitable for being used for the purposes of variable remuneration;
- at the national level:
  - Article 123-ter and 114-bis of the Consolidated Law on Finance, entitled "Remuneration Report" and "Market Disclosure Concerning the Allocation of Financial Instruments to Company Representatives, Employees and Collaborators" respectively;
  - Consob Regulation No. 11971/1999 (Issuers' Regulation);
  - 7th update of Circular 285 of 17 December 2013 issued on 18 November 2014 by the Bank of Italy with the addition of a new chapter on remuneration and incentive policies and practices;

The following documents complete these sources:

- Compensation Principles and Standards Assessment Methodology, issued by the Basel Committee for Bank Supervision in January 2010;
- Guidelines on Remuneration Policies and Practices, issued by EBA in December 2015;

The aim of the Policies is to implement, in the interest of all stakeholders, remuneration systems that - as well as being aligned with the corporate objectives and values, the long-term strategies and the prudent risk management policies - are characterised by incentive systems consistent with the framework of reference for determining risk propensity (the risk appetite framework, which is crucial as it is the tool that defines the maximum risk levels that the Group is willing to accept and, consequently, on which the remuneration can be based), the governance and risk management policies, as well as the capital and liquidity necessary to deal with the activities undertaken.

### 1.1 The Characteristics of the doBank Group and the Proportionality Principle

The Supervisory Provisions require, in application of the proportionality principle, banks to define their remuneration and incentive policies taking account of their characteristics and dimensions as well as the risks and complexities of the activity performed so as to achieve the regulation's objectives. For the purposes of modulating regulatory provisions, the regulation divides banking

groups into three categories: banks of larger dimensions or operational complexity, banks of smaller dimensions or operational complexity and intermediate banks.

Based on the characteristics of its investments and the structure of the Bank Group, doBank is considered an intermediary with smaller dimensions or operational complexity, considering, inter alia, that its assets still amount to less than 3.5 billion in accordance with the provisions on the prudential control process (ICAAP). For those banks, the Provisions state that the rules concerning the payment of the variable component of remuneration (balancing with financial instruments and deferment mechanisms) are not applied even with reference to Material Risk Takers, subject to respecting the principles at the basis of those rules.

The listing in regulated markets (MTA), which occurred in July 2017, made it necessary to adapt governance controls to the provisions for intermediaries with larger dimensions and greater operating complexity by establishing, for example, a Remuneration Committee separate from the Appointments Committee. In keeping with this provision, doBank, when adjusting the remuneration policy implemented in 2017, established the reference regulatory framework in accordance with the strictest criteria for intermediaries with high operating complexity and broke them down proportionally among the various categories of risk takers as described in detail in paragraph §4.

In its policy for 2018, doBank established stricter rules and criteria for the payment of the variable component of remuneration to Material Risk Takers than those laid down by the regulations for banks of smaller dimensions so as to be aligned with the business objectives and values, the long-term strategies and the prudent risk management policies in keeping with the principles established by the regulations, both in terms of balancing with financial instruments and the application of deferment mechanisms.

## 2 Governance Process

*The main activities related to the remuneration cycle*



In accordance with the contents of the Supervisory Provisions<sup>1</sup>, the Group Head develops the remuneration and incentive Policies for the whole Group, ensures their overall consistency, provides the necessary instructions for their implementation and verifies their correct application.

The work process relating to the formation, application and control of the implementation of the policies is illustrated in detail in internal operating documents that define at Group level the activities, the functions of reference and the controls involved at the various levels, in accordance with the principles of segregating functions, authorities and powers and the traceability of the operations performed.

When preparing the policies for 2018, as Group Head of the Banking Group, doBank obtained support from Willis Towers Watson.

The Policies are reviewed, at least on an annual basis, by the Group Head's Board of Directors, at the recommendation of the Remuneration Committee. They are subsequently submitted for approval by the Shareholders' Meeting, in compliance with the contents of the existing Supervisory Provisions.

All Subsidiaries, once they have received the document approved by the Group Head, guarantee that it is incorporated and implemented by their competent decision-making Bodies and consequently adjust the responsibilities, processes and internal regulations in line with their characteristics and dimensions.

The individual Group companies in any case remain responsible for respecting the regulations directly applicable to them and for the correct implementation of the instructions provided by the Group Head.

The Group companies are therefore required to commence promptly - after the appropriate assessment and approval by their competent Bodies - the necessary activities to apply this document correctly in keeping with the criteria issued by the Group Head.

The Human Resources Function examines the Policies at least annually and makes a proposal to revise this document. In making the proposal, the Function particularly considers the evolution of the market and the strategies and risk appetite of the Group, liaising to that end with the competent Functions and Company Bodies, which provide their contribution to the process according to their respective remits as described in more detail below.

The doBank Board of Directors, at the recommendation of the Human Resources Function and with the favourable opinion of the Remuneration Committee, having also heard from the Risks and Transactions with Related Parties Committee for consistency checks with the *risk appetite framework*, defines the Policies to be submitted to the Shareholders' Meeting for approval, in line with the Supervisory Provisions.

Once approved by the Shareholders' Meeting of the Group Head, the Policies are incorporated by the competent Bodies of the Subsidiaries and applied in conformity with the relevant legal and regulatory requirements.

The Company Control Functions are involved in that process *ex ante* and they work together to ensure the adequacy and compliance of the Policies and practices adopted with the relevant regulations, as well as monitoring *ex post* their correct functioning and correct application within the Group.

The role of the Corporate Bodies and the Company Functions of the Group Head in relation to remuneration and incentive policies and practices is indicated below.

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<sup>1</sup> See. Bank of Italy, Circ. 285/2013, Title IV, Chapter 2, Section 1, par. 8.

### **3.1 Shareholders' Meeting**

The Shareholders' Meeting of the Group Head:

- determines the compensation owed to the Bodies appointed by the same;
- approves the remuneration and incentive policies for Directors, employees and collaborators, along with any remuneration plans based upon financial instruments (e.g. *stock options*);
- approves the criteria for determining the remuneration to be granted in the case of early termination of the employment relationship or early cessation of the role, therein including the limits fixed to that remuneration and the maximum amount deriving from their application;
- resolves on any proposal by the Board of Directors to establish a ratio limit between the variable and fixed component of individual remuneration higher than 1:1 (but not greater than 200%), in accordance with the contents of the Supervisory Provisions in that regard. That proposal is approved by the Shareholders' Meeting:
  - with the favourable vote of at least 2/3 of the share capital represented in the Shareholders' Meeting, when this is made up of at least half of the share capital;
  - with the favourable vote of at least 3/4 of the capital represented in the Shareholders' Meeting, whatever the amount of capital with which the Shareholders' Meeting is constituted.
- examines and approves the disclosures on remuneration and incentive policies and practices, containing at least the information to be provided to the public in compliance with the contents of the Supervisory Provisions<sup>2</sup>.

### **3.2 Board of Directors**

In the capacity of the Group Head's Body with strategic supervisory functions, the Board of Directors:

- develops and submits these Policies to the Shareholders' Meeting, re-examining them at least annually, and is responsible for their correct implementation;
- guarantees that the Policies are adequately documented and accessible within the company structure and the Group;
- defines, also at Group level, the remuneration and incentive systems at least for the following persons: Executive Directors, General Managers, Deputy General Managers and similar persons, responsible for the main business lines, Company Functions, those reporting directly to the Bodies with strategic supervisory, management and control functions; the managers and personnel at the highest level of the Company Control Functions;
- guarantees that the remuneration and incentive systems are consistent with the Group's overall decisions in terms of risk assumption, strategies, long-term objectives, corporate governance structure and internal controls;
- participates in and has the final responsibility for developing the self-assessment conducted in order to identify the Group's Material Risk Takers and approves/supervises any exclusion of

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<sup>2</sup> See Bank of Italy, Circ. 285/2013, Title IV, Chapter 2, Section VI.

personnel who, despite falling within the quantitative requirements, do not satisfy the qualitative criteria defined by the regulations in that regard<sup>3</sup>.

### **3.3 Remuneration Committee**

The Remuneration Committee, made up of a minimum of three and a maximum of five members chosen from the non-executive doBank Directors, most of whom meet the requirements of independence, supports the Group Head's Board of Directors with consulting, advisory and investigative functions in relation to the remuneration and incentive systems. For the current year, the Committee is made up of three members, one of whom serves as Chairman.

In particular, the Remuneration Committee has the following duties:

- it is responsible for proposing the remuneration of Personnel whose remuneration and incentive systems are under the remit of the Group Head's Board of Directors in accordance with the contents of this document;
- it assesses, in collaboration with the Risks and Transactions with Related Parties Committee, the adequacy and correctness of the self-assessment process in order to guide the activities to be implemented, guaranteeing the independent review recommended by the EBA Guidelines;
- it has advisory duties in relation to determining the criteria for the remuneration of all Material Risk Takers of the Group;
- it directly oversees the correct application of the rules on the remuneration of the heads of the Company Control Functions, in close liaison with the Board of Auditors;
- it deals with preparing the documentation to be submitted to the Board of Directors for the respective decisions;
- it contributes to defining these Policies and their periodic assessment;
- it ensures the involvement of the competent Company Functions in the process of developing and checking the Policies;
- it expresses, also using information received from the competent Company Functions, an opinion on the achievement of the performance targets to which the incentive plans are linked and on the assessment of the other conditions imposed for the payment of remuneration;
- it provides adequate feedback on its activity to the Company Bodies and to the Shareholders' Meeting.

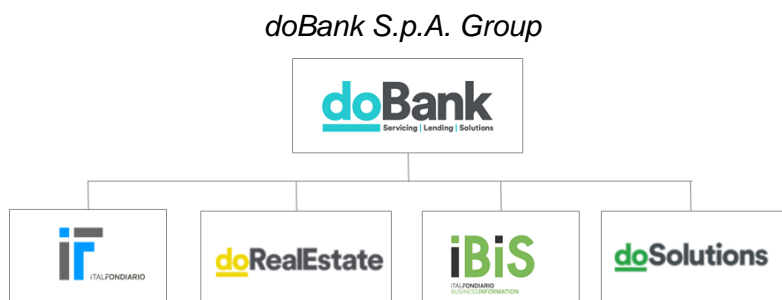
The Remuneration Committee meets, when convened by its chairman, whenever necessary to perform the activities required by law and by the internal regulations that govern its operating procedures.

The operation of the Remuneration Committee is governed by special regulations.

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<sup>3</sup> Delegated Regulation (EU) No. 604/2014, Art. 4, par. 2 and ABE Guidelines of 27 June 2016, paragraph 99.

### **3.4 Boards of Directors of the Subsidiaries**



The Boards of Directors of the Subsidiaries:

- incorporate from the Group Head's competent Bodies and approve these Policies - except for the incentive component based upon financial instruments, which is approved by the Shareholders' Meeting of doBank – as well as the instruments implementing those Policies;
- guarantee the consequent adjustment of responsibilities, processes and internal regulations, in line with their characteristics and dimensions.

### **3.5 Chief Executive Officer**

In the capacity of the Group Head's Body with management functions, the Chief Executive Officer:

- decides upon and approves the operational process of defining the criteria used as a basis for the remuneration and incentive system, in accordance with the contents of the Policies;
- submits proposals for applying remuneration policies to Corporate Bodies by establishing goals and Bonus Pool recommendations and incentives in keeping with the provisions of these Policies.

### **3.6 Risk and Transactions with Related Parties Committee**

Without prejudice to the remit of the Remuneration Committee, the Risks and Transactions with Related Parties Committee:

- assesses, in collaboration with the Remuneration Committee, the adequacy and correctness of the self-assessment process aimed at identifying Material Risk Takers in order to guide the activities to be implemented, guaranteeing the independent review recommended by the EBA Guidelines;
- ensures that the incentives underlying the remuneration system are consistent with the *risk appetite framework*, particularly given that the remuneration system takes into account capital and liquidity risks.



### **3.7 Compliance Function**

The Group's Compliance Function:

- guarantees, in collaboration with the other Company Control Functions, the adequacy and compliance of these Policies with the regulations and their correct functioning;
- verifies that the company bonus system is consistent with the objectives of compliance with the rules, the Articles of Association and the Code of Ethics and Conduct, and verifies that legal and reputational risks are appropriately cited, with particular reference to relationships with customers;
- analyses the way in which the Policies affect the Group's compliance with the legislation, regulations, internal policies and risk culture, reporting to the Group Head's Board of Directors Head all compliance risks and non-compliance issues identified;
- verifies the consistency of the process followed for identifying the Material Risk Takers with existing regulations.

### **3.8 Risk Management Function**

The Group's Risk Management Function:

- supports the Human Resources Function in guaranteeing the consistency of Policies with the risk propensity manifested in the *risk appetite framework* and in identifying any objectives aimed at mitigating significant risks;
- works with the Administration, Finance and Management Control Area in establishing the Bonus Pool in advance, and the gates providing access to variable remuneration;
- guarantees the adequacy of the qualitative-quantitative assessments to be adopted for determining Material Risk Takers with respect to the Group's risk profile, in keeping with the guidelines contained in the *risk appetite framework*.

### **3.9 Internal Audit Function**

The Group's Internal Audit Function:

- verifies, at least on an annual basis, the compliance of the remuneration practices with the Policies and with the Supervisory Provisions of reference. The results of the checks and any anomalies are brought to the attention of the Company Functions involved and the Company Bodies for the purposes of adopting any corrective measures and, where necessary, for prompt reporting to the Supervisory Authority. The outcomes of the check conducted by the Internal Audit Function are brought to the attention of the Shareholders' Meeting on an annual basis.

### **3.10 Human Resources Function**

The Group Head's Human Resources Function collaborates with the Chief Executive Officer and the competent company functions to provide all necessary and opportune information for the proper functioning of the Policies and concretely implements the Board of Directors' resolutions on remuneration and incentives, through the following activities:

- it develops and submits to the Remuneration Committee the revision of the remuneration and incentive policy;
- it provides support to the Remuneration Committee and to the competent Bodies in developing and reviewing this Policy, in concert with the other competent Company Functions;
- it guarantees, in collaboration with the other Company Control Functions, the adequacy of these Policies and their compliance with the regulations, together with their correct functioning;
- it coordinates the process of identifying and defining the Material Risk Takers, contributing to defining the methods of identification of the objectives and rules of functioning;
- it suggests the performance assessment system, the bonus system and the career plans system in keeping with the Policies; in that regard, it also participates in defining and assigning the performance targets to Personnel involved in structured incentive systems;
- it checks, with the support of the Administration, Finance and Management Control Area and the Risk Management Function, the achievement of the targets and verifies that conditions have been met to access forms of variable remuneration;
- it performs monitoring activity of the trends and practices of the relevant labour market in order to:
  - make revision proposals of the Policies;
  - suggest revision solutions of the remuneration and incentive system in terms of tools, methods, operating mechanisms and parameters adopted by the Group.

### **3.11 Administration, Finance and Management Control Area**

The Group Head's Administration, Finance and Management Control Area:

- supports the process of establishing the targets assigned to personnel in order to achieve the planned results and, after the fact, for the purposes of verifying the performance achieved;
- defines *ex ante*, in collaboration with the Risk Management Function, the Bonus Pool and the access gates to variable remuneration, to be submitted for approval by the competent Bodies;
- verifies, with the support of the Risk Management Function, the achievement of the gates and determines the amount of the final Bonus Pool based upon the rules indicated in these Policies;
- prepares, with the support of the Risk Management Function, the Human Resources Function and the Legal and Corporate Affairs Function, the disclosure to the public on the Group's remuneration and incentive systems, as well as dealing with the respective reporting requirements;
- provides support, as part of the process of identifying Material Risk Takers, in identifying the Group's main business areas and in analyses of quantitative nature.

### **3.12 Legal and Corporate Affairs Function**

The Group Head's Legal and Corporate Affairs Function:

- participates in defining and reviewing the Policies, with particular reference to remuneration for members of the Group's Company Bodies, guaranteeing the consistency of the Policies with the corporate governance structures adopted by the Group Head and by the Subsidiaries;
- supports the Administration, Finance and Management Control Area in preparing the disclosure to the public on the Group's remuneration and incentive systems, in concert with the other competent Company Functions;
- is involved in the process of identifying Material Risk Takers in order to guarantee consistency with the corporate governance structures at consolidated level.

#### **4 Identification of Material Risk Takers**

The self-assessment process for identifying Material Risk Takers (“Self-Assessment Process”) takes account of the Group's governance, organisational and operational model, and it is performed at least on an annual basis at consolidated level, in respect of the indications provided by the Supervisory Provisions. In particular, the identification of the Material Risk Takers is based upon the qualitative and quantitative criteria indicated in Delegated Regulation (EU) no. 604/2014 which defines:

- qualitative criteria linked, inter alia, to the role, position and autonomy level of Personnel;
- quantitative criteria based upon the assessment of the overall remuneration attributed to Personnel in the previous financial year.

More specifically, the Group Head's Human Resources Function coordinates the process in question, obtaining support from the second level Company Control Functions (i.e. Risk Management Function and Compliance Function), the Legal and Corporate Affairs Function, the Administration, Finance and Management Control Function, as well as the Board's committees (i.e. Remuneration Committee and Risks and Transactions with Related Parties Committee), depending on the areas of respective competence. That Function collects all necessary information, also relating to Personnel of the Subsidiaries, to perform the merit analyses.

The description of the self-assessment process conducted year upon year, the main roles involved and the outcomes of the assessments is formalised in a specific document by the Human Resources Function which, once shared with the Board's committees, is submitted for the applicable analysis and approval by the doBank Board of Directors.

The self-assessment takes into account the Group's organisational characteristics, the management and control function carried out by doBank with respect to subsidiaries and the Group's specific businesses (core business consisting of NPL servicing agreements for banking principals and the essential absence of any commercial, investment or private banking activities). In particular, through the recognition and assessment of the individual positions (e.g. responsibilities, hierarchical levels, activities performed, operational authorities, etc.), the positions were identified that may have a substantial impact on the Group's risk profile.

For 2018, 23 roles were identified falling within the category of Material Risk Takers at Group level (certain roles may be covered by the same individual):

- CEO of doBank S.p.A.
- 7 non-executive directors of doBank S.p.A.
- Chief Financial Officer
- Chief Credit Management Officer of doBank S.p.A.

- Chief Operating Officer
- Chief ICT Governance & Innovation and Business Continuity Manager Manager
- Chief Resources & Transformation Officer
- Chief Data Quality & Governance Officer
- General Counsel
- Deputy CFO and Manager in Charge
- Finance, M&A & Investor Relations Officer
- Chief Risk Management Officer
- Chief Compliance Officer
- Chief Internal Audit Officer
- AML Officer and STR Delegate
- CEO Italfondario S.p.A.
- CEO doSolutions S.p.A.

The 21 employees identified represent 1.78% of the Group's total employees as of 31 December 2017.

A check of quantitative criteria did not lead to the identification of other employees who could have a substantial impact on the Group's risk profile.

Managers with strategic responsibilities identified by the doBank Group are all included in the group of risk takers.

In keeping with regulatory provisions, the group of Material Risk Takers is monitored on an ongoing basis and may be subject to modifications during the year that will be formalised and submitted to the Remuneration Committee and to the Board of Directors as soon as possible, and brought to the attention of the Shareholders' Meeting at the time of the annual disclosure concerning the application of the Policies.

## **5 Breakdown of the remuneration of Corporate Bodies, employees and collaborators**

The remuneration systems are differentiated for the following categories of Personnel and collaborators:

- members of corporate bodies and subsidiaries (see **§5.1**);
- Chief Executive Officer (see **§5.2**);
- Key Employees pursuing business strategies (see **§5.4**);
- Managers with strategic responsibilities, other Material Risk Takers and those covered by the MBO system (see **§5.5**);
- Members of Company Control Functions (see **§5.5**);
- Managers (see **§5.6**);
- remaining personnel (see **§5.7**);
- Financial agents (see **§5.8**);

## **5.1 Remuneration of Corporate Bodies**

### **5.1.1 Remuneration of Board of Directors**

The ordinary Shareholders' Meeting establishes compensation to be paid to bodies it appoints, and in particular, members of the Board of Directors. The Shareholders' Meeting may determine a total amount for the remuneration of all directors including those filling specific positions, to be divided among individual members as determined by the Board of Directors.

The allocation methods of the remuneration of the Board of Directors among its members are established by resolution of the Board itself. If not approved by the Shareholders' Meeting, after consulting with the Board of Statutory Auditors and Remuneration Committee, the Board of Directors establishes the remuneration of the Directors filling specific positions in accordance with Art. 2389, third paragraph of the Italian Civil Code (including the Directors forming part of the Board's committees). The Chairman of the Board of Directors, more specifically, receives remuneration, the level of which is consistent with his central role and is determined *ex ante* in an amount in any case not exceeding the fixed remuneration received by the senior members of the Body with management functions (i.e. Chief Executive Officer).

The Directors are also entitled to the reimbursement of expenses incurred in the exercise of their functions.

After consulting with the Remuneration Committee, the Group Head's Board of Directors also proposes compensation for members of the subsidiaries' boards of directors. Members of the subsidiaries' boards of directors who are also Group employees do not receive compensation for the position of Board Director unless they are assigned specific positions.

The non-executive Directors and the Chairman of the Board of Directors do not covered by variable remuneration systems.

All directors of the Group Head and subsidiaries are also entitled to a D&O (Directors & Officers) insurance policy.

### **5.1.2 Remuneration of the Board of Statutory Auditors**

The ordinary Shareholders' Meeting resolves upon the annual fee due to each auditor in accordance with the law. That sum is fixed and invariable for the entire duration of the assignment. In no case may the Auditors receive forms of variable remuneration.

The Auditors are also entitled to the reimbursement of expenses incurred in the exercise of their functions.

Auditors are also entitled to a D&O (Directors & Officers) insurance policy.

## **5.2 Remuneration of the CEO**

The remuneration structure of the Group's CEO is established in such a way to align incentives with the Group's long-term interests, and in general, those of shareholders and investors, and to

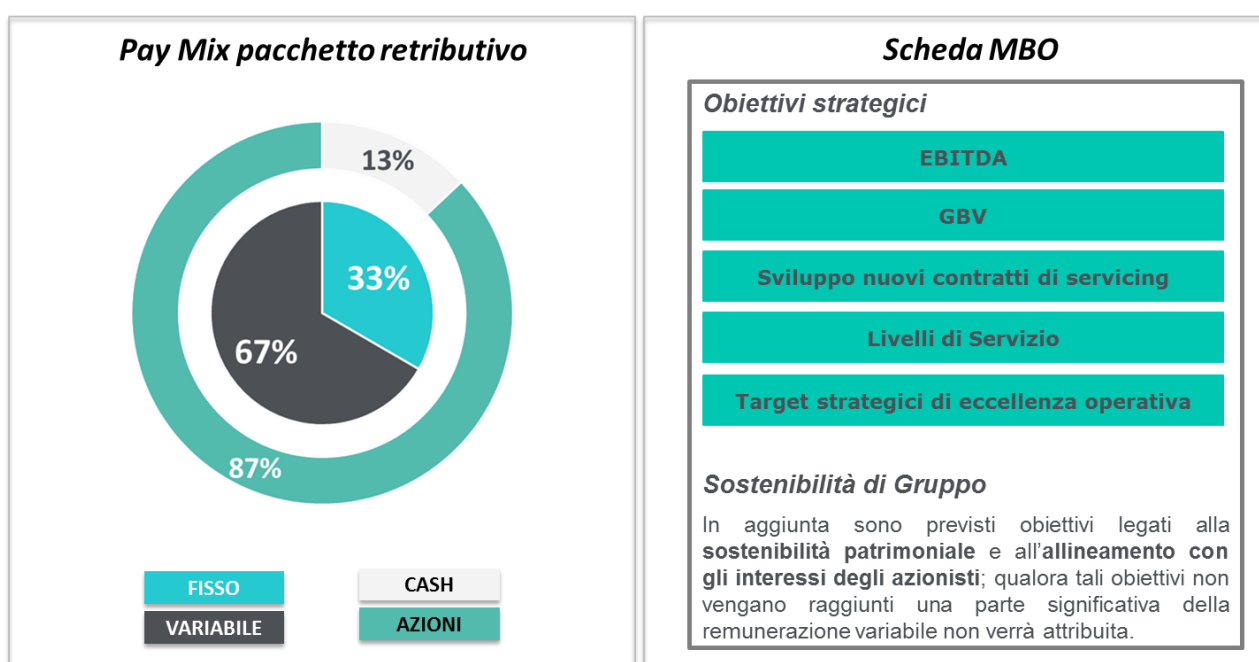
ensure the long-term sustainability of remuneration and incentive systems while taking into account changes in risks assumed by the Group over time. The structure of the CEO's remuneration has fixed and variable components established in a manner to maximise alignment with the interests of the leading shareholder and investors.

The remuneration package of the CEO of doBank S.p.A. is broken down as follows:

- fixed remuneration provided 40% in cash and 60% in shares;
- variable remuneration: paid up to a maximum of a 2:1 ratio between variable remuneration and fixed remuneration, 100% of which is provided in shares and tied to the achievement of assigned goals.

Benefits are also assigned that are in line with the relevant policies, in addition to D&O (Directors and Officers) insurance coverage, as described in the section concerning corporate bodies.

*Remuneration Package Pay Mix and MBO Chart for the Chief Executive Officer*



Variable remuneration is paid based on the degree to which the assigned targets have been achieved.

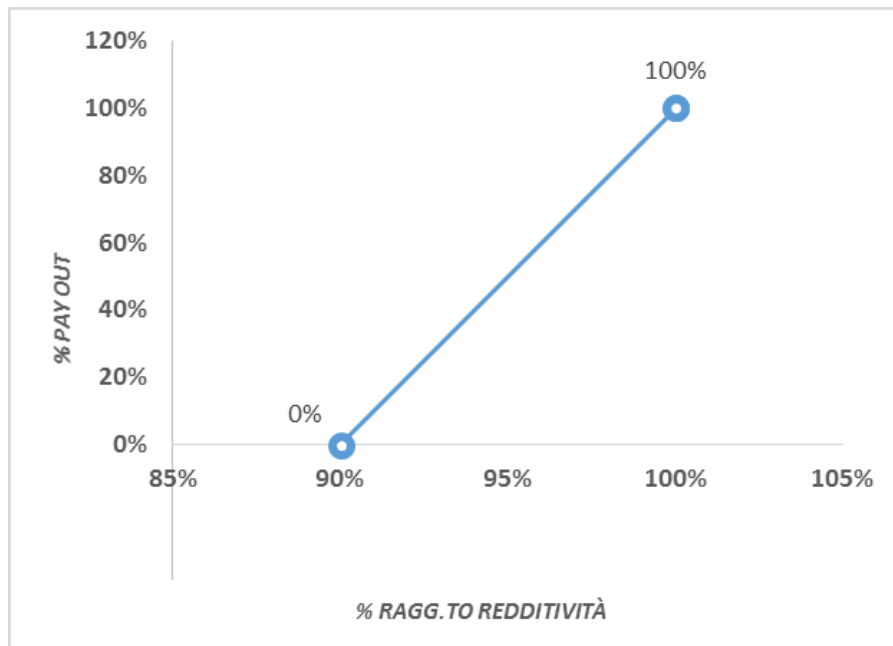
The maximum possible amount is paid upon achieving all targets assigned.

Assigned variable remuneration is gradually reduced for performance that is not in line with the assigned targets.

It is also eliminated if the gateways to activation are not exceeded in terms of profitability and capital and liquidity requirements.

The graph depicts changes in payout vs. the profitability target; the variable component is eliminated if performance is below the threshold value, and 100% is provided if the target value is achieved.

*Payout Vs Target*



The payment of variable remuneration is subject to the preliminary and joint satisfaction of the requirements of the gates of activation (“gates”) that also ensure compliance with capital and liquidity stability indexes established as a part of the procedures to assess the Group’s risk appetite.

Specifically, no variable remuneration is paid in the event the gateways for activation identified for the purposes of activating the Group’s incentive systems have not been exceeded as specified in paragraph § 5.3.4, (“Group gates”):

1. Consolidated EBITDA at least equal to 90% of the lower between what is defined during the planning (strategic and operational) and 64 million Euro;
2. CET1 *Ratio* not less than the tolerance threshold defined within the *risk appetite framework*;
3. LCR *Ratio* not less than the tolerance threshold defined within the *risk appetite framework*.
4. euro;
5. CET1 *Ratio* not less than the tolerance threshold defined within the *risk appetite framework*;
6. LCR *Ratio* no not less than the tolerance threshold defined within the *risk appetite framework*;

The values of these indicators are verified at 31 December 2018.

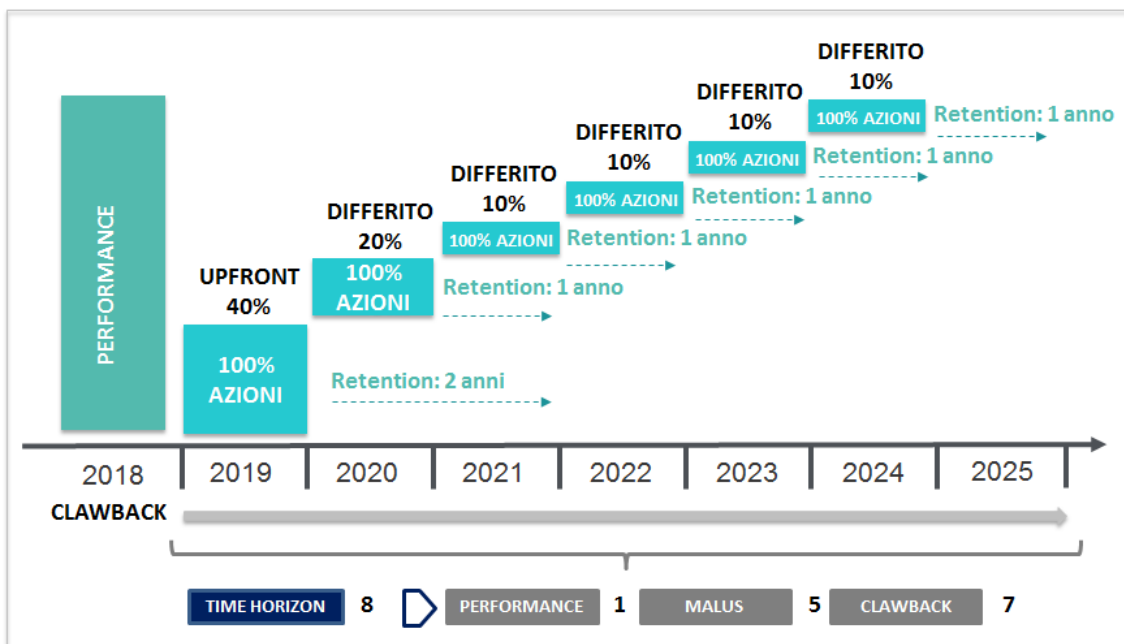
In this regard, it is pointed out that the economic parameters are connected to the consolidated EBITDA, correlated with the level of economic adequacy and to the liquidity profile, as indicators of the risk generated by the Group’s activity.

The values for these indicators are checked at 31 December 2018.

In that regard, it is noted that the economic parameters are linked to consolidated EBITDA, correlated to the level of capital adequacy and the liquidity profile, as indicators of the risk generated by the Group’s activity.

In order to align incentives with the long-term interests of the Group, and in general, those of shareholders and investors, and to ensure long-term sustainability of remuneration and incentive systems, and taking into account trends in risks assumed by the Group over time, any variable

remuneration assigned is provided over a time horizon of several years as indicated in the diagram below:



- an Up-Front Share of 40% is paid after approval, by the Shareholders' Meeting, of the financial statements relating to the *accrual period*, within 30 days of their approval, and in any case, by the end of July;
- a 60% share is deferred over the five financial years following the year the up-front variable portion is assigned, and is paid within 30 days of the Shareholders' Meeting approving the financial statements, and in any case, by the end of July each year: the first deferred share is equal to 20% of variable remuneration, and the remaining four are 10% of variable remuneration.
- 100% of variable remuneration is paid in doBank shares and is subject to retention periods. For the shares attributed *up-front*, there is a two-year retention period, while for the remaining deferred shares there is a one-year retention period which commences upon their vesting.

The payment of deferred shares is also subject to the verification of the following **malus conditions**:

- 20% reduction if adjusted EBITDA or the Core Tier 1 Capital Ratio estimated for ICAAP purposes is 25% lower than the levels established at the end of the performance period. If this reduction is greater than 50%, the deferred shares will be reduced by 50%.
- 20% reduction for failure to comply with service levels;
- 100% reduction (elimination of deferred shares) if one of the clawback clauses (see below) occurs during the deferral period.

The levels of these indicators are checked at 31 December of the year before the deferred share is vested.



Once the achievement of the above conditions has been checked, the disbursement of deferred shares is also subject to verifying the **condition** that the **average market value of shares over the 3 months preceding vesting is at least equal to the price of shares on the listing date less 5%** (minimum vesting value). If on the vesting date, the minimum vesting value has not been reached, vesting will be deferred by 12 months, after which, the condition will again be verified, and if again it has not been met, vesting will be deferred a further 12 months; if at this point (24 months after the original vesting date) the minimum vesting value has not been reached, the corresponding deferred share will be cancelled.

In addition, after consulting with the Remuneration Committee, the Board of Directors may ask for the return of the variable remuneration assigned to the CEO in relation to the specific performance year, if, in relation to such year, the following are found within 7 years:

- behaviour resulting in a significant loss for doBank;
- violations of regulations and internal procedures especially with regard to risk-related procedures;
- significant violations in the area of risk management processes;
- violations of the requirements of Article 26, or when the individual is an interested party, of Article 53, paragraph 4 et seq of the Consolidated Banking Law, or violations of requirements concerning remuneration and incentives in the performance of his job as CEO;
- fraudulent behaviour characterised by wilful misconduct or gross negligence to the detriment of doBank.

### **5.3 Remuneration of Personnel and collaborators**

The remuneration structure is broken down into a fixed and variable component.

In keeping with the shareholders' meeting resolution of 21 June 2017 and applicable regulatory provisions, with regard to Material Risk Takers, variable remuneration may not be more than 2 times the level of fixed remuneration for the CEO and Material Risk Takers. The determination of the percentage for each beneficiary, within the maximum indicated, is proposed by the Human Resources Department after consulting with the CEO, and approved by the Board of Directors, subject to the favourable opinion of the Remuneration Committee. The number of employees included in Material Risk Takers and eligible to receive potential variable remuneration at a 2:1 ratio is consistent with the provisions of the above shareholders' meeting resolution on this matter.

For the remaining Material Risk Takers, the maximum ratio of variable to fixed remuneration is set at 1:1 with the exception of heads of Company Control Functions and other equivalent positions for which the limit is reduced to 33% of fixed remuneration.

With regard to the remaining categories of personnel, who are not risk takers, the limit is usually set at a maximum ratio of 1:1 relative to fixed remuneration. For certain select employees (up to 2 individuals) who have responsibility for project-related initiatives and planning under way, the maximum limit of variable remuneration is raised to 2:1 relative to fixed remuneration, in all cases adhering to sound, prudent risk management practices. For Asset Managers that are recipients of the opportunity of variable remuneration in shares, the maximum limit of the variable remuneration is raised to 1.5:1, solely in situations in which the 1:1 limit is exceeded by effect of the share plan, at any rate in compliance in alignment with sound and prudent risk management practice in a multi-year timeframe. These employees are identified by the CEO with the support of the Human

Resources Function, and the related remuneration structure is approved by the Board of Directors subject to the favourable opinion of the Remuneration Committee.

In the case of employees identified during the Accrual Period for Material Risk Takers, if such employees fall in this category for a period of over 3 months, the procedures for paying overall Variable Remuneration will be aligned to provisions in terms of the conditions for access (paragraph § 5.3.4) and procedures for payment (paragraph § 5.5) for Material Risk Takers participating in the MBO system. For periods less than 3 months, the procedures for paying the Variable Remuneration component applicable to Risk Takers will only be applied for the vested portion for this category of personnel.

Below is the maximum percentage (for determining possible variable remuneration) for the various categories of Material Risk Takers:

<b>Maximum percentage of Variable Remuneration relative to Fixed Remuneration</b>	
<b>Chief Executive Officer</b>	<b>Up to 200%</b>
<b>Key Employees</b>	<b>Up to 200%</b>
<b>Heads of Company Control Functions and similar positions</b>	<b>Up to 33%</b>
<b>Other Risk Takers</b>	<b>Up to 100%</b>

The adoption of possible variable remuneration greater than fixed remuneration must not have repercussions on the Group's ability to continue complying with prudential rules, and especially, capital requirements.

Moreover, this approach makes it possible to ensure a stronger connection between remuneration and performance; to stay competitive in the market, especially in relation to those operators who have different rules with no ceiling on variable remuneration; to maintain a flexible cost structure and ensure alignment with long-term performance by deferring a component of variable retribution.

### **5.3.1 Fixed remuneration**

In line with the contents of the relevant regulations, the fixed component of overall remuneration must be appropriate to discourage conduct aimed at pursuing short-term results that could entail risks in relation to the sustainability and creation of value based on a medium- and long-term approach. The fixed component of remuneration must also be correlated to the professional experience and organisational capabilities/responsibilities of the employee and must be sufficient to allow the variable part to be significantly reduced - and, in extreme cases, even eliminated - depending on results.

The fixed component includes the Gross Annual Salary, which is made up of the portion dictated by the National Collective Labour Agreement, by the Company Supplementary Contract, by any “ad personam” pay (personal pay increase)<sup>4</sup>, by position-related compensation connected with specific roles within the company organisation as well as benefits, when granted to all employees or by category or bracket of employees or by company role covered.

In particular, “benefits” - not related to performance - are forms of remuneration in kind, and also the result of policies concerning categories of employees or second-level negotiations, aimed at increasing the motivation and loyalty of employees. The main benefits that can currently be granted to Personnel, in addition to what is already provided by the National Collective Labour Agreement (where applicable) in keeping with the internal regulations applicable from time to time, are:

- assignment of a company car;
- assignment of accommodation as a sub-lease or provided free of charge or through a salary contribution;
- additional contribution to supplementary Pension Fund;
- health insurance policy;
- non-work-related insurance policy.

As regards the Company Bodies, the fixed component is established in compliance with applicable civil and statutory regulations.

The remuneration policy measures having an impact on the structural part of remuneration, as well as any assignment of benefits, are usually implemented on an annual basis.

### **5.3.2 Variable remuneration**

The variable component is assigned to link compensation with company performance and with the individual performance of Personnel, bearing in mind the risks assumed during the activity. The Group Head, to that end, has identified the following instruments of variable remuneration:

- **“Management By Objectives” (“MBO”) incentive system:** structured incentive system that makes use of “individual” objective charts consistent with strategic and operational plans and with the organisational position of the respective member of personnel. The system, intended for the Group's Material Risk Takers - excluding members of the Company Bodies other than the senior members of the Body with management functions – and other Personnel members identified by the internal regulations, is based upon aspects of differentiation and merit of employees, through a structured process of determining incentives and objectives so as to personalise the objectives in relation to the role and expectations of the individual employee;
- **Incentive system for Managers:** structured incentive system for Group Managers dedicated to loan recovery activities on the basis of pre-established objectives (set at the individual, team and/or unit level) as described in paragraph §5.6 below except for office managers taking part in the MBO system;;
- **Productivity company bonus (“Per Capita Value added”):** variable component paid to an employee to recognise productivity/commitment during the relevant period, as defined by the National Collective Labour Agreement whose conditions and criteria may be established annually within the company supplementary contract;

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<sup>4</sup>The *ad personam* pay is a remuneration element that may be granted to the individual Personnel member in addition to the contractual minimum sum, so as to provide him/her with more favourable economic treatment than that required by the collective agreement for the category to which the employee belongs.

- **Merit bonus:** variable component paid on the basis of performance and merit achieved by employees (excluding those participating in the MBO System and Incentive System for Managers) and recognised by the employee's supervisor. That variable component may be paid up to a pre-defined maximum limit per employee - in respect of the Bonus Pool limits – and it is subject to achieving the gates (see **Art. 5.3**).
- **Outstanding bonus:** variable component of an exceptional nature aimed at rewarding the achievement of particularly worthy performance, which can be paid to employees, with the exception of Material Risk Takers, even when failing to achieve the gates. The payment of the outstanding bonus is assessed on the basis of criteria defined by the Group Head which include the contribution of the individual beneficiary to the overall results of the company and the Group, the criticality of the professional profile for the sustainability of future results and the analysis of the benchmarks and the competitive environment. It must be approved by the Group Head's Board of Directors, at the recommendation of the Chief Executive Officer and with the favourable opinion of the Remuneration Committee. Considering the characteristics of the bonus and its insignificant amount, the same is paid in monetary form and is not deferred over time;
- **Bonuses related to specific contests:** variable component aimed at guiding the Manager network (excluding Material Risk Takers) toward objectives for the period. Bonuses may be paid in cash or in kind. The granting of contest-related bonuses will be subject to ongoing behaviour that complies with external and internal regulations.

Additional forms of extraordinary variable remuneration may be provided (i.e. entry or buy-out bonuses or selective retention measures). This remuneration is, however, assigned in keeping with the controls laid down by the Supervisory Provisions (for example, effect on the variable remuneration/fixed remuneration ratio, methods of payment of variable remuneration, where applicable). It is monitored periodically and is subject to reporting to the competent bodies and functions, and is subject to *malus* and *claw-back* conditions compatible with the regulatory provisions in force from time to time. If this compensation is assigned to the Group's Material Risk Takers, it is subject to the approval of the Board of Directors, after consulting with the Remuneration Committee, and 40% of it is deferred for a year, in the case of total variable remuneration assigned within the ratio of 1:1, and 40% is deferred over 3 years, with a component in financial instruments in keeping with provisions for variable remuneration, in the case of total variable remuneration assigned above the 1:1 ratio.

Total variable remuneration assigned may not be greater than the limit for the ratio of the variable component to the fixed component applicable to the personnel category in accordance with the Policies.

### **5.3.3 Determination and verification of the Bonus Pool**

In keeping with the Supervisory Provisions, the total amount of variable remuneration that can be paid at Group level (Bonus Pool) is determined using objective criteria, which take account of the expected profitability, the number and type of personnel, the respective theoretical bonus levels, the type of business and, in any case, the capacity of each company to provide a return on capital.

The size of the Bonus Pool is defined during the budgeting process, taking account of the capitalisation and liquidity targets of the Group Head and of each individual Company. Therefore, the maximum amount of the variable remuneration component that can be paid is determined *ex ante* by the Group Head, including in accordance with established qualitative objectives. The same constitutes one of the parameters for determining the actual economic allocation as part of the operational planning at consolidated level and at the level of each individual Group company.

At the beginning of the following year, once individual and overall performance has been verified, the Human Resources Function determines the total Bonus Pool resulting from assigning variable remuneration related to all systems described, and it requires the Risk Management Function and Administration, Finance and Management Control Area to verify its sustainability with respect to overall income results and the risk management strategy.

Actual assignment is subject to meeting the conditions for accessing incentive systems.

Once the achievement of overall Group-level, Company-level and individual objectives has been verified, the Bonus Pool that is actually available is calibrated at the individual level in order to make variable remuneration paid consistent with the Group's overall performance.

### **5.3.4 Conditions for accessing the variable component**

The Group's incentive system dictates that access to the variable component, with the sole exclusion of the outstanding bonus and contest bonus, is subject to the preliminary and joint satisfaction of activation gateways ("gates") that also guarantee compliance with indicators of capital and liquidity stability defined as part of the procedures for assessing the Group's risk appetite.

In particular, the indicators identified for the purposes of determining the minimum thresholds for accessing the variable component ("Group Gates") are:

1. Consolidated EBITDA at least equal to 90% of the lower between what is defined during the planning (strategic and operational) and 64 million Euro;
2. CET1 *Ratio* not less than the tolerance threshold defined in the *risk appetite framework*;
3. LCR *Ratio* not less than the tolerance threshold defined in the *risk appetite framework*.

The values for these indicators are checked at 31 December 2018.

In that regard, it is noted that the economic parameters are linked to consolidated EBITDA, correlated to the level of capital adequacy and the liquidity profile, as indicators of the risk generated by the Group's activity.

The following exceptions are noted:

- for Personnel belonging to the Company Control Functions<sup>5</sup>, given that the variable component must be independent from the results achieved by the areas subject to their control, access to that component of Remuneration is subject exclusively to achieving the gates indicated in points 2) and 3) above;
- for the Group Managers, access to the part of the variable component paid at the end of the financial year is subject exclusively to achieving the gates indicated in points 2) and 3) described above.

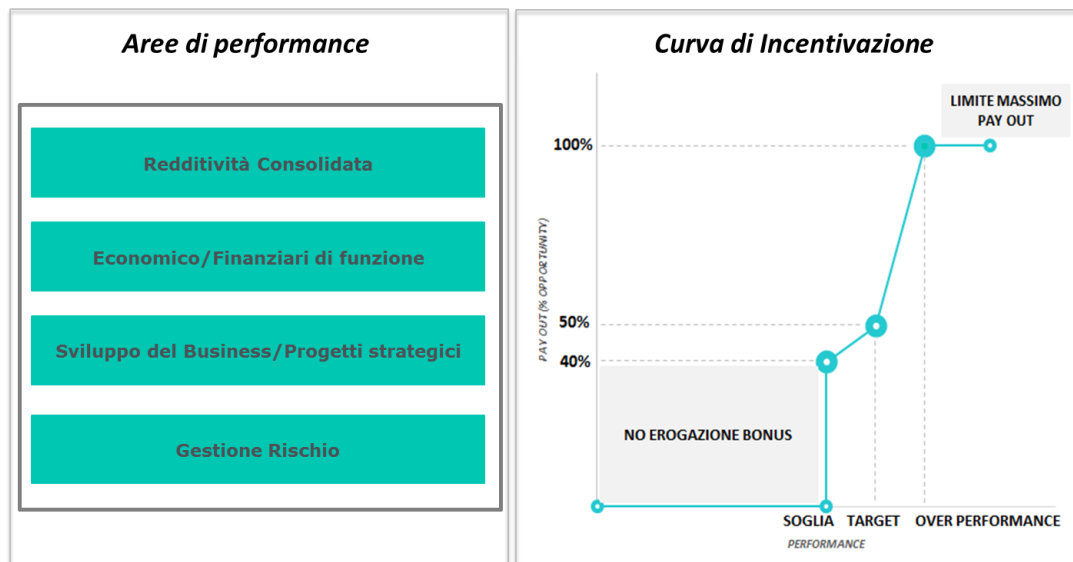
## **5.4 The incentive system for Key Employees for pursuing strategic objectives**

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<sup>5</sup>It should be stressed that for the sole purposes of these Policies, in conformity with the regulations in force in that regard, the Company Control Functions include the Human Resources Function and the Manager in Charge.

The Key Employees identified as a part of Material Risk Takers participate in an MBO incentive system whose maximum limit for the variable component for achieving objectives is equal to 200% of the fixed remuneration component.

The objectives assigned are aimed at motivating Key Employees to achieve the Group's profitability objectives as a part of the development strategy pursued as well as sound, prudent risk management. The relevant objectives are provided below:



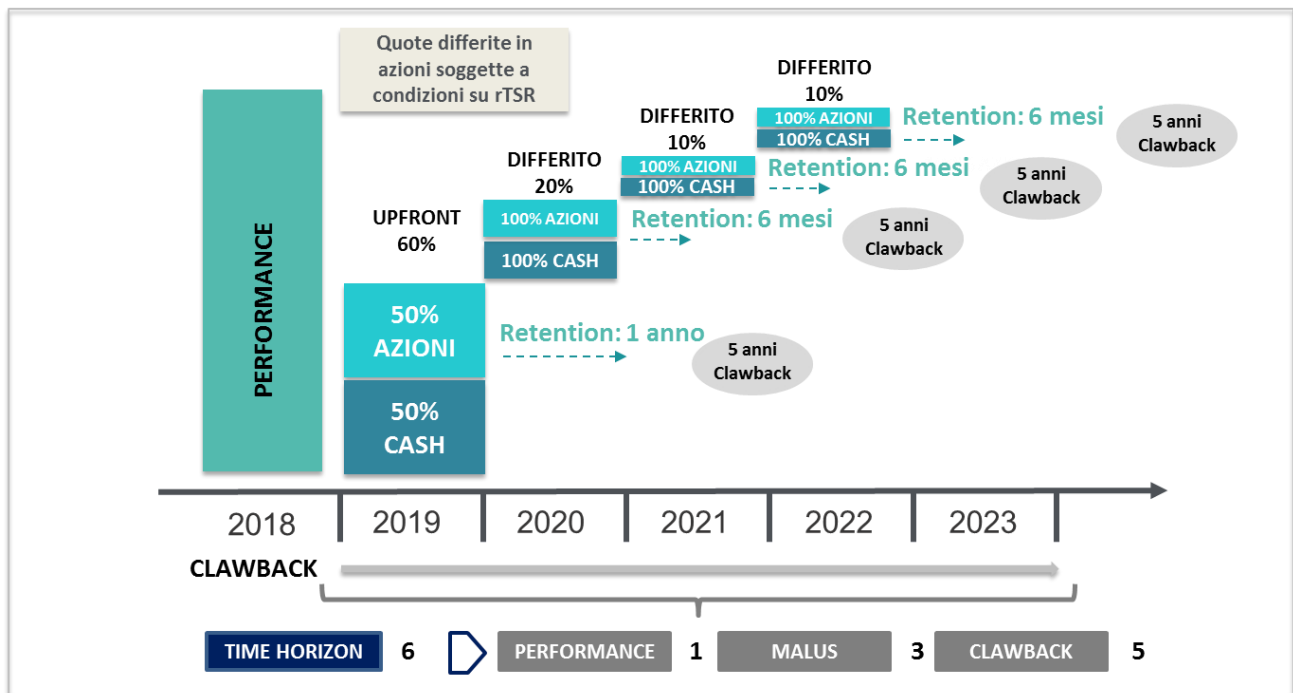
The assignment of variable remuneration is subject to achieving the objectives assigned and verifying the access conditions described in paragraph § 5.3.4, in addition to assessing overall compliance with internal and external rules and rules concerning good professional conduct.

In addition, there is a specific objective for individuals having a significant impact on the stock performance.

Fifty percent of possible variable remuneration is provided in cash, and the remaining 50% in doBank S.p.A. shares.

The actual assignment of the variable component and the respective amount, within the maximum limits established in §5.3, are determined as a result of a process to assess the achievement of the specified objectives managed by the Group Head's Human Resources Function.

Any variable remuneration assigned is provided over several years based on the arrangement indicated below:



- an Up-Front Share of 60% is paid after approval, by the Shareholders' Meeting, of the financial statements relating to the *accrual period*, *within 30 days of the approval date*, and *in any case by the end of July*;
- a share of 40% is deferred on a pro rata basis over the three financial years after the year of assignment of the variable part paid *up-front* and is paid by the end of July of each year;

The retention periods that start at the time of vesting and pertain to variable remuneration assigned in the form of financial instruments were set at:

- 2 years for the up-front share;
- 1 year for deferred shares.

In order to ensure capital and liquidity stability over time (which is associated with the ability to generate profitability appropriate for the risk), and in keeping with the Group's long-term strategic objectives, the deferred shares are paid on the condition that the following gates are achieved relating to capital strength and to liquidity (already described in paragraph § 5.3.4), which are measured with reference to the year preceding their vesting period.

- CET1 *Ratio* not less than the tolerance threshold defined in the *risk appetite framework*;
- LCR *Ratio* not less than the tolerance threshold defined in the *risk appetite framework*.

The risk tolerance thresholds relating to CET1 and LCR are determined in a manner to incorporate sufficient profitability.

The deferred shares are paid within 30 days of the Shareholders' Meeting approving the financial statements, and in any case, by the end of July of each year of deferral.

The methods for paying the variable component described are applied if the variable sum accrued individually is higher than 40,000 Euros (known as the "threshold of relevance"). For vested amounts of Variable Remuneration lower than that threshold, the variable component is paid in cash and in a lump sum - by the end of July in the year following the accrual period - as the shares resulting from the application of the deferment mechanisms (payment in shares and retention)

would be very insignificant, both in absolute terms and relative terms compared to the overall remuneration received, to the point of invalidating the underlying principle of the mechanism (correlation between the amount of the bonus and assumption of risks).

## **5.5 Remuneration of other Risk Takers and managers participating in MBO**

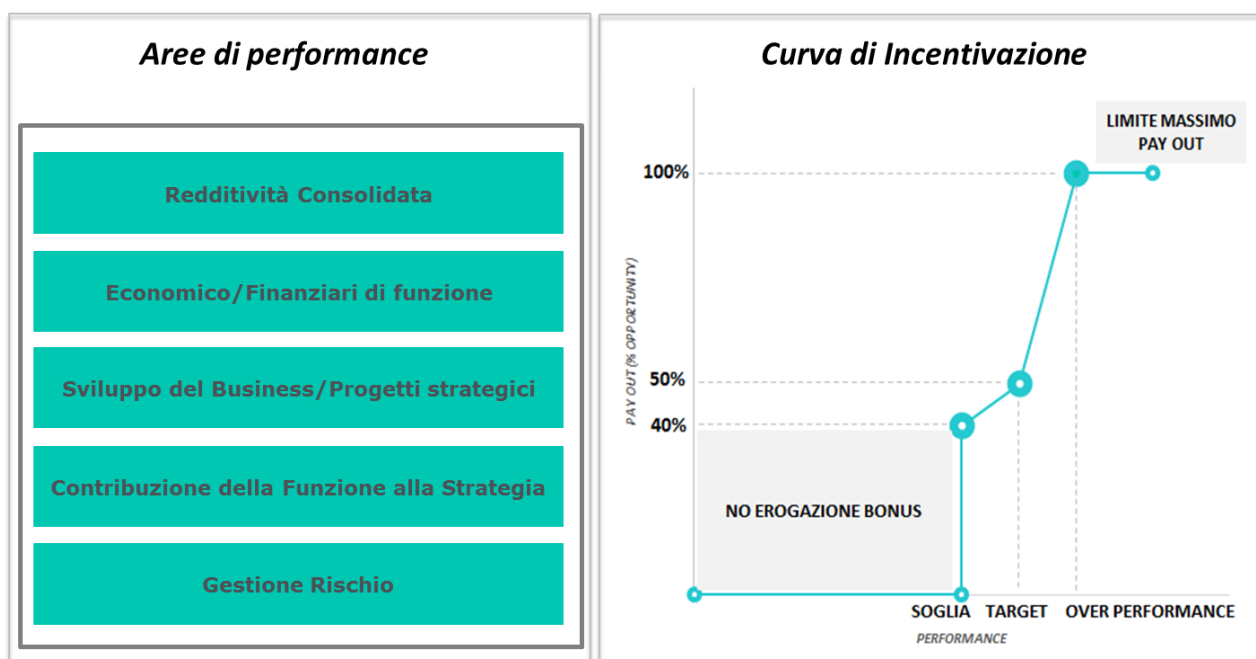
Other risk takers and certain selected Group managerial employees participate in an MBO incentive system whose maximum limit for the variable component for achieving objectives is equal to 100% of the fixed remuneration component.

There is the possibility of having a different incidence, up to a maximum of 200% of the fixed remuneration, for some selected individuals (up to a maximum of 2).

The MBO incentive system attributed to the credit recovery managers pertaining to the Asset Managers perimeter may be integrated with a plan developed over a long-term timeframe, with objectives in line with the strategic development forecasts, aimed at strengthening the incentive to achieve results in consideration of the development of the competitive picture, and at raising employee loyalty over the long term. This plan, based on doBank ordinary shares, is articulated in line with regulatory provisions, taking account of sound and prudent risk management and of alignment with principles of transparency and fairness. For the credit recovery managers pertaining to the Asset Managers perimeter and receiving the opportunity for variable remuneration in shares, the maximum limit of the variable remuneration is raised to 1.5:1, solely in situations in which 1:1 is exceeded by effect of the share plan, at any rate in compliance with the alignment with sound, prudent risk management, and taking a multi-year timeframe into account.

The objectives assigned are aimed at motivating management to achieve the Group's profitability objectives as a part of the development strategy pursued as well as sound, prudent risk management.

Below are the main strategic objectives:





The assignment of variable remuneration is subject to achieving the objectives assigned and verifying the access conditions described in paragraph § 5.3.4, in addition to assessing overall compliance with internal and external rules and rules concerning good professional conduct.

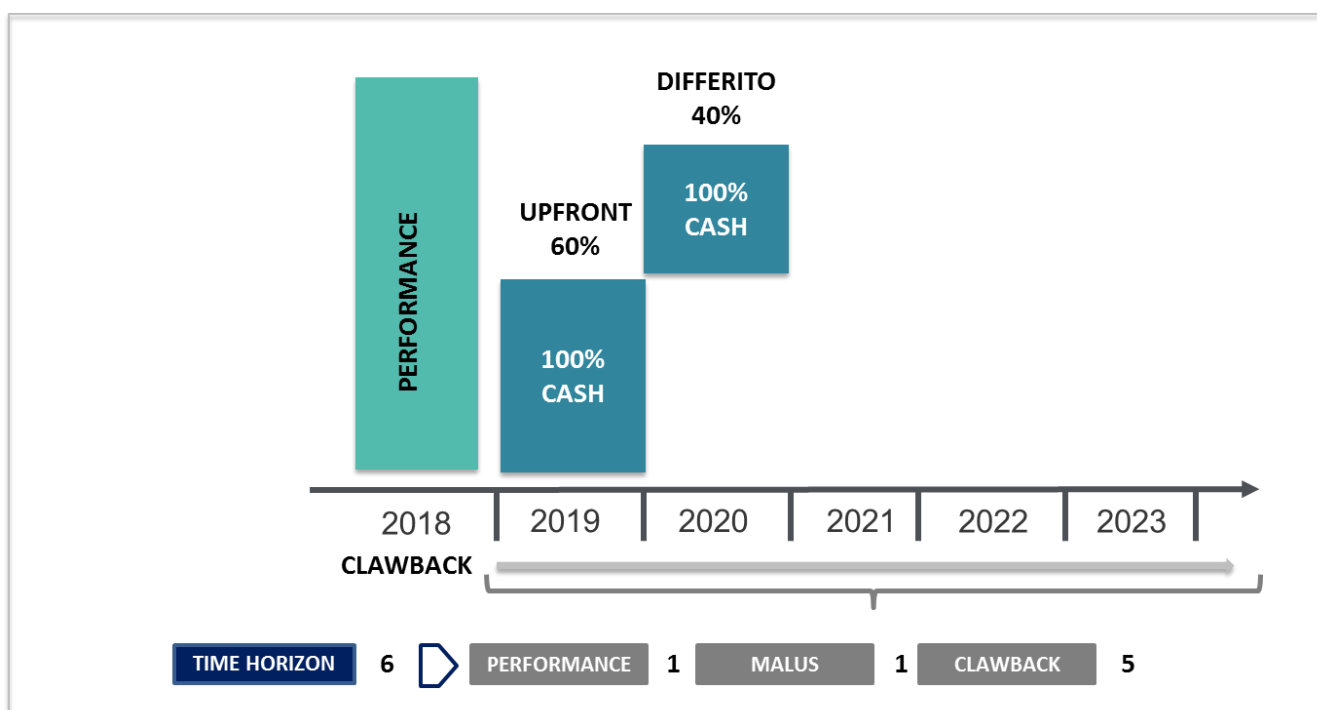
More specifically, the actual payment of the variable component for MBO Personnel is subject to the joint achievement of the following objectives:

- Group gates, as defined in §5.3.4;
- Group and individual objectives, measured using the tool of the individual objective chart;
- there is a specific objective for individuals having a significant impact on the stock performance.

The assignment of the variable component to Personnel belonging to the Company Control Functions or similar functions for the purposes of remuneration policies is subject to the achievement of specific gates (i.e. CET1 and LCR as indicated in §5.3.4) and to achieving individual objectives, and the latter are not linked to profit parameters but defined in keeping with duties assigned to them (for example, completion percentage of quantitative objectives assigned, or linked to organisational behaviours connected to the specific activities performed) and the respective responsibilities. Thus, the individual objective chart does not include the Group profitability component or other operating and financial objectives.

The actual assignment of the variable component and the respective amount, within the maximum limits established in §5.3, are determined as a result of a process to assess the achievement of the specified objectives managed by the Group Head's Human Resources Function.

Any variable remuneration assigned is paid based on the arrangement indicated below:



- a 60% share of the vested bonus paid at the end of the performance period (up-front);

- a 40% share to be deferred for a period of 1 year.

Both the up-front and deferred shares are paid in cash, and thus, they are not restricted by a retention period.

In order to ensure capital and liquidity stability over time (which is associated with the ability to generate appropriate profit for the risk), and in keeping with the Group's long-term strategic objectives, the deferred shares are paid on the condition that the following gates are achieved relating to financial solidity and to liquidity (described in paragraph § 5.3.4 above), measured with reference to the year preceding their vesting period.

- CET1 *Ratio at least equal to the tolerance* defined in the *risk appetite framework*;
- LCR *Ratio at least equal to the tolerance* defined in the *risk appetite framework*.

The risk tolerance thresholds relating to CET1 and LCR are determined in a manner to incorporate sufficient profitability.

In keeping with a prudential approach, the MBO arrangement and the arrangement with the deferral and payment in cash and shares with the retention, malus and clawback described in paragraph § 5.4. is applied to MBO participants with possible variable remuneration over 100% even if they do not belong to Material Risk Takers categories.

The methods for paying the variable component described are applied if the variable sum accrued individually is higher than 40,000 Euros (known as the “threshold of relevance”). For values lower than that threshold, the variable component is paid in cash and in a lump sum - by the end of July of the year following the *accrual period* - as the shares resulting from the application of the deferral mechanisms, both in absolute and relative terms compared to the overall remuneration received [verb missing], to the point of actually invalidating the underlying principle of the mechanism (correlation between amount of bonus and assumption of risks).

## **5.6 Remuneration of the Asset Managers**

The Asset Managers, except for the credit recovery managers taking part in the MBO system, participate in an incentive system developed through a balanced combination of individual or team objectives and/or the objectives of the organisational structure to which they belong.

In particular, the objectives assigned to this personnel category, including on an interim basis (the “Reference Period”), as determined during their assignment as a function of business strategies and company objectives, are broken down into individual, team and/or unit quantitative objectives (related, for example to “collection targets”), and qualitative objectives (in relation to which clear and transparent criteria are identified for the qualitative assessment of the contribution).

The “target” quantitative objectives are defined on a quarterly or half-yearly basis and “ranges” of collections are identified for each of them, by role, in relation to the responsibility of the professional.

It is noted that the Group Head has provided maximum ceilings, separate for each professional, for the amounts of individual bonuses that may be paid overall within the year in order to guarantee a fair system and respect of financial sustainability.

The Managers incentive system may be integrated with a plan developed over a long-term timeframe, with objectives in line with the strategic development forecasts, aimed at strengthening the incentive to achieve results in consideration of the development of the competitive picture, and

at raising employee loyalty over the long term. This plan, based on doBank ordinary shares, is articulated in line with regulatory provisions, taking account of sound and prudent risk management and of alignment with principles of transparency and fairness. The beneficiaries will be identified within the Managers perimeter. For those receiving the opportunity for variable remuneration in shares, the maximum limit of the variable remuneration is raised to 1.5:1, solely in situations in which 1:1 is exceeded by effect of the share plan, at any rate in compliance with the alignment with sound, prudent risk management, and taking a multi-year timeframe into account

### **5.7 Remuneration of Remaining Personnel**

The remuneration of the Group's Personnel not falling within the aforementioned classifications mainly consists of the fixed component .

Despite not participating in structured incentive systems (i.e. MBO), any variable component paid to that category of Personnel (i.e. merit or outstanding bonuses), within the limits established in the Bonus Pool approved *ex ante* and set forth in § 5.3.2, is subject to achieving a positive assessment from the respective supervisors, validated by the Human Resources Function.

### **5.8 Remuneration of financial agents**

The Supervisory Provisions define specific rules to be applied to the remuneration systems of financial agents, insurance agents and financial advisors, other than employees of the bank, in addition to general principles related to the external distribution networks in their entirety.

In that regard, it is noted that the Group Head's external network is made up of external professionals<sup>6</sup> that deal with the extra-judicial recovery activity of credits claimed by doBank and/or managed by it on behalf of third parties, and that do not perform distribution activities (as they do not deal with the promotion or conclusion of contracts relating to the granting of loans).

Thus, the Supervisory Provisions related to financial agents are not applicable to doBank's external network.

## **6 Sustainability of Remuneration Policies**

In order to reflect the performance and risk levels actually assumed, as well as to take account of individual behaviours, the Group applies *ex post* correction mechanisms (*malus* and *claw back*) defined in accordance with the provisions of the relevant National Collective Labour Agreements, where applicable, or any individual contracts/mandates.

In particular, in addition to being subject to meeting the Group Gates with regard to profitability thresholds and capital and liquidity requirements as described in paragraph § 5.3.4 and, where applicable, the achievement of the individual objectives/a positive assessment by the respective supervisor, the variable component of remuneration may not be paid if one of the following conditions (*malus*) is met:

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<sup>6</sup> Lawyers, Barristers, Business Consultants, Employment Consultants, Licence Holders, pursuant to Art. 115 of the T.U.L.P.S. or financial agents.

- the Personnel member has caused or contributed to causing serious violations of the internal or external regulations leading to or possibly leading to a significant loss for doBank or for the Group;
- ascertainment, in the case of Personnel belonging to the category of company representatives, of violations of the obligations in accordance with Article 26 or, when the person is an interested party, of Article 53, paragraphs 4 et seq of the Consolidated Banking Law or the obligations on remuneration and incentives, in addition to the provisions related to market abuse and internal dealing;
- ascertainment of fraudulent behaviours, wilful misconduct or gross negligence to the detriment of doBank or Group companies.

In addition, for deferred conditions, the risk tolerance thresholds identified in the risk appetite framework approved by the Group Head in relation to capital and liquidity metrics must be exceeded.

If one of the above conditions is met, the Group companies are also entitled to assess the return of all or a share of any sums already paid (*claw-back* clause).

Each year, and in any case in advance of payment of the variable component, the Human Resources Function - with support from the Group Head's competent Company Functions - verifies whether any conditions have been met that are likely to result in non-payment (*malus*) or the return of bonuses already assigned (*claw-back*) and assesses the cases to be submitted for a potential resolution to be passed by the competent Company Bodies.

Clawback clauses apply to all variable remuneration assigned for any purpose.

Summarising the above paragraphs, the malus conditions vary on the basis of the cluster concerned.

For the Chief Executive Officer, the payment of deferred shares is subject to:

- compliance with malus provisions related to exceeding risk tolerance thresholds on profitability, capital and liquidity metrics;
- verifying a condition related to maintaining a certain price level of doBank shares (minimum vesting value);
- changes in certain specific indicators on the objectives chart;
- whether or not one of the clawback provisions applies.

For “Key Employees” the payment of deferred shares is subject to:

- compliance with certain malus provisions related to exceeding risk tolerance thresholds on capital and liquidity metrics;
- whether or not one of the clawback provisions applies.

For the remaining Material Risk Takers, the payment of deferred shares in cash is subject to the same malus conditions specified for “Key Employees.”

In addition, after consulting with the Remuneration Committee, the Board of Directors may ask for the return (*clawback*) of the variable remuneration assigned in relation to the specific performance year, if, in relation to such year, the following are found within 7 years for the CEO, 5 years for Material Risk Takers, or within 2 years for remaining Personnel:

- behaviour resulting in a significant loss for doBank;
- violations of regulations and internal procedures especially with regard to risk-related procedures;
- significant violations in the area of risk management processes;
- violations of the obligations in accordance with Article 26 or, when the person is an interested party, of Article 53, paragraphs 4 et seq of the Consolidated Banking Law or the obligations on remuneration and incentives, in addition to the provisions related to market abuse and internal dealing;
- ascertainment of fraudulent behaviours, wilful misconduct or gross negligence to the detriment of doBank or Group companies.

## **7 Hedging ban**

1: Approaches such as the application of personal hedging strategies or of insurance on remuneration or other aspects that are aimed at altering, or even eliminating, risk-weighting approaches inherent in remuneration and incentive mechanisms are prohibited.

The employees of the Group Head and the Subsidiaries may not use, through specific agreements, personal hedging strategies or insurance on remuneration or on other aspects that may alter or invalidate the effects of alignment to the risk inherent in the remuneration mechanisms indicated in the Policy.

## **8 Severance pay policies**

Severance pay policies are subject to the approval of the Shareholders' Meeting in keeping with applicable regulatory provisions, especially with regard to criteria for determining compensation to be agreed to in the event of an early termination of the employment relationship or the early cessation of the role including the limits set for such compensation in terms of years of fixed remuneration and the maximum amount resulting from their application.

In this regard, the related document will be submitted to the Shareholders' Meeting of 19 April 2018 for its approval.

## **GLOSSARY**

<b>Accrual period</b>	Means the time period at the end of which the performance objectives on which the attribution of any variable component of Remuneration is based are assessed.
<b>Adjusted EBITDA</b>	EBITDA value adjusted by losses, even expected, through the determination of financial statements adjustments and risk components quantified in the calculation of the overall internal capital at the ICAAP.
<b>Shares</b>	doBank S.p.A. shares.
<b>Discretionary pension benefit</b>	Means the benefit granted, to Personnel or to limited groups of Personnel, on an individual and discretionary basis, excluding rights accrued in accordance with the pension system adopted for general employees.
<b>Bonus Pool</b>	Means the total amount of variable remuneration.
<b>Parent Company or doBank</b>	doBank S.p.A.
<b>Subsidiaries</b>	Means financial and/or instrumental companies included in the doBank Group.
<b>Supervisory Provisions</b>	Means Circular no. 285 of the Bank of Italy dated 17 December 2013 as amended and/or supplemented.
<b>Company Function</b>	The first or second level structure, which reports to the Bodies with strategic supervision and/or management function, in charge of overseeing and coordinating the company activities. They are split into the Corporate, Control and Business Functions.
<b>Company Control Functions</b>	Means the set constituted by the following Company Functions: Compliance Function, Anti-Money Laundering Function, Risk Management Function and Internal Audit Function. For the purposes of this Policy - as indicated in the Supervisory Provisions (First Part, Title IV, Chapter 2, Section 1) - Company Control Function is also considered to include the Human Resources Function and the Manager in Charge of preparing the accounting documents, if appointed.
<b>Asset Managers</b>	Means the set constituted by Personnel of the Parent Company and the Subsidiaries who perform credit recovery activities, including the managers of the recovery offices.
<b>DoBank Group or Group</b>	Means the doBank banking group, defined in conformity with Art. 60 of the Consolidated Banking Law and Circ. 285/2013, Part I, Title IV, Chap. 2, Sect. II.
<b>Management</b>	Means figures within the Group Personnel having managerial roles or responsibilities for specific initiatives and activities.

<b>Policies</b>	The remuneration and incentive policies approved by the doBank Board of Directors on 13 March 2018 and by the Shareholders' Meeting on [19 April 2018.
<b>Severance Pay Policies</b>	Means the policies that regulate any fees in view of or on the occasion of the early conclusion of the employment relationship or for the early termination of the role. They were submitted for the approval of the Shareholders' Meeting on 19 April 2018 with a separate document.
<b>Company Bodies</b>	Means the set constituted by: Body with strategic supervision function, Body with management function and Body with control function.
<b>Corporate Bodies</b>	Means the set constituted by: Shareholders' Meeting and Company Bodies.
<b>Body with control function</b>	Means the Company Body in charge of supervising compliance with the rules of law, regulations and articles of association, correct management and the adequacy of the company's organisational and accounting structures. In the Parent Company that body is constituted by the Board of Auditors.
<b>Body with management function</b>	Means the Company Body or its members who hold or are delegated management duties, i.e. implementation of the guidelines resolved in the exercise of the strategic supervision function. In the Parent Company that body is constituted by the Chief Executive Officer who exercises his management duties within the limits of the powers delegated by the Board of Directors.
<b>Body with strategic supervision function</b>	Means the Company Body holding functions of guidance and/or supervision of company management. In the Parent Company that body is constituted by the Board of Directors.
<b>Personnel</b>	Means the members of the Bodies with strategic supervision, management and control, the employees and collaborators of the Group, except for persons who belong to the external network.
<b>Key Function Holders or Material Risk Takers</b>	Means the category of persons whose professional activity has or may have a significant impact on the Group's risk profile, identified in these Policies.
<b>Policies</b>	Means the Group's remuneration and incentive Policies, or Section I of this document.
<b>Upfront Share</b>	Means payments that are made immediately after the assessment period and that are not deferred.
<b>Issuers' Regulation</b>	Means CONSOB Regulation adopted with resolution no. 11971 dated 14 May 1999 as updated.
<b>Remuneration</b>	Means any form of payment or benefit paid, directly or indirectly, in cash, financial instruments or in kind ( <i>fringe benefits</i> ), in exchange for work performances or professional services rendered by Personnel to doBank or to other Group companies. Marginal payments or benefits, granted to Personnel on a non-discretionary basis, that fall within a general Group policy and that do not produce effects on the level of incentives to recruitment or control of risks may not be included (see <b>Art. 5.3</b> ).
<b>Retention</b>	Means the period of time after the accrual of the instruments granted by way of variable remuneration during which they may not be sold and may not be disposed of.

<b>Consolidated Banking Law</b>	Means Italian Legislative Decree dated 24 February 1998, no. 58 as updated.
<b>Key Employees</b>	They are resources, identified by the Chief Executive Officer from among the Material Risk Takers, with the support of the Human Resources Department, who have key roles in pursuing the business lines. The Board of Directors, subject to the opinion of the Remuneration Committee, is informed of the respective remuneration structure. They may be recipients of an opportunity of variable remuneration higher than 1:1 compared to the fixed remuneration and, in any case, less than 2:1, in line with the approval of the Shareholders' Meeting on 21 June 2017.
<b>Vesting</b>	Means the time the member of Personnel becomes the legitimate owner of the variable remuneration paid, irrespective of the instrument used for payment or whether or not the payment is subject to retention or to ex post correction mechanisms.



## Section II: Implementation of 2017 Remuneration Policies



## Introduction

### Section II of the Remuneration Report was prepared in accordance with:

- Article 123(3) of the Consolidated Finance Law, entitled “Remuneration Report”;
- Article 114(2) of the Consolidated Finance Law, entitled “Market information on the attribution of financial instruments to company representatives, employees or collaborators”;
- CONSOB Regulation no. 11971/1999 (known as Issuers' Regulation), with particular reference to Articles 84(4), entitled “Remuneration Report”, and 84(2) entitled “Information on the attribution of financial instruments to company representatives, employees or collaborators”, as well as Annex 3A, Outline no. 7(2) “Remuneration Report” of the Issuers' Regulation and Outline no. 7 “Information Document which forms the subject of the illustrative report of the Management Body for the shareholders' meeting convened to resolve upon remuneration plans based upon financial instruments”;
- the Provisions on “Remuneration and Incentive Policies and Practices” issued by the Bank of Italy and contained in Circular no. 285 dated 17 December 2013, in implementation of Community Directive 2013/36/EU (known as CRD IV)

### 1.1 Salient events during the 2017 financial year

The 2017 remuneration and incentive policies of the doBank Group (hereafter, the “Policy”), were approved on 10 April 2017 by the Parent Company's Board of Directors and by the Shareholders' Meeting.

Subsequently, following the listing on the regulated markets (MTA), occurring on 14 July 2017, with a view to adjusting to regulatory requirements and for the purpose of increasing the transparency towards investors, doBank S.p.A. updated the remuneration and incentive policies on 21 June.

In line with the governance provisions, on 14 July, the Remuneration Committee was established, separately from the Appointments Committee, having composition and duties aligned to regulatory provisions.

The 2017 Remuneration Committee was made up of:

COMITATO PER LA REMUNERAZIONE	
PRESIDENTE	NUNZIO GUGLIELMINO
MEMBRO	GIOVANNI LO STORTO
MEMBRO	FRANCESCO COLASANTI

REMUNERATION COMMITTEE	
CHAIRMAN	NUNZIO GUGLIELMINO
MEMBER	GIOVANNI LO STORTO
MEMBER	FRANCESCO COLASANTI

During 2017, 10 meetings of that Committee were held with reference to Remuneration (until 14 July 2017 as the “Appointments and Remuneration Committee”). Details of the meetings and the matters discussed by the aforementioned Committee are highlighted below:

*Meetings and matters discussed on remuneration in sessions of the Remuneration Committee*

Session	Matters discussed
<b>17 March 2017</b> Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>- Analysis of 2016 incentive system applied to doBank management structures and 2016 entry bonus</li> <li>- Information on outcomes of 2016 incentive system applied in Italfondiario SpA</li> </ul>
<b>10 April 2017</b> Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>- Analysis of doBank 2016 Financial Year Incentive System: Key Function Holders and Bonus Pool</li> <li>- Revision of Remuneration and Incentive Policy of the doBank Banking Group and Key Function Holders 2017</li> <li>- Succession Plans</li> <li>- Calculation methodology of the EBITDA Adjustment for MBO purposes</li> <li>- Officers</li> <li>- Update of the Incentive System structure - increase of the limit of the incidence of variable remuneration on fixed remuneration up to a maximum of 2:1</li> </ul>
<b>8 May 2017</b> Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>- Annual reporting of Appointments and Remuneration Committee to the Board of Directors;</li> </ul>
<b>25 May 2017</b> Appointments and Remuneration	<ul style="list-style-type: none"> <li>- Remuneration structure for Chief Executive Officer</li> <li>- Remuneration and incentive policies of the doBank Banking Group: adjustment post-Stock Exchange listing</li> </ul>

Committee	
<b>9 June 2017</b> Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>- Approval of stock assignment plan of the bank (“IPO Bonus Plan”) in application of the Remuneration and Incentive Policies of the Group, post-Stock Exchange listing</li> <li>- Remuneration structure for Chief Executive Officer</li> </ul>
<b>27 June 2017</b> Appointments and Remuneration Committee	<ul style="list-style-type: none"> <li>- MBO key function holders objectives</li> </ul>
<b>21 September 2017</b> Remuneration Committee	<ul style="list-style-type: none"> <li>- Adjustment of internal procedures, including the procedure of identifying key function holders</li> </ul>
<b>17 October 2017</b> Remuneration Committee	<ul style="list-style-type: none"> <li>- Recruitment of Group ICT Governance &amp; Innovation Officer - Remuneration criteria;</li> <li>- Update to perimeter of Key Function Holders, respective compensation and incentive system;</li> </ul>
<b>8 November 2017</b> Remuneration Committee	<ul style="list-style-type: none"> <li>- Outstanding bonus for “Fino” activities</li> </ul>
<b>18 December 2017</b> Remuneration Committee	<ul style="list-style-type: none"> <li>- Adjustment of internal procedures</li> </ul>

## **1.2 Main characteristics of 2017 Policy**

With a view to improving the policy, also in light of the best practices and market trends, considering the regulatory evolutions in that regard and the Group's corporate changes, some innovations were introduced for 2017, as described below.

In particular, with regard to the incentive plans based upon financial instruments, further detailed information is provided by referring to the information contained in the “Regulations of remuneration plans based upon financial instruments” (in accordance with

Article 114(2) of the Consolidated Finance Law and Article 84(2) of the CONSOB Issuers' Regulation).

**A) Illustration of variable remuneration instruments:**

- **“Management By Objectives” incentive system (known as “MBO” Bonus):** structured incentive system using “individual” objectives coherent with the strategic and operational plans and with the organisational position of the recipient personnel. The system was intended for Key Function Holders of the Group - excluding members of the Company Bodies other than the senior figures of the Body with management function - and the other members of Personnel identified by the internal regulations, through a process of defining incentives and objectives structured so as to customise the profiles in relation to the role and expectations of the individual employee. The structure of the "individual" objectives was defined by identifying the objectives to be assigned within the following macro-areas: Business, Economic-Financial Development, Risk Management, Project and Function. The accrual of the MBO bonus was subject to achieving the Group Gates and a minimum level of achievement of the assigned objectives (70% out of 100%). The MBO Incentive System saw as its beneficiaries for 2017 about 43 individuals, 14 of whom were among the Key Function Holders of the Group. The maximum limit to the variable component paid on the basis of the MBO was fixed at a maximum of 100% of fixed remuneration.
- **incentive system linked to stock performance (“IPO Bonus”):** The IPO Bonus is linked to the stock performance (“IPO Bonus”) and any payment is subject to achieving the Group Gates and to a certain level of achievement of the objectives linked to the MBO incentive system. Any bonus due for the IPO Bonus amounts to 100% of the fixed component of remuneration. That incentive system was dedicated to a limited number of individuals among the Key Function Holders for whom the limit to the ratio between the variable and fixed component of remuneration was raised to 2:1 by resolution of the Shareholders' Meeting dated 21 June 2017 (“2:1 recipients” - Key Employees).
- **incentive system for Managers:** structured incentive system for Group Managers based upon pre-defined objectives for the period (four-monthly, at most six-monthly), both individual and group objectives, of both quantitative and qualitative nature, differentiated based upon the specific nature and type of managed portfolios. The sums accrued for each period are paid when meeting or exceeding the established “individual and/or team objectives”. The incentive system for Group Managers involved approximately 630 Resources.
- **company productivity bonus (“Per-Capita Value Added” or “PVA”):** variable component paid to employees to reward productivity/commitment in the relevant period, as defined by the National Collective Labour Agreement whose conditions and criteria may be established annually in the company supplementary contract;
- **merit bonus:** variable component paid on the basis of performances and merits achieved by employees and recognised by their hierarchical manager. That variable component may be paid up to a defined maximum limit per employee - in respect of the limits of the Bonus Pool – and is subject to achieving the gates. Considering the characteristics of the bonus and its insignificant amount, the same is paid in monetary form and is not deferred over time;

- **outstanding bonus:** variable component of exceptional nature, aimed at rewarding the achievement of particularly worthy performances which may be granted to employees - excluding key function holders - even if they do not achieve the Group gates. Considering the characteristics of the bonus and its insignificant amount, the same is paid in monetary form and is not deferred over time.

All bonuses relating to the different variable forms described above are paid subject to implementing behaviours compliant with respect of internal and external regulations.

## **B) Minimum thresholds for accessing variable component**

The Group incentive system, as defined in the Group's 2017 Remuneration Policy, has provided that access to the variable component, with the only exclusion of the outstanding bonus, is subject to the preliminary and joint satisfaction of conditions guaranteeing also respect of the capital and liquidity stability indicators defined as part of assessment procedures of the Group's risk appetite.

In particular, we indicate below the indicators identified for the purposes of determining the minimum thresholds for accessing the variable component ("Group Gates"):

1. Consolidated EBITDA at least equal to 90% of the lower between what is defined during the planning (strategic and operational) and 64 million Euro;
2. CET1 Ratio tolerance at least equal to what is defined in the risk appetite framework;
3. LCR Ratio tolerance at least equal to what is defined in the risk appetite framework.

The following exceptions are noted:

- for Personnel belonging to the Company Control Functions, given that the variable component must be independent from the results achieved by the areas subject to achievement of the Group Gates indicated in points 2 and 3 above;
- for Group Managers, the access to the part of variable component paid at the end of the financial year is subject exclusively to achieving the Group Gates indicated in points 2 and 3 above;
- for the Chief Executive Officers, the payment of variable remuneration relating to the IPO Bonus, as defined below, is subject to achievement of the Group Gates indicated in points 2 and 3.

## **C) Methods of payment of variable**

### **➤ Payment of variable component to key function holders**

In order to align the incentives to the long-term interests of the Group, to guarantee the long-term sustainability of the remuneration and incentive systems, as well as to take account of the performance over time of the risks assumed by the Group, for key function holders, more stringent rules are applied to the payment methods of any variable component, in coherence with existing regulations.

In particular, for key function holders not belonging to the perimeter of the "2:1 recipients"

- Key Employees, any variable component accrued must be liquidated as follows:

- an upfront share amounting to 60% is paid after the approval, by the Shareholders' Meeting, of the financial statements referring to the *accrual period* and by the month of July;
- a share amounting to 40% is deferred for one year and is paid by the month of July of the year after that of attribution.

For "2:1 Recipients"- Key Employees other than the Chief Executive Officer, considering that the variable component paid may represent a high sum compared to the remaining key function holders, the following payment rules apply:

- an upfront share amounting to 60% is paid after the approval, by the Shareholders' Meeting, of the financial statements referring to the *accrual period* and by the month of July;

- a share amounting to 40% is deferred pro rata in the three financial years after the year of attribution (20%, 10%, 10%) of the variable part paid upfront and is paid by the month of July of each year;
- the variable component deriving from the MBO incentive system is paid in cash, while the variable component linked to the stock performance is paid in doBank shares. For the shares attributed upfront there is a retention period of two years, while for the remaining deferred shares there is a retention period of one year which commences from the vesting period.

In order to ensure over time capital stability, liquidity and capacity to generate correct profit for the risk, coherently with the Group's long-term strategic objectives, the deferred shares are paid provided that the gates relating to financial solidity and liquidity, described above, have been achieved, measured with reference to the year prior to their vesting period.

The payment methods of the variable component described thus far apply if the variable amount accrued individually is higher than 40,000 Euro (known as “**threshold of relevance**”).

### **Payment of the variable component to remaining personnel**

Any variable component paid to remaining personnel is paid in cash and in a lump sum, by the month of July of the year after that of accrual.

#### **D) Ex post correction mechanisms and claw back**

Conditions have been defined whose occurrence means that any variable component granted for achieving the Group gates and simultaneously achieving individual objectives or a positive opinion by the respective hierarchical manager cannot be paid, in whole or in part. It has also been specified that the application of those malus, along with the activation of the claw back clause, is resolved by the competent Company Bodies.

#### **E) Self-assessment process for identifying key function holders**

The self-assessment process for identifying Key Function Holders (“Self-Assessment Process”) took account of the governance, organisational and operational model of the Group and was performed the first time, in view of approval of the Remuneration Policy by the Shareholders' Meeting and then reviewed continuously during 2017 and in order to consider the impact of organisational changes and changes to the perimeter of responsibilities occurring during the year.

The perimeter of the Key Function Holders was defined in light of the qualitative and quantitative criteria indicated in Delegated Regulation (EU) no. 604/2014 which provides:

- qualitative criteria linked, inter alia, to the role, position and autonomy level of the Personnel;
- quantitative criteria based upon the assessment of the overall remuneration attributed to the Personnel in the previous financial year.

The description of the self-assessment process conducted year upon year, the main roles involved and the outcomes of the assessments has been formalised in a specific document by the Human Resources Function which, once shared with the board committees, submitted the same for analysis and approval by the doBank Board of Directors.



As part of the self-assessment, the proportionality criterion was applied, considering the organisational characteristics of the Group and the management and coordination role performed by doBank in relation to the Subsidiaries.

For 2017 22 positions were identified within the category of Key Function Holders at Group level, as illustrated below:

- 13 members of the Company Bodies;
- 5 Managers of the Company Control Functions;
- 4 persons belonging to the remaining Group Personnel who individually or collectively assume significant risks.

In addition, following the termination of the employment relationship of a person belonging to the Key Function Holders, the role covered by that person was split into two separate positions, giving rise to the inclusion of the holders of those roles (and upon the exit of the ceased person) in the perimeter of Key Function Holders.

### 1.3 2017 Main results

#### ➤ Economic results and alignment with Risk Appetite Framework

With reference to the performance of doBank S.p.A. in the 2017 financial year, following the final analysis of the results achieved at 31 December 2017, the achievement of the minimum level provided for the "Group Gates" and the consequent activation of the related incentive systems is highlighted. Below are details for each "gate indicator".

INDICATOR	GATE VALUE	FINAL BALANCE	PERFORMANCE
EBITDA	64 m/€	70.1 m/€	✓ <b>110%€</b>
CET 1 RATIO	12.5%	26.4%	✓ <b>211% Y</b>
LCR	85%	344%	✓ <b>405% Y</b>

**The "Group Gates" described above allow for the activation of all variable components described in the above paragraphs.**

**The conditions for the 2017 IPO Bonus, correlated with the stock's trend, the maintenance of the economic requirements, and an individual contribution, found as positive through the MBO system, are achieved:**

1. doBank Stock Performance

Target: Average price recorded on the Borsa Italiana MTA in the period between 1 October and 31 December 2017 is not lower than the price at the Listing Date (14 July 2017) equal to €9.

Result: €13.227 is the average value of the closing price (final price) of the days from 1.10 to 31.12.2017.

2. Tier Capital 1 Ratio

Target: no less than 23% (value estimated for ICAAP purposes);

Result: 26.4%

3. The accrual of the variable component linked to MBO is > zero;

All participants achieved an MBO score > zero.

The overall Bonus Pool accrued amounts to €10,905,900, corresponding to 12% of the pre-bonus pool EBITDA. The amount indicated does not prejudice the capital and liquidity requirements, broadly conservative with respect to the risk tolerance thresholds outlined in the RAF. Coherently with the Supervisory Provisions and with what is defined in the 2017 Group Policy, in no case does the sum of the different incentive components determine an overall bonus higher than 200% of the fixed remuneration for Key Function Holders, for whom the raising of the limit of the ratio between the variable and fixed component has been requested, and 100% of the fixed remuneration for the remaining personnel.

➤ **Main findings of the analysis by variable type and/or Personnel category.**

**“Management By Objectives” incentive system (known as “MBO”)**

The final analysis of the "individual" objectives of the MBO system led to the calculation of an amount totalling €1,584,155.31, of which €1,092,333.75 relating to Key Function Holders, with an average level of performance achievement equal to 84%.

**“IPO Bonus” Incentive System**

The assessment process of that objective assigned to Key Function Holders, excluding the Chief Executive Officer, linked to the stock performance was completed and the overall share of the bonuses to be paid amounts to €930,000, as the scheduled gates have been achieved.

**Management Incentive System**

During 2017, at the end of each incentive period, the bonuses due were liquidated subject to achieving the scheduled objectives. The overall final analysis of the variable share of the Management Incentive System has been concluded and the overall bonuses amount to Euro €2,875,145 (about 550 Rewarded Resources).

**Productivity company bonus (“Per-Capita Value Added” or “PVA”)**

The company productivity bonus (“Per-Capita Value Added” or “PVA”) will be paid to entitled employees (about 650 individuals), under the terms and conditions provided by the National Collective Agreement for Credit and the second level contracts with the Trade Union Organisations, by way of attribution of a bonus within the company welfare system or in monetary form, as chosen by the employee.

**Merit Bonus**

In view of the achievement of the Group Gates and having concluded the process of involvement of the managers in the assessment of the Resources to be rewarded, the amount of overall bonuses is €1,957,270 (for about 420 Resources out of 600 Resources).

**Outstanding Bonus**

During 2017 it was decided to pay bonuses to Resources belonging to Management who had stood out due to their activities of exceptional and extraordinary nature aimed at achieving the strategic objectives for the Group business. The overall bonus amounts to €160,500 (for about 70 Resources out of roughly 700).

**Staff severance pay**

During 2017 entry bonuses were paid - limited to the first year and in respect of the Supervisory Provisions on remuneration and incentives – for a total amount of €144,000 of which €20,000 for one Resource recruited and included among the Key Function Holders.

During 2017 the early termination took place of one Resource with subordinate employment relationship and belonging to the perimeter of the Key Function Holders, for whom, in respect of the 2017 remuneration policy and the Supervisory Provisions in that regard, a sum was paid of €251,000, corresponding to the upfront share of the overall agreed incentive; an amount equal to € 164,000, was deferred for one year, upon verifying having exceeded the malus clauses. The entire amount is subject to clawback rules. In addition, €752,841 was paid by way of staff severance pay to 11 resources from other Personnel.

#### ➤ **Remuneration paid to corporate bodies**

The amount of fees incurred for the directors amounts to 617,500 Euro, while for the auditors and members of the Supervisory Body it amounts to 99,000 Euro, making an overall cost item of 716,500 Euro.

More specifically, in coherence with what is established by the 2017 policy approved by the Shareholders' Meeting held on 7 November 2016, details of the remuneration relating to roles covered within the Board of Directors are indicated below:

- for the Chairman of the Board of Directors, there is a special fee for the role, including the remuneration as director, amounting to 350,000 Euro;
- for each member of the Board of Directors, the fee amounts to 10,000 Euro

No remuneration is paid by way of attendance fee.

The fees deriving from the participation on board committees are included in the remuneration paid as member of the Board of Directors amounting in total to 65,000 Euro

Again in coherence with what was defined during the Shareholders' Meeting held on 15 July 2016, below are the fees agreed for members of the Board of Auditors and the Supervisory Body relating to the 2017 financial year:

- for the Chairman of the Board of Auditors, there is a special fee for the role, including the remuneration as auditor, amounting to 25,000 Euro;
- for each member of the Board of Auditors, a fee is provided of 20,000 Euro.

#### **1.4 Focus on the remuneration package of the Chief Executive Officer**

The Chief Executive Officer received, based upon what was established in his individual contract, a fixed fee for the financial year amounting to 1,687,500, in addition to €10,000 by way of a fee as director, in accordance with the 2017 policy approved by the Shareholders' Meeting held on 7 November 2016.

The 2017 fixed remuneration is paid by the following methods:

€687,500 in shares and €1,000,000 in monetary form.

As regards, on the other hand, the variable component, the payment, upon verification of achievement of the assigned objectives, is made entire in shares, as follows:

- an upfront share amounting to 40% is paid after the approval, by the Shareholders' Meeting, of the financial statements referring to the *accrual period* and by the month of July;
- a share amounting to 60% is deferred pro rata in the five financial years after the year of attribution of the variable part paid upfront and paid by the month of July of each year;
  - both the upfront share and the deferred share are paid in doBank shares. For the share attributed upfront, there is a retention period of two years, while for the remaining deferred shares, there is a retention period which commences from their vesting period.

Based on the performance achieved, the variable component, attributed entirely in shares, amounts to € 2,907,060. The assignment thereof is distributed over time: 60% deferred for 5 years, having verified the malus clauses. Both the up-front component and the deferred ones are also subject to a retention period, of 2 years and 1 year respectively.

The individual employment contract that links the Chief Executive Officer to doBank S.p.A. also regulates cases relating to resignation, dismissal / revocation or early termination of the relationship, providing a fee in the case of early termination of the role or non-renewal, within the limits and taking account of the regulatory provisions in that regard, regulated in the severance policy.

### **1.5 Focus on remuneration paid to Managers with Strategic Responsibility and other risk takers**

In view of the results achieved, the variable remuneration accrued for Managers with Strategic Responsibility, falling within the "2:1 recipients" - Key Employees (MBO bonus and IPO bonus) amounts to € 1,706,675. The corresponding information is reported in the tables of quantities, in line with the regulatory provisions of reference.

For these resources, payment takes place, in line with the provisions of the policy, 60% upfront and 40% deferred for 3 years, and paid downstream of the verification of the absence of malus clauses. The component in shares is subject to retention periods defined by the policy (2 years for the up-front part, and 1 year for the deferred parts).

With reference to the Heads of the Company Control Functions and the other equivalent figures for the purposes of the remuneration policies, the variable remuneration amounts to €242,715.

### **Aggregate quantitative information on remuneration, broken down by lines of activity - art. 450 para. 1, g), broken down for senior management and members of personnel whose actions have a significant impact on the risk profile of the Bank - Art. 450 para.1, h)**

From letter a) to letter j

Categoria	Organi Sociali*										
	N. Beneficiari	Fisso	Incentivi all'esodo	Variabile 2017			Variabile cash anni precedenti	Azioni			
				Altri bonus	TOTALE CASH	Up front		Differito	TOTALE AZIONI	Up front	Differito
CdA	9	€ 2.103.654			€ 90.625,00	€ 54.375,00	€ 36.250,00	€ 225.000,00	€ 3.056.343,00	€ 1.262.537,20	€ 1.793.805,80
MRT <sup>2</sup>											
Alti dirigenti											
<b>Totale</b>	<b>9</b>	<b>€ 2.103.654,00</b>	<b>€ 0,00</b>	<b>€ 0,00</b>	<b>€ 90.625,00</b>	<b>€ 54.375,00</b>	<b>€ 36.250,00</b>	<b>€ 225.000,00</b>	<b>€ 3.056.343,00</b>	<b>€ 1.262.537,20</b>	<b>€ 1.793.805,80</b>

Categoria	Gestione e Recupero crediti, Banking, Sviluppo comm.le										
	N. Beneficiari	Fisso	Incentivi all'esodo	Variabile 2017			Variabile cash anni precedenti	Azioni			
				Altri bonus	TOTALE CASH	Up front		Differito	TOTALE AZIONI	Up front	Differito
CdA											
MRT <sup>2</sup>											
Alti dirigenti	2	€ 413.803,74			€ 216.250,00	€ 129.750,00	€ 86.500,00	€ 0,00	€ 250.000,00	€ 150.000,00	€ 100.000,00
<b>Totale</b>	<b>2</b>	<b>€ 413.803,74</b>	<b>€ 0,00</b>	<b>€ 0,00</b>	<b>€ 216.250,00</b>	<b>€ 129.750,00</b>	<b>€ 86.500,00</b>	<b>€ 0,00</b>	<b>€ 250.000,00</b>	<b>€ 150.000,00</b>	<b>€ 100.000,00</b>

Categoria	Funzioni aziendali di controllo										
	N. Beneficiari	Fisso	Incentivi all'esodo	Variabile 2017			Variabile anni precedenti	Azioni			
				Altri bonus	TOTALE CASH	Up front		Differito	TOTALE AZIONI	Up front	Differito
CdA											
MRT <sup>2</sup>	4	€ 417.370		€ 10.000,00	€ 136.257,00	€ 101.237,40	€ 35.019,60	€ 12.743,36			
Alti dirigenti	2	€ 360.000			€ 106.458,00	€ 63.874,80	€ 42.583,20	€ 17.223,82			
<b>Totale</b>	<b>6</b>	<b>€ 777.371</b>	<b>€ 0,00</b>	<b>€ 10.000,00</b>	<b>€ 242.715,00</b>	<b>€ 165.112,20</b>	<b>€ 77.602,80</b>	<b>€ 29.967,18</b>	<b>€ 0,00</b>	<b>€ 0,00</b>	<b>€ 0,00</b>

Categoria	Altre**										
	N. Beneficiari	Fisso	Incentivi all'esodo	Variabile 2017			Variabile anni precedenti	Azioni			
				Altri bonus	TOTALE CASH	Up front		Differito	TOTALE AZIONI	Up front	Differito
CdA											
MRT <sup>2</sup>	1	€ 114.999,95			€ 24.006,25	€ 24.006,25		€ 7.391,60	€ 0,00		
Alti dirigenti	6	€ 690.865,66	€ 251.000,00	€ 20.000,00	€ 518.737,50	€ 330.817,50	€ 187.920,00	€ 15.470,00	€ 480.000,00	€ 288.000,00	€ 192.000,00
<b>Totale</b>	<b>7</b>	<b>€ 805.865,61</b>	<b>€ 251.000,00</b>	<b>€ 20.000,00</b>	<b>€ 542.743,75</b>	<b>€ 354.823,75</b>	<b>€ 187.920,00</b>	<b>€ 22.861,60</b>	<b>€ 480.000,00</b>	<b>€ 288.000,00</b>	<b>€ 192.000,00</b>

**Note:**

- 1) Nel CdA è ricompreso anche il CFO del Gruppo doBank, Fabio Balbinot, in quanto Consigliere di doBank. La remunerazione valorizzata è relativa al ruolo di CFO in quanto lo stesso non percepisce compensi quale Consigliere. Inoltre, nei compensi fissi riportati nella tabella sono ricompresi anche quelli dei 4 consiglieri non indipendenti, che però hanno rinunciato a tali compensi (€10.000 per ciascun Consigliere CdA doBank e € 10.000 per la partecipazione a comitati).
- 2) Gli MRT ricompresi negli Alti Dirigenti sono stati inseriti in quest'ultima categoria.
- 3) Il valore della azioni è stato calcolato alla data del 28/2/2018. dovrà essere ricalcolato il giorno del CdA del 13/3/2018.

In the Group there is one position with remuneration higher than or equal to 1 million Euro referring to the Chief Executive Officer of doBank.

## 1.6 CONSOB Quantitative Tables

**Fees paid to members of the Management and Control Bodies, to the General Manager, to other Managers with Strategic Responsibilities**

(A)	(B)	(C)	(D)	1	2	3		4	5	6	7	8
Nome e Cognome	Carica	Periodo per cui è stata ricoperta la Carica	Scadenza della Carica	Compensi Fissi	Compensi per la partecipazione e a comitati	Compensi Variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Giovanni Castellaneta	Presidente doBank	ott-15	Assemblea 2018	350.000						350.000		
<i>(I) Compensi nella società che redige il bilancio</i>				350.000						350.000		
	Presidente ITF	gen-17	feb-17	13.333						13.333		
<i>(II) Compensi da controllate e collegate</i>				13.333						13.333		
<i>(III) Totale</i>				363.333						363.333		
Andrea Mnagoni *	Amministratore Delegato	apr-16	Assemblea 2018	1.687.500			225.000			1.912.500	1.142.537	
	Consigliere doBank	mar-16	Assemblea 2018	10.000						10.000		
<i>(I) Compensi nella società che redige il bilancio</i>				1.697.500			225.000			1.922.500	1.142.537	
	Presidente ITF	feb-17	assemblea 2019	0								
<i>(II) Compensi da controllate e collegate</i>												
<i>(III) Totale</i>				1.697.500			225.000			1.922.500	1.142.537	
Giovanni Lo Storto	Amministratore Indipendente	ott-15	Assemblea 2018	75.000						75.000		
	Presidente Comitato Nomine	ott-17	Assemblea 2018									
	Membro Comitato Remunerazione	ott-17	Assemblea 2018									
	Membro Comitato Rischi e Operazioni con Soggetti	mar-17	Assemblea 2018									
<i>(I) Compensi nella società che redige il bilancio</i>				75.000						75.000		
<i>(II) Compensi da controllate e collegate</i>												
<i>(III) Totale</i>				75.000						75.000		
Nunzio Guglielmino	Amministratore Indipendente	ott-15	Assemblea 2018	75.000						75.000		
	Presidente Comitato Remunerazione	ott-17	Assemblea 2018									
	Membro Comitato Rischi e Operazioni con Soggetti	mar-16	Assemblea 2018									
<i>(I) Compensi nella società che redige il bilancio</i>				75.000						75.000		
<i>(II) Compensi da controllate e collegate</i>												
<i>(III) Totale</i>				75.000						75.000		
Edovige Catitti	Amministratore Indipendente	giu-16	Assemblea 2018	75.000						75.000		
	Membro Comitato Nomine	ott-17	Assemblea 2018									
	Presidente Comitato Rischi e Operazioni con Soggetti	mar-17	Assemblea 2018									
<i>(I) Compensi nella società che redige il bilancio</i>				75.000						75.000		
<i>(II) Compensi da controllate e collegate</i>												
<i>(III) Totale</i>				75.000						75.000		
Charles Robert Spetka	Amministratore non Indipendente	ott-15	Assemblea 2018	10.000						10.000		
<i>(I) Compensi nella società che redige il bilancio</i>				10.000						10.000		
<i>(II) Compensi da controllate e collegate</i>												
<i>(III) Totale</i>				10.000						10.000		
Giuseppe Ranieri	Amministratore non Indipendente	lug-16	Assemblea 2018	10.000						10.000		
	Membro Comitato Rischi e Operazioni con Soggetti	feb-17	Assemblea 2018	10.000						10.000		
<i>(I) Compensi nella società che redige il bilancio</i>				20.000						20.000		
<i>(II) Compensi da controllate e collegate</i>												
<i>(III) Totale</i>				20.000						20.000		

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
Nome e Cognome	Carica	Periodo per cui è stata ricoperta la Carica	Scadenza della Carica	Compensi Fissi	Compensi per la partecipazione e a comitati	Compensi Variabili non equity Bonus e altri incentivi	Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
Francesco Colasanti**	Amministratore non indipendente	ott-15	Assemblea 2018	10.000					10.000		
	Membro Comitato Nomine	lug-17	Assemblea 2018								
	Membro Comitato Remunerazione	lug-17	Assemblea 2018	10.000							
	<b>(I) Compensi nella società che redige il bilancio</b>			20.000					20.000		
	Amministratore non indipendente Italfondario	ott-15	mar-17	2.500					2.500		
<b>(II) Compensi da controllate e collegate</b>			2.500					2.500			
<b>(III) Totale</b>			22.500					22.500			
Fabio Balbinot***	CFO	mag-17		126.154		50.375		1700	178.229	120.000	
	Amministratore non indipendente	ott-15	Assemblea 2018						0		
	<b>(I) Compensi nella società che redige il bilancio</b>			126.154		50.375		1700	178.229	120.000	
	<b>Amministratore indipendente ITF</b>			2.500					2.500		
<b>(II) Compensi da controllate e collegate</b>			2.500					2.500			
<b>(III) Totale</b>			128.654		50.375		1700	180.729	120.000		
Francesco Marinao Bonifacio	Presidente Collegio Sindacale doBank	ott-15	Assemblea 2018	25.000					25.000		
	Presidente OdV doBank	ott-15	Assemblea 2018	14.000					14.000		
	<b>(I) Compensi nella società che redige il bilancio</b>			39.000					39.000		
	Presidente Collegio Sindacale ITF	n.a.		35.000					35.000		
	Presidente OdV ITF	n.a.		5.000					0		
	Presidente Collegio Sindacale doReal	n.a.		15.000					15.000		
	Presidente OdV doReal	n.a.		7.500					7.500		
	Sindaco Supplente doSolutions	n.a.		0					0		
	Presidente Collegio Sindacale IBIS	n.a.		0					0		
	Presidente OdV IBIS	n.a.		0					0		
	<b>(II) Compensi da controllate e collegate</b>			62.500					62.500		
<b>(III) Totale</b>			101.500					101.500			
Nicola Lorito	Sindaco Effettivo doBank	ott-15	Assemblea 2018	20.000					20.000		
	Membro OdV doBank	ott-15	Assemblea 2018	10.000					10.000		
	<b>(I) Compensi nella società che redige il bilancio</b>			30.000					30.000		
	Sindaco Effettivo ITF	n.a.		25.000					25.000		
	Membro OdV ITF	n.a.		5.000					5.000		
	Sindaco Effettivo doReal	n.a.		10.000					10.000		
	Membro OdV doReal	n.a.		5.000					5.000		
	Presidente collegio Sindacale doSolutions	n.a.		15.000					15.000		
	Presidente OdV doSolutions	n.a.		0					0		
	<b>(II) Compensi da controllate e collegate</b>			60.000					60.000		
<b>(III) Totale</b>			90.000					90.000			
Massimo Fulvio Campanelli	Sindaco Effettivo doBank	ott-15	Assemblea 2018	20.000					20.000		
	Membro OdV doBank	ott-15	Assemblea 2018	10.000					10.000		
	<b>(I) Compensi nella società che redige il bilancio</b>			30.000					30.000		
	Sindaco Effettivo doReal			10.000					10.000		
	Membro OdV doReal			5.000					5.000		
	Sindaco Effettivo doSolutions			10.000					10.000		
	Membro OdV doSolutions			0					0		
<b>(II) Compensi da controllate e collegate</b>			25.000					25.000			
<b>(III) Totale</b>			55.000					55.000			

(A)	(B)	(C)	(D)	1	2	3		4	5	6	7	8
Nome e Cognome	Carica	Periodo per cui è stata ricoperta la Carica	Scadenza della Carica	Compensi Fissi	Compensi per la partecipazione e a comitati	Compensi Variabili non equity		Beneficiari non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Giovanni Parisi	Sindaco Supplente doBank	ott-15	Assemblea 2018	0						0		
<i>(I) Compensi nella società che redige il bilancio</i>				0						0		
	Sindaco Supplente doReal			0						0		
	Sindaco Supplente ITF			0						0		
	Sindaco Supplente doSolutions			0						0		
<i>(II) Compensi da controllate e collegate</i>				0						0		
<i>(III) Totale</i>				0						0		
Maurizio de Magistris	Sindaco Supplente doBank	ott-15	Assemblea 2018	0						0		
<i>(I) Compensi nella società che redige il bilancio</i>				0						0		
	Sindaco Supplente doReal			0						0		
	Sindaco Effettivo ITF			25.000						25.000		
	Sindaco Effettivo doSolutions			10.000						10.000		
	Membro Odv doSolutions			0						0		
<i>(II) Compensi da controllate e collegate</i>				35.000						35.000		
<i>(III) Totale</i>				35.000						35.000		
Eleonora Ambrosetti****	Direttore Generale	gen-17	feb-17	30.229		0				30.229		
<i>(I) Compensi nella società che redige il bilancio</i>				30.229		0				30.229		
	Consigliere doReal			0						0		
<i>(II) Compensi da controllate e collegate</i>				0						0		
<i>(III) Totale</i>				30.229		0				30.229		
15*****	Dirigenti con Responsabilità strategica	gen-17	dic-17	1.950.553		711.725		37.211	61.667	2.761.156	438.000	251.000
<i>(I) Compensi nella società che redige il bilancio</i>				1.950.553		711.725		37.211	61.667	2.761.156	438.000	251.000
<i>(II) Compensi da controllate e collegate</i>										0		
<i>(III) Totale</i>				1.950.553		711.725		37.211	61.667	2.761.156	438.000	251.000

**Note:**

\*Dei compensi pari a € 1.687.500; 687.500 erogati in azioni;

\*\*Il Dott. Colasanti rinuncia ai compensi sia come consigliere che come Membro dei Comitati endoconsiglieri (l'importo indicato per il Comitato Remunerazione è comprensivo della partecipazione al Comitato Nomine);

\*\*\* I compensi riferibili al Dott. Fabio Balbinot riguardano quelli spettanti per il ruolo di CFO di doBank (ruolo che prevede una remunerazione annua lorda di € 200.000) in quanto come Consigliere non percepisce compensi;

\*\*\*\* I compensi riferibili alla Dott.ssa Ambrosetti E. comprendono solo il periodo della carica ricoperta dal 01/17 al 02/17, inoltre ricompresa nel novero dei dirigenti con Responsabilità Strategica solo per il periodo della carica ricoperta come Chief Credit Management dal 03/17 al 12/17;

\*\*\*\*\* Nei Dirigenti con Responsabilità Strategica non è ricompreso il Dott. Fabio Balbinot in quanto già ricompreso nei consiglieri; inoltre nel computo sono indicati pro quota i compensi riferiti alla Dott.ssa Ambrosetti per il periodo successivo alla cessazione della carica come DG di doBank (03/17 - 12/17).

1) I 4 consiglieri non indipendenti riportati nella tabella rinunciato a tali compensi (10.000 per ciascun Consigliere CdA doBank e € 10.000 per la partecipazione a comitati).

2) il prezzo delle azioni è registrato sull'MTA di Borsa Italiana nei 3 mesi precedenti la data di attribuzione, pari a € 12.567, dovrà essere ricalcolato alla data del CdA del 19/3/2018 "



Table 3A Incentive plans based upon financial instruments, other than stock options, in favour of the members of the management body, the general managers and other managers with strategic responsibilities

			Strumenti finanziari assegnati negli esercizi precedenti non vested nel corso dell'esercizio		Strumenti finanziari assegnati nel corso dell'esercizio					Strumenti finanziari Vested nel corso dell'esercizio e non attribuiti	Strumenti finanziari vested nel corso dell'esercizio e attribuiti		Strumenti finanziari di competenza dell'esercizio
A	B	1	2	3	4	5	6	7	8	9	10	11	12
ID	Nome e Cognome	Carica	Numero e tipologia di strumenti finanziari	Periodo di Vesting	Numero e tipologia di strumenti finanziari	Fair value alla data di assegnazione	Periodo di Vesting	Data di assegnazione	Prezzo di mercato all'assegnazione**	Numero e tipologia di strumenti finanziari	Numero e tipologia di strumenti finanziari	Valore alla data di maturazione	Fair Value
	<b>Andrea Mangoni</b>	Amministratore Delegato											
(I)	Compensi nella società che redige il bilancio	PO BONUS relativo al Piano approvato il 10/06/2017	ipo		€ 227.289,17	2.856.343	3	13/03/2017	12,567		90.916	1.142.537	1.142.537
		Piano B (Data relativa delibera)											
(II)	Compensi da controllate e collegate	Piano A (Data relativa delibera)											
		Piano B (Data relativa delibera)											
(III)	Totale												
	<b>Fabio Balinot</b>	Amministratore non indipendente e											
(I)	Compensi nella società che redige il bilancio	PO BONUS relativo al Piano approvato il 09/06/2017	ipo		€ 15.914,70	200.000	3	13/03/2017	12,567		9.549	120.000	120.000
		Piano B (Data relativa delibera)											
(II)	Compensi da controllate e collegate	Piano A (Data relativa delibera)											
		Piano B (Data relativa delibera)											
(III)	Totale												
	<b>n.4</b>	Dirigenti con Responsabilità Strategica											
(I)	Compensi nella società che redige il bilancio	PO BONUS relativo al Piano approvato il 09/06/2017			€ 58.088,64	730.000	3	13/03/2017	12,567		34853,18	438.000	438.000
		Piano B (Data relativa delibera)											
(II)	Compensi da controllate e collegate	Piano A (Data relativa delibera)											
		Piano B (Data relativa delibera)											
(III)	Totale												

Note:

\*Nei Dirigenti con Responsabilità Strategica non è ricompreso il Dott. Fabio Balinot in quanto già ricompreso nei consiglieri;

\*\* Il prezzo è rilevato alla data del CdA del 19.03.18

Table 3b -Monetary incentive plans in favour of members of the management body, general managers and other managers with strategic responsibilities

A	B	1	2			3			4
Nome e Cognome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
			(A)	(B)	C	(A)	(B)	C	
			Erogabile/ erogato	Differito	Periodo di differimento(1)	Non più erogabili	Erogabile/ erogato	Ancora differiti	
<b>Andrea Mangoni *</b>	<b>Amministratore Delegato</b>								
(I) Compensi nella società che redige il bilancio		Sistema Premiante 2017							
		Sistema Premiante 2016					€ 225.000,00		
(II) Compensi da controllate e collegate		Piano A (Data relativa delibera)							
		Piano B (Data relativa delibera)							
(III) Totale			0	0	0	0	225000	0	0
<b>Fabio Balbinot**</b>	<b>Amministratore non Indipendente e CFO doBank</b>								
(I) Compensi nella società che redige il bilancio		Sistema Premiante 2017	€ 50.375,00	€ 36.250,00	3				
		Sistema Premiante 2016							
(II) Compensi da controllate e collegate		Piano A (Data relativa delibera)							
		Piano B (Data relativa delibera)							
(III) Totale			€ 50.375,00	€ 36.250,00	3				
<b>15***</b>	<b>Dirigenti con Responsabilità Strategica</b>								
(I) Compensi nella società che redige il bilancio		Sistema Premiante 2017	€ 628.895,95	€ 352.022,80	3				€ 30.000,00
		Sistema Premiante 2016					€ 52.829,00		
(II) Compensi da controllate e collegate		Piano A (Data relativa delibera)							
		Piano B (Data relativa delibera)							
(III) Totale			€ 628.895,95	€ 352.022,80	3		€ 52.829,00		€ 30.000,00

Note:

\* La remunerazione variabile ruolo dell'Amministratore Delegato verrà erogato in azioni di cui il 40% erogato al termine dell'anno di accrual e entro 30 giorni dalla data di approvazione del bilancio del precedente esercizio da parte dell'Assemblea; il restante 60% sarà differito per un periodo di 5 anni;

\*\* I compensi indicati per il Dott. Fabio Balbinot sono relativi al ruolo di CFO del Gruppo doBank;

\*\*\* La remunerazione variabile dei Dirigenti con Responsabilità Strategica verrà erogata cash, di cui il 60% up front erogato al termine dell'anno di accrual dopo l'approvazione del bilancio del precedente esercizio da parte dell'Assemblea, il restante 40% differito in 3 anni per il personale con una remunerazione del 2:1, le Funzioni di Controllo invece hanno un periodo di differimento inferiore pari a un'anno;

(1) Il periodo di differimento indicato è quello massimo previsto per il personale con una remunerazione del 2:1, le Funzioni di Controllo invece hanno un periodo di differimento inferiore pari a un'anno;

**OUTLINE NO. 7(3) - Outline relating to the information on investments of members of the management and control bodies, general managers and other managers with strategic responsibilities**

**Tab. 1 : Partecipazioni dei componenti degli organi di amministrazione e di controllo e dei direttori generali**

Nome e Cognome	Carica	Società partecipata	N. azioni possedute al 31/12/2016	N. di azioni acquistate nel 2017	N. di azioni vendute nel 2017	N. azioni possedute al 31/12/2017
Andre Mangoni	Amministratore Delegato					0
Fabio Balbinot	CFO					0

**Tab. 2 : Partecipazioni degli altri dirigenti con responsabilità strategica**

Nome e Cognome	Carica	Società partecipata	N. azioni possedute al	N. di azioni acquistate nel	N. di azioni vendute	N. azioni possedute al 31/12/2017
n.4	Dirigenti con responsabilità Strategica					0

## **Report on checks conducted on the compliance of the remuneration and incentive practices with the policies approved by the Bank and the relevant regulatory framework**

The Supervisory Provisions require the Internal Review to verify “at least on an annual basis, the compliance of the remuneration practices with the approved policies” and with the regulatory context. “The findings identified and any anomalies are brought to the attention of the competent Bodies and Functions for the adoption of any corrective measures, which assess their significance for the purposes of prompt reporting to the Bank of Italy. The outcomes of the checks conducted are brought to the attention of the Shareholders' Meeting annually”.

From the checks performed, it emerged that the operational and control activities identified in the process, despite being performed mostly on the basis of practice, are, on one side, coherent with the approved remuneration and incentive policies and, on the other, correctly aimed at controlling the main risks inherent in the operations performed. In particular, the following were identified: i) the formalisation of procedures and criteria for the final appraisal of the objectives of key function holders and the formalisation of the supervision/validation process of the self-assessment forms of key function holders; ii) as regards the incentive system for the network of internal managers, redefinition of the process of assignment of objectives and the respective final appraisal of the results and check - in paying bonuses during the year - of precise compliance with the criteria defined for the granting of the same by the remuneration policies; iii) definition of a procedure aimed at guaranteeing the periodic revision of the perimeter of key function holders.

In relation to the initiatives activated by the Bank on the regulation of processes connected to the Remuneration and Incentive Policies, the following is noted: i) the adoption of the “Regulation of the MBO incentive system”; ii) the definition of a verification process in relation to the final analysis of the results and precise respect of the criteria defined by the Policy, while the process of assignment of objectives is being defined.

iii) the adoption of a Procedure on the identification process of Key Function Holders, also for the purpose of guaranteeing its periodic revision;