

Severance Pay Policy



Table of Contents

1	<i>Introduction.....</i>	Errore. Il segnalibro non è definito.
2	<i>Possible remuneration upon early termination of the employment relationship</i>	3
3	<i>Individual agreements in view of the early termination of the role (known as Golden Parachutes)</i>	6
GLOSSARY.....		9

1 Introduction

In general the doBank Group does not apply additional remuneration or individual discretionary pension benefits for the early conclusion of the employment relationship.

The following are not considered additional remuneration:

- Payments and disbursements due based upon provisions of law and the collective contract such as the indemnity in lieu of prior notice;
- Payments defined on the basis of a collective agreement on redundancy incentives;
- Sums determined by an authorised third party, such as the judicial and/or arbitration authority (for example, supplementary indemnity, compensation for damages, lost remuneration, etc.).

2 Governance Process

In accordance with the contents of the Supervisory Provisions¹, the Parent Company develops Severance Pay Policies for the entire Group, ensures their overall coherence, provides the necessary guidelines for their implementation and verifies their correct application.

The working process relating to the formation, application and implementation control of the Severance Pay Policies is coherent with the process relating to the Remuneration and Incentive Policies at Group level, the respective activities, the relevant functions and the controls laid down at various levels, in respect of the principles of segregation of functions, delegations and powers and the traceability of the operations performed.

The Severance Pay Policies are defined by the Parent Company's Board of Directors at the proposal of the Remuneration Committee. They are later submitted for approval by the Shareholders' Meeting, in compliance with the contents of the existing Supervisory Provisions. If changes are made, they are updated following that same process.

All Subsidiaries, having received the document approved by the Parent Company, guarantee its incorporation and implementation by the competent decision-making bodies and consequently adjust their responsibilities, processes and internal regulations, in coherence with their characteristics and dimensions.

The individual companies making up the Group remain in any case responsible for complying with the regulations directly applicable to them and the correct implementation of the guidelines provided by the Parent Company.

The Group companies are therefore required promptly to commence - after the appropriate assessment and approval by their decision-making bodies - the necessary activities aimed at correctly applying this document in coherence with the criteria issued by the Parent Company.

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

3 Possible remuneration upon early termination of the employment relationship

If the relationship is terminated at the initiative and/or in the interest of the Company, in unilateral or consensual form, additional remuneration may be provided, objectively motivated, paid by way of redundancy incentive in accompaniment to the pension or in the case of early retirement pension, or paid in order to avoid the risk of legal action. That remuneration is calculated taking account of the mandatory criteria provided by the labour law regulations and by any collective contracts that may apply.

In particular, the following circumstances are considered:

- the actual duration of the employment relationship, with significant reductions of the remuneration in question in the case of relationships of particularly short duration;
- if the individual has provided, above all repeatedly, qualitatively-quantitatively inferior performances than reasonably expected;
- if the individual has assumed risks deemed inadequate to the Group's *Risk Appetite Framework*;
- the motivation at the basis of the decision to end the relationship (also with reference to notions of just cause and justification according to parameters in force each time), compared with the company's interest in reaching in any case the consensual termination of the relationship - rather than unilateral - through the payment of a sum whose cost, calculated on the basis of adequate investigations (and possibly as indicated by competent third parties, such as the judicial and/or arbitration and/or conciliation authority) is no higher than that which would presumably be incurred if the individual was dismissed and brought court action to protect his/her interests.

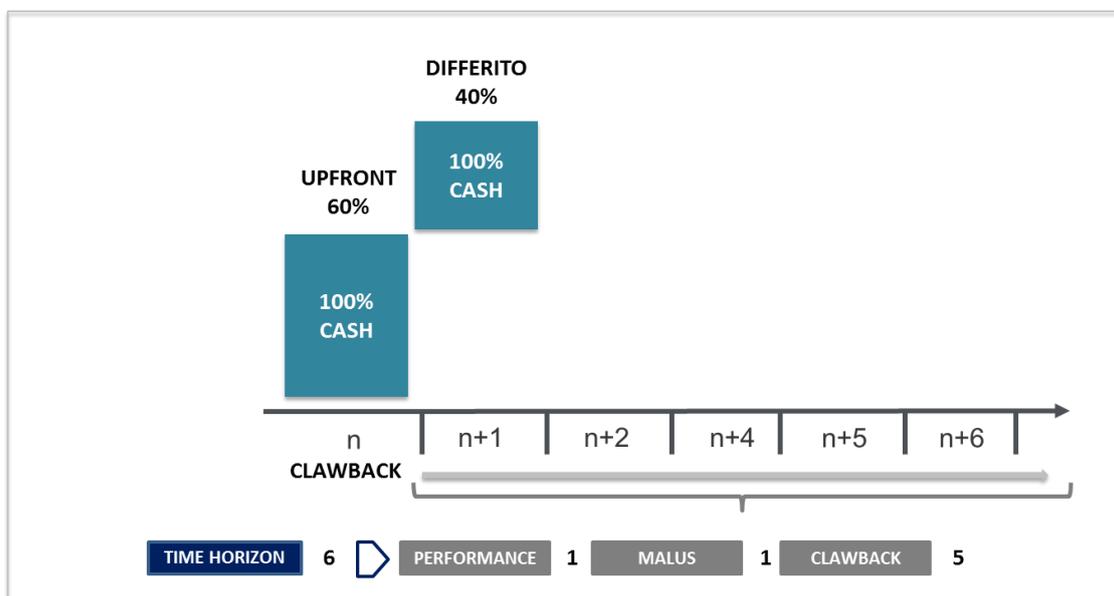
For Personnel, that remuneration is in any case defined within the 24 months' of overall remuneration² and included within the maximum amount of €1,500,000.

For Key Function Holders, any remuneration agreed and approved by the Board of Directors, subject to the opinion of the Remuneration Committee, is paid coherently with the following criteria:

- it is subject to deferment and possible *Retention* conditions, if the payment is to be made in financial instruments,
- it is subject to ex-post correction mechanisms (malus and clawback) to hedge any fraudulent behaviours or gross negligence to the detriment of the company.

² Sum that considers fixed remuneration, the average of variable remuneration attributed in the last 3 years (accrual of the relevant year, including shares that are deferred over subsequent years and excluding shares deriving from the deferment of previous years). Entirely theoretically, in view of the possibility of some resources accruing, in the presence of excellent performances, variable remuneration up to two times the fixed remuneration, the 24 months' of remuneration may actually correspond to 6 years of fixed remuneration.

The payment is made in cash with a 40% deferment of the defined remuneration, with that deferred payment being made after at least 12 months have elapsed from the payment of the upfront component, subject to verifying the absence of malus clauses, to be checked on 31/12 of the year preceding the payment of the deferred component, in addition to the verification, if later, at the end of the quarter immediately before.

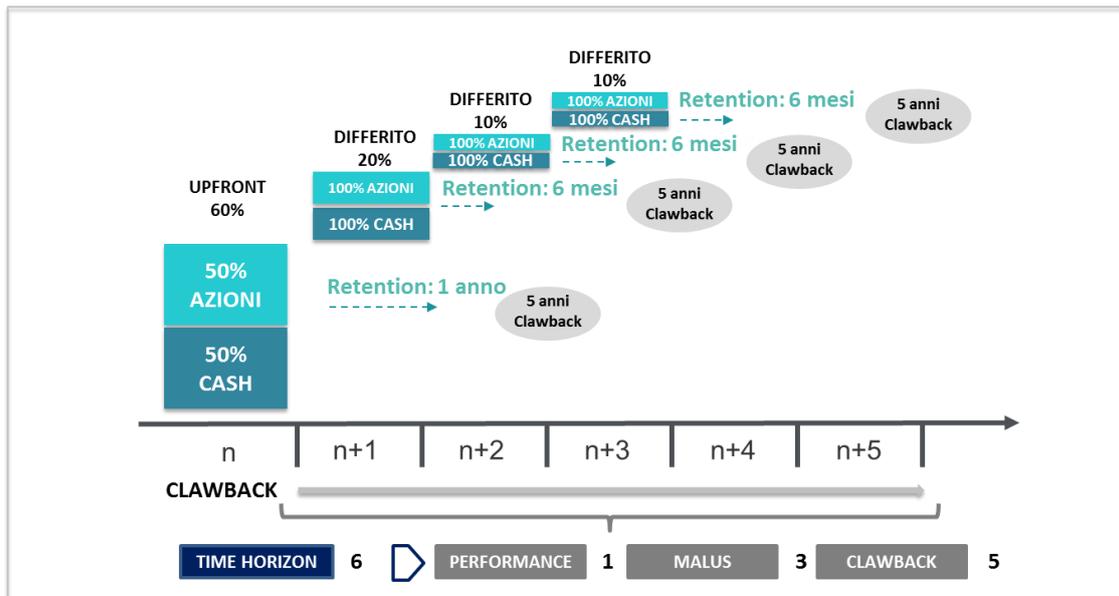


Malus clauses, which involve the zeroing of the deferred component, include:

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

in addition to the ascertainment of fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or to the Group companies.

For Key Resources, 50% of the remuneration for the early conclusion of the employment relationship is paid in cash and 50% in shares, involving the 40% deferment of any amount paid over three years, pro rata, and in any case in line with the deferment scheme; the cash/shares mix and the retention periods for upfront and deferred share portions are regulated, for variable remuneration, in the Remuneration Policies in force each time.



The deferred shares are paid subject to verifying the absence of malus clauses, to be checked on 31/12 of the year preceding the payment of the deferred component, in addition to the verification, if later, of the absence of the same in the quarter immediately before.

In particular, the deferred shares may be paid only in the case of:

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

in addition to the assessment of the absence of fraudulent behaviours, wilful or gross negligence in detriment to doBank or for the Group companies.

The entire amount that may be paid is also subject, for all Personnel, to claw-back rules in the case of ascertaining fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or to the Group companies.

In exceptional circumstances, dictated by the pursuit of the company interests, which require deviations from the determination criteria and the payment methods of the additional remuneration illustrated above, the internal process which leads to the attribution of the indemnities must be adequately formalised and must indicate the motivations that led to a deviation from what is stated in the Remuneration Policies approved by the Shareholders' Meeting and in force from time to time.

The internal process must involve the competent functions in assessing the impacts of risk, conformity and adequacy, and must be subject, with reference to the Key Function Holders

- having heard from the Remuneration Committee - to the resolution of the Board of Directors which will give information thereof to the Shareholders' Meeting, during the discussion on the implementation of the Remuneration Policies. The internal process with reference to the remaining personnel, downstream of the involvement of the competent functions in charge of assessing the impacts of risks, conformity and adequacy, will involve annual information to the Remuneration Committee.

4 Individual agreements in view of the early termination of the role (known as *Golden Parachutes*)

Individual agreements agreed ex ante (known as *Golden Parachutes*) are limited to the role of doBank Chief Executive Officer and subject to approval by the Board of Directors with the opinion of the Remuneration Committee, and they may be defined when entering into the contract attributing the role or later if that role is attributed to an employee of the Group having an existing employment contract.

In particular, specific clauses may be provided relating to any applicable additional economic treatment in the case of early termination of the role. That remuneration, determined in coherence with the overall regulations of reference, is defined so as to reflect the actual lasting results.

The maximum limit for the remuneration to be granted in view of the early termination of the role and/or termination of the employment relationship is included within the limit of 24 months of overall remuneration³.

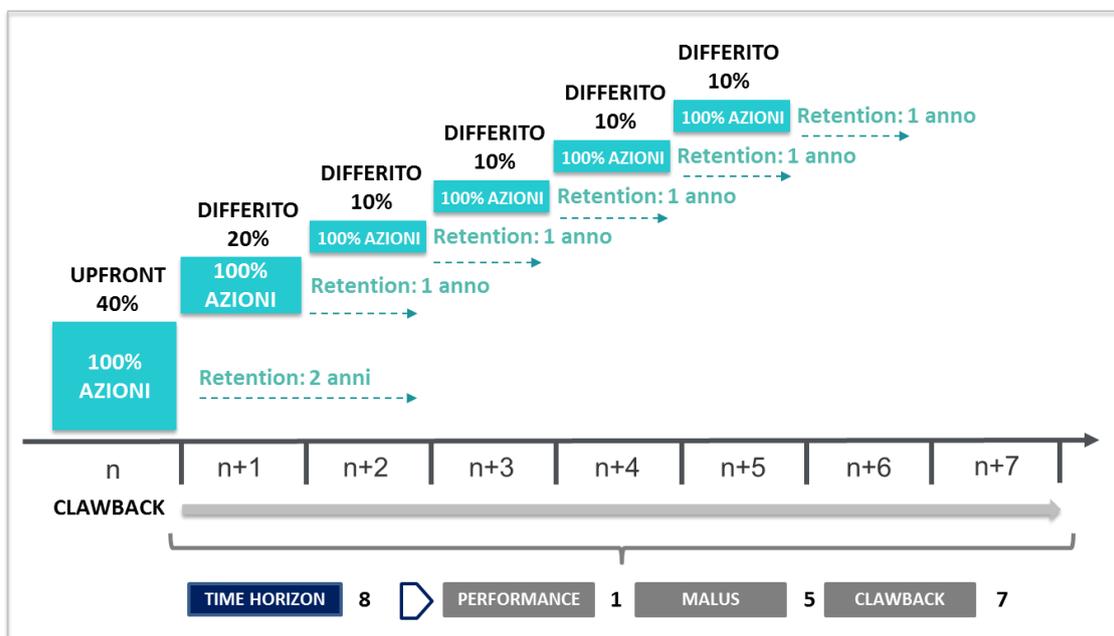
In particular, with reference to the clauses in place for the Chief Executive Officer, the remuneration relating to any early termination of the role is defined, within the maximum limit of the aforementioned months' payment, taking into consideration the performances achieved.

The agreement links the remuneration to the performance achieved and the residual duration of the contract (in the presence of an inadequate performance, the maximum limit reduces to €2,000,000 and in any case decreases upon the approach of the contractual expiry, zeroing

³ Sum that considers the last month of fixed remuneration and variable remuneration paid in the previous year. In view of the possibility of accruing, in the case of excellent performances, variable remuneration up to two times the fixed remuneration, the maximum amount of the fee to be paid in the case of early termination of the role in the good leaving situation is included, in the case of over-performance in the previous year at 5 years' of fixed remuneration and within a maximum amount of €12,500,000, only where the performances have been such as to recognise, in the previous year, the maximum of the variable opportunity. That maximum amount is reduced up to €2,000,000 indicated in the case of an inadequate performance.

upon reaching the same, in coherence with the principle of not incentivising the early termination of the employment relationship)⁴.

That remuneration is paid entirely in shares (a cash component may be provided to comply with tax fulfilments) and is deferred for 5 years, pro rata and subject to malus and clawback, in any case in line with the deferment rules provided for variable remuneration attributed to the Chief Executive Officer in the Remuneration policies in force each time.



The following represent malus clauses, which involve the zeroing of the deferred component:

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

in addition to the ascertainment of fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or the Group companies.

There are no **discretionary pension benefits**. If those benefits are deemed appropriate, the criteria established in that regard by the Supervisory Provisions will be applied⁵.

⁴ The respective structure provides, by way of example, in the case of termination of the role in advance of 18 months with respect to the expiry of the mandate scheduled for the approval of the 2020 financial statements, remuneration included within the range of a limit of €1,000,000 in the case of an inadequate performance, which increases up to a maximum of €9,000,000 in the case of excellent performances.

⁵ See Bank of Italy, Circular no. 285/2013, Part I, Title IV, Chapter 2, Section III, paragraph 2.2.1.

In line with regulatory provisions, any discretionary pension benefits and *Golden parachutes* paid are not included in the calculation of the limit to the variable/fixed ratio.

The deferment and the respective malus clauses are not applied, not even for Key Function Holders, in the following cases⁶:

- *Golden parachutes* agreed as part of extraordinary operations (e.g. mergers) or company restructuring processes, provided that they jointly respect the following conditions:
 - they respond exclusively to logics of containing company costs and streamlining the Personnel structure;
 - they are of an amount no higher than 100,000 Euro;
 - they provide clawback mechanisms that cover at least cases of fraudulent behaviour or gross negligence in detriment to the company or the Group;
- redundancy incentives, connected also to extraordinary operations (e.g. mergers) or to company restructuring processes provided that they respect jointly the following conditions:
 - they respond exclusively to logics of containing company costs and streamlining the Personnel structure;
 - they encourage the adhesion to support measures provided by law or by the collective contract, for general employees;
 - they do not produce distorting effects ex ante on the conduct of Personnel;
 - they provide clawback mechanisms that cover at least cases of fraudulent behaviour or gross negligence in detriment to the company or the Group.

The respective fees are in any case subject to claw-back when ascertaining fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or for companies of the Group.

⁶ See Bank of Italy, Circular no. 285/2013, Part I, Title IV, Chapter 2, Section III, paragraph 2.2.3.

GLOSSARY

doBank Parent Company	doBank S.p.A.
Supervisory Provisions	Circular no. 285 of the Bank of Italy dated 17 December 2013 as amended and/or supplemented.
Company Function	The first or second level structure, which reports to the Bodies with strategic supervision and/or management function, in charge of controlling and coordinating the company activities. They are split into Corporate, Control and Business Functions.
Company Control Functions	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 also includes the Human Resources function and the manager in charge of preparing the accounting documents, if appointed.
doBank Group or Group	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.
Personnel	The members of the Board with strategic supervision, management and control function, the employees and collaborators of the Group, except for persons who belong to the external network.
Key Function Holders or Material Risk Takers	The categories of entities whose professional activity has or may have a significant impact on the risk profile of the Group, identified in these Policies
Remuneration Policies	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.
Severance Pay Policies	The policies that regulate any remuneration in view of or on the early termination of the employment relationship or the early termination of the role. They are submitted for approval by the Shareholders' meeting on 19 April 2018 by separate document.
Upfront Share	The payments that are made immediately after the occurrence of the early termination of the role and/or early termination of the employment relationship, in view of individual agreements in that sense, in view of or on the occasion of the same.
Deferred Share	The payments that are made after a deferment period with respect to the upfront component, subject to verifying the malus conditions
Issuers' Regulation	CONSOB Regulation adopted by resolution no. 11971 dated 14 May 1999 as updated.

Remuneration	Any form of payment or benefit paid, directly or indirectly, in cash, financial instruments or assets 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, which fall within a general policy of the Group and which do not produce effects on the recruitment incentive plan or risk control may not be counted.
Key Resources	They are resources, identified by the Chief Executive Officer, from among the Key Function Holders, with the support of the Human Resources Department, who are crucial to the pursuit of the business lines. The Board of Directors, subject to the opinion of the Remuneration Committee, is informed of the respective remuneration structure. They may receive a variable remuneration opportunity higher than 1:1 with respect to the fixed remuneration and, in any case, less than 2:1, in line with the approval of the Shareholders' Meeting dated 21 June 2017.
Retention	The period of time after the accrual of the instruments paid by way of variable remuneration during which they may not be sold and they may not be disposed of.
Consolidated Finance Law	Italian Legislative Decree 24 February 1998, no. 58 as updated.