

# Ordinary Shareholders' Meeting: Illustrative reports and proposals on the items of the Agenda

Rome, 17 April 2019

**doBank**  
Servicing | Lending | Solutions

doBank S.p.A. Registered Office: Piazzetta Monte, 1 – 37121 Verona Share Capital €41,280,000.00 fully paid-up Bank registered on the register of Banks and Parent Company of the doBank Banking Group – Register of Banking Groups code 10639, ABI code 10639 – Registration at the Companies Register, Chamber of Commerce of Verona no./Economic & Administrative Index no.: VR/19260 – Tax Code 00390840239 and VAT no. 02659940239 Member of the Interbank Deposit Protection Fund.

[www.dobank.com](http://www.dobank.com)

## Corporate Governance as of March 15, 2019

- Giovanni Castellaneta Chairman of the BoD
  - Andrea Mangoni CEO
  - Francesco Colasanti Director
  - Emanuela Da Rin Director
  - Giovanni Battista Dagnino Independent Director
  - Nunzio Guglielmino Independent Director
  - Giovanni Lo Storto Independent Director
  - Giuseppe Ranieri Director
  - Marella Idi Maria Villa Director
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- Chiara Molon Chairman of the Statutory Auditors
  - Francesco Mariano Bonifacio Statutory Auditor
  - Nicola Lorito Statutory Auditor

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**Abstract of the Notice of call of Ordinary Shareholders' Meeting of doBank S.p.A.**

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- 1.1 Approval of the financial statements for the year ended December 31, 2018; Presentation of the Consolidated Financial Statements at December 31, 2018; Reports of the Board of Directors, the Board of Statutory Auditors and the independent auditors;**
- 1.2 Allocation of the profit for the year and distribution of the dividend. Related and consequent resolutions.**

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## Extract of the 17 April 2019 Ordinary Shareholders' Meeting call notice

The Ordinary Shareholders' Meeting of doBank ("Company") will be held in single call on 17 April 2019 at 10.00 am, in Rome, at the doBank offices located in Lungotevere Flaminio n. 18, with the following

### AGENDA

#### 1. Financial statements and consolidated financial statements at December 31, 2018

- 1.1 Approval of the financial statements for the year ended December 31, 2018; Presentation of the Consolidated Financial Statements at December 31, 2018; Reports of the Board of Directors, the Board of Statutory Auditors and the independent auditors;
- 1.2 Allocation of the profit for the year and distribution of the dividend. Related and consequent resolutions.

#### 2. Remuneration policies:

- 2.1 Annual Report on remuneration and incentive policies;
  - a) Sec. I - 2019 policy;
  - b) Sec. II - 2018 implementation;
- 2.2 2019 Incentive Plan based on financial instruments (with the Consob Information Document for the 2019 share plan attached);
- 2.3 Severance Pay Policy

Information on the share capital and procedures and terms for:

- participation in the Shareholders' Meeting and the exercise of voting rights (the record date is **8 April 2019**);
- attending and voting at the Shareholders' Meeting by proxy;
- the right to supplement the agenda and submit new proposals for resolutions on items already on the agenda;
- the right to ask questions on the agenda items before the Shareholders' Meeting (the questions must reach the Company by **14 April 2019**);
- the availability of reports on the agenda items and shareholders' meeting documentation;

are listed in the call notice available on the website [www.dobank.com](http://www.dobank.com) ("Governance - Shareholders' Meeting section"), <https://www.dobank.com/it/governance/assemblea-azionisti>.

This extract is published in the daily newspaper MF/Milano Finanza.

On behalf of the Board of Directors  
The Chairman  
(Giovanni Castellaneta)

Rome, 15 March 2019

## REPORT OF THE BOARD OF THE DIRECTORS TO THE SHAREHOLDERSMEETING

### 1. Financial statements and consolidated financial statements at December 31, 2018

- 1.1 Approval of the financial statements for the year ended December 31, 2018; Presentation of the Consolidated Financial Statements at December 31, 2018; Reports of the Board of Directors, the Board of Statutory Auditors and the independent auditors;**
- 1.2 Allocation of the profit for the year and distribution of the dividend. Related and consequent resolutions.**

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Shareholders,

the draft financial statements for the year ended December 31, 2018 were approved by the Board of Directors last March 12<sup>th</sup>, 2019.

Before the Shareholders' Meeting, you will have the opinion of the Auditing Company and the report of the Board of Statutory Auditors available with the opinion on the proposal for the allocation of the profit for the year and the distribution of the dividend.

The financial statements as at 31 December 2018 closed with a net profit of €43,374,465.

The consolidated financial statements, also approved by the Board of Directors at the meeting on March 12, 2019, closed with a net profit of Euro 50,840,401.

With regard to the allocation of the profit for the year, as approved during the Board of Directors meeting on March 12, 2019, taking account of the high level of capitalisation of the company, we intend to distribute dividends in an amount corresponding to 70% of the Group's consolidated net profit, excluding non-recurring charges, quantified at €36.836.956, as indicated below:

(€)

2018 Net Profit attributable to the Group	50,840,401
Non-recurring items included in Net Profit (Loss) attributable to the Group net of tax	(1,783,823)
2018 Net Profit attributable to the Group excluding non-recurring items	52,624,224
Dividend (payout 70%)	36,836,956

The dividend per ordinary share as at 31 December 2018 - including treasury shares corresponding to 1.9% of share capital - amounts to €0.460.

For the purpose of this distribution, the profit for the year drawn from the separate financial statements will be used, taking account of the fact that no distribution will be made to the treasury shares held by doBank as at the record date.

Finally, this proposed distribution does not involve a reduction in reserves and therefore does not adversely affect our current individual and consolidated levels of capitalisation.

The dividend will be paid on May 29, 2019 (with an ex-dividend date of May 27 and a record date of May 28).

## Resolution proposed

Dear Shareholders,

If you agree with what has been illustrated thus far, please assume the following resolution:

- 1) Approve the financial statements for the year ended December 31, 2017, in all its parts and results;*
- 2) Approve the allocation of the profit for the year, equal to Euro 36.836.956,00, equal to Euro 0,460, gross of taxes, for each ordinary share, using for this purpose the profit for the year deriving from the draft financial statements in the form separate and taking into account that no distribution will be made to the own shares held by doBank at the record.*

## **REPORT OF THE BOARD OF THE DIRECTORS TO THE SHAREHOLDERS MEETING**

### **2. Remuneration policies:**

#### **2.1 Annual Report on remuneration and incentive policies;**

**a) Sec. I - 2019 policy;**

**b) Sec. II - 2018 implementation;**

#### **2.2 2019 Incentive Plan based on financial instruments (with the Consob Information Document for the 2019 share plan attached);**

#### **2.3 Severance Pay Policy**

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#### **2.1 Annual Report on remuneration and incentive policies;**

Dear Shareholders,

We have called an Ordinary General Meeting to approve the "Remuneration and Incentive Policies", (available on the website [www.dobank.com](http://www.dobank.com), in the section "Governance - Shareholders' Meeting 17 April 2019", <https://www.dobank.com/it/governance/assemblea-azionisti>.). This follows the "Supervisory Provisions for Banks" issued by the Bank of Italy which require the Shareholders' Meeting to approve the remuneration and incentive policy for those in charge of strategic supervision, management, control bodies and the remaining Group personnel. The approval of the remuneration policy and the incentive systems must be consistent with prudent risk management and long-term strategies and provide a correct balance between the fixed and variable components of remuneration required by the regulations. For the variable components, risk weighting systems and mechanisms must ensure that remuneration is connected to actual and lasting results. Under the provisions issued by the Supervisory Authority, information is provided on the implementation of the Remuneration Policy which was approved by the Shareholders' Meeting on 19 April 2018 ("Annual Remuneration Report").

Considering the servicing change (which is subject to the approval of the supervisory authorities), which is no longer subject to the prudential supervisory provisions, the Remuneration and Incentive Policies define the evolution of the variable remuneration payment criteria. This is without prejudice to the maximum limits set for variable remuneration compared to fixed remuneration. We propose this Shareholders' Meeting approve the annual review of the Group Remuneration Policy which defines the doBank principles and standards. These are used to plan, implement and monitor Group remuneration practices and systems by delegating the Board of Directors to make the necessary reforms after the change considering the non-applicability of the prudential supervisory provisions, and the criteria described in the Remuneration and Incentive Policies.

Shareholders are invited to consult the information about the remuneration policy implementation approved by the Shareholders' Meeting on 19 April 2018. This document is prepared following the obligations prescribed by the art. 123-ter of Legislative Decree 58/98 TUF (Consolidated Law on Financial Intermediation).



## Proposed resolution

Dear Shareholders,

if the above is agreed, considering the information on the remuneration paid according to the 2018 remuneration policies, in relation to the management structure, we invite you to approve the agenda proposal and adopt the following resolution:

*“The doBank SpA ordinary shareholders' meeting, having heard the Board of Directors' proposal,*

### *RESOLVED*

- 1. under TUF art. 123-ter to approve the "Remuneration and Incentive Policy", which is contained in the document which is an integral part of this Report, to define the principles and standards that doBank applies in organisation-wide planning, implementing, and monitoring the remuneration policy;*
- 2. confer to the Chairman and the Chief Executive Officer, all joint and several powers to enforce this resolution and the documents that form an integral part of it. This includes making the changes or additions for the implementation of Meeting resolutions. This must take into account the change into an authorised company under 115 Tulps - Consolidated Text of Laws on Public Security, (which do not alter the resolution's substance) and to ensure regulatory and legal compliance (including tax laws) and to ensure that there are no negative effects (legal, tax or other) on the Group branches or beneficiaries in countries where the Group operates."*

## 2.2 2019 Incentive Plan based on financial instruments

Dear Shareholders,

We have called an Ordinary Shareholders' Meeting to submit a proposal to approve a remuneration system for the key group resources, selected resources and Managers i.e. the personnel who carries out credit recovery or incentives activities, paid in cash or free ordinary shares, to be paid over a multi-year period using the methods described below and subject to the achievement of performance objectives. The proposal was prepared under the provisions of art. 114-bis of Legislative Decree 58 of 24 February 1998 and includes implementation regulations issued by Consob about remuneration plans using financial instruments to corporate officers, employees or partners. The information document under art. 84-bis of Consob Regulation 11971/99 was made public and provided a breakdown of the remuneration systems shown in this report. The proposal follows the Group Remuneration and Incentive Policy, the provisions issued by the Bank of Italy about remuneration and incentive policies and practices, instructions contained in Directive 2013/36/EU (Capital Requirements Directive or CRD IV), and the guidelines issued by the European Banking Authority (EBA).

It should be noted that doBank has adopted a 2:1 maximum ratio between the remuneration's variable and fixed components for recipients of the cash and share incentive system. Under the regulatory provisions, the Banking Group's key personnel will see the maximum ratio between the variable and fixed components, approved by the doBank SpA meeting on 21 June 2017, confirmed. It should be noted that the recipients of this incentive system do not include holders of control or similar functions. Their variable remuneration may not exceed 33 per cent.

In line with the relevant regulatory provisions and the doBank remuneration policy, the incentive system is conditional and is related to the achievement of the assigned objectives. The disbursement is divided into cash and shares and allows for a deferral of a significant component over a multi-year period, once the absence of any malus condition has been verified, to ensure alignment with actual and lasting results.

For the Chief Executive Officer, 60% of the variable remuneration is deferred over five years and for the remaining beneficiaries, 40% over three years.

The share component is subject to two years' retention for the up-front portion and one year for deferred portions.

Beneficiaries among the managers will see the actual plan allocation following the maximum limit of the ratio between variable and fixed remuneration defined in the remuneration and incentive policy. This will follow the confirmation that conditions set have been exceeded and the assigned objectives have been achieved. The definition of the objectives and methods of disbursement will take into account the doBank strategic priorities and long-term goals and will be based upon the criteria of correctness and professionalism. Any deferred portions will be subject to malus rules and the variable remuneration attributed is subject to a clawback.

The clawback can be exercised in cases supported by the policy, within seven years for the Chief Executive Officer, five years for key personnel or within two years for the remaining personnel. This date is based on the payment of the deferred portions.

For more information, see the document under art. 84-bis of Consob Regulation 11971/99 which was made public and provided a detailed description of the incentive plan shown in this report. The free ordinary shares necessary for the implementation of the 2019 Incentive Plan derive entirely from the provision of doBank SpA portfolio treasury shares destined to employee incentive systems.

Considering the above, this Shareholders' Meeting proposes approving the 2019 Share-based Incentive Plan, which provides a cash or free ordinary share incentive for the payment of doBank Group key resources, selected resources, and other managers which is paid over a multi-year period and subject to the achievement of performance objectives.

The free ordinary shares necessary for the implementation of 2019 Incentive Plans derive entirely from the provision of doBank SpA portfolio treasury shares destined to employee incentive systems.

### **Proposed resolution**

Dear Shareholders,

if the above is agreed, we invite you to approve the agenda proposal and adopt the following resolution:

*“The doBank SpA ordinary shareholders' meeting, having heard the Board of Directors' proposal,*

#### *RESOLVED*

*1. the adoption of the 2019 Incentive Plan which assigns a cash or doBank free ordinary share incentive, to be paid over a multi-year period to selected personnel belonging to doBank Group under the terms and methods described above;*

*2. confer to the Chairman and the Chief Executive Officer, all joint and several powers to enforce this resolution and the documents that form an integral part of it. This includes making necessary changes or additions for the implementation of Meeting resolutions (which do not alter the resolution's substance) or to ensure legal and regulatory compliance (including tax laws) and to ensure that there are no negative effects (legal, tax or other) on the Group branches or beneficiaries in countries where the Group operates.”*

## 2.3 Severance Pay Policy

Dear Shareholders,

We have called an Ordinary General Meeting to approve an update to the "Severance Pay Policy." This has been prepared according to the regulatory provisions contained in Title IV, Chapter 2, "Remuneration and incentive policies and practices" of the Bank of Italy Circular 285 ("Supervisory Provisions for Banks") and require Shareholders' Meeting approval of the remuneration criteria to be paid in cases of early employment or office termination. It includes setting limits for this remuneration, i.e. annual fixed remuneration and the maximum amount that derives from their application.

In the XXV chapter of Circular 285, the Bank of Italy amended the regulatory framework for the payments for cases of early employment or office termination.

It is proposed to update the severance pay policy to the maximum limit of 24 month's remuneration. This includes the calculation of any severance payments within the limit of variable remuneration incidence on the fixed remuneration envisaged for the specific category, other than:

- Remuneration which is part of a non-competition agreement up to a maximum of one year of fixed remuneration;
- Remuneration as part of potential dispute settlements, provided they are based on a predefined formula.

These payments which are defined as an exception are performance related and based upon the Group balance sheet, income statement and liquidity situation. They are set according to the maximum limits defined in the attached policy, taking into account:

- the employment relationship duration;
- whether or not the person has given repeatedly, quality or quantitatively inferior performances than expected;
- whether or not the individual has assumed risks considered to be inadequate to the Group's Risk Appetite Framework;
- the reason behind the decision to end the relationship (taking into account just cause and justifiability under the law), related to the company's interest in reaching a consensual termination of the relationship.

For key personnel, payment of any agreed remuneration is approved by the Board of Directors, subject to the opinion of the Remuneration Committee and is based on the following criteria:

- they are subject to deferral and retention conditions where payment in financial instruments is envisaged.
- subject to ex-post correction mechanisms (malus and clawback) to cover possible fraudulent behaviour or gross negligence to the company's detriment.

For details, see the document "Severance pay policy" (available on the website [www.dobank.com](http://www.dobank.com), in the "Governance - Shareholders' Meeting" section, <https://www.dobank.com/it/governance/assemblea-azionisti> ).

## Proposed resolution

Dear Shareholders,

if the above is agreed, we invite you to approve the agenda proposal and adopt the following resolution:

*“The doBank SpA ordinary shareholders' meeting, having heard the Board of Directors' proposal,*

*RESOLVED*

*to approve the "Severance Pay Policy" contained in the attached document which is an integral part of this Report, to set the general payment principles, limits, criteria and methods of remuneration to be agreed in case of early employment or office termination.”*

