

4.

Ifis Customers



The customer is at the heart of all our activities. Through our business model, we work to support entrepreneurship and improve the financial inclusion of people.

Ifis Customers expresses the central role played by the customer, financial inclusion and support to entrepreneurship. We want to be the reference Italian operator in offering financial backing to Italian small and medium enterprises (SMEs): we support the real economy as Bank of the SMEs and in the Npl (Non-Performing Loans) segment, we offer families and businesses the chance to agree and manage sustainable repayment plans.

Guided by digital innovation and with a transparent management of information, we guarantee our customers a speedy response and high quality services and products.

Support to customers in the COVID-19 health emergency

Amidst the COVID-19 emergency, Banca Ifis has promptly implemented a series of protective measures and actions, not only for employee health and safety but also for that of **all customers, guaranteeing business continuity**. In order to address and overcome the crisis sparked by the pandemic, the Bank has speeded up its digital evolution projects, focussing on increasingly personalised services, including in technological terms, with special attention paid to the needs of the ecosystem of small and medium enterprises, the speed of disbursement of short-term credit and the contingent need for distancing and limits to movements (*See the chapter on the “Digital Innovation” for more information about digital evolution projects*).

Below are the **most important interventions carried out for customers** at the same time as the government aids and grants, introduced to cope with the COVID-19 emergency, to offer concrete support through the emergency:

INTERVENTION TYPE	DESCRIPTION
ENTERPRISES	
Complete compliance with the provisions of the “Cura Italia” Decree	Preparation of informative materials, available to the entire internal and external sales network and the Customer Service, to adequately support customers and provide clarification on the concession of a moratorium. In 2020, there were a total of 17.215 practices in relation to the moratorium of the “Cura Italia” Decree. With a view to supporting entrepreneurship, all requests for the suspension of charges received from customers unable to make use of the moratorium in accordance with the “Cura Italia” Decree, insofar as they did not come under the criteria for assignment, were assessed. More specifically, suspension of the principal amount was granted until 30 September for customers that had stipulated lease and operative lease (rental) contracts, a type of product that was excluded from the scope of application of the moratorium, for a total of 358 cases during the year.
Complete compliance with the provisions of the Liquidity Decree	Promotion within the leasing area of the refinancing of contracts in application of Art. 13 of Italian Decree Law no. 23/2020 (the “Liquidity Decree”), which allows the companies to refinance the residual debt deriving from the contracts stipulated previously with the addition of a new investment of at least 25% of the residual capital of the refinanced contracts at better economic conditions and with the assistance of the Guarantee Fund. Customers were given the option of extending the term of their contracts, acquiring, through a lease, new assets necessary for their business and benefiting from a reduction in the rate over the entire refinancing transaction. In 2020, 16 cases were process for the refinancing of financial lease contracts.
Agreement for the ABI credit	Adhesion to the 2019 Credit Agreement - Recovering Businesses 2.0, stipulated between the Italian Banking Association (ABI - Associazione Bancaria Italiana) and various entrepreneurial associations. As per this agreement, micro, small and medium enterprises (SMEs) and larger businesses damaged by the COVID-19 epidemic emergency, can access the benefits.
Prime initiative	Start of an initiative aimed at proposing to SMEs that are already customers, the possibility of making new investments backed by the Guarantee Fund for amounts even below the minimum access threshold defined by Credit Assessment. For 2020, this initiative numbers 13 cases.

INTERVENTION TYPE	DESCRIPTION
ENTERPRISES	
Measures in favour of companies not included in the "Cura Italia" Decree and/or the ABI Agreement	Willingness to consider the possibility of granting support measures to customer businesses not coming under the scope of application of the "Cura Italia" Decree and/or ABI Agreement relative to the credit facilities in place.
SME loan agreement with the EIB	An agreement has been stipulated with the European Investment Bank (EIB) for 50 million Euro to support SMEs. The agreement is part of the pan-European "COVID-19" Guarantee Fund established to finance and support investment projects and growth of the SMEs. Loan contracts are envisaged at beneficial rates for all businesses in the various production sectors, as well as working capital loans to address liquidity needs and stem the effects of the pandemic.
Agreement with Veneto Sviluppo and the Veneto Region	Agreement stipulated with Veneto Sviluppo and the Veneto Region for the concession of special-rate loans to support the liquidity needs of the companies struck by the COVID-19 emergency.
Credit lines dedicated to customer businesses producing instruments for the fight against COVID-19	Establishment of specific credit lines dedicated to customer businesses that have converted or strengthened part of their manufacturing lines to produce masks, sanitising gel, technical material for the civil guard, machine components for patient oxygenation and processing plasma and blood derivatives.
Financial leasing and rental solutions to handle the new types of assets linked to the COVID-19 emergency	Range of financial leasing and rental solutions to handle the new types of assets linked to the COVID-19 emergency, namely: equipment for monitoring body temperature (Termoscanner) and equipment for purifying and filtering air.
Suspension of mortgage and lease instalments for the COVID-19 emergency	In incorporation of the Civil Guard Order no. 642 of 29 February 2020, information to Customer Businesses on the possibility of requesting a suspension, within the terms envisaged, of the principal instalment or entire instalment of the respective leases and/or loans in place.
Measures to guarantee service: Contact and constant dialogue with customers	Development of additional digital solutions by which to foster the "remote" procedure, according to requests and perfecting new contracts, thanks to digital signatures and the exchange of documents via certified e-mail. More specifically, a new solution has been introduced, which allows customers with their own personal digital signatures to use this method to sign factoring, leasing and rental contracts, so as to further reduce use of paper-based signatures. In just a few weeks a digital platform was prepared to streamline the process of granting new loans guaranteed by the government under the "Cura Italia" Decree.
Payment extensions	Assessment of the possibility of granting payment extensions for transferred factoring debtors, in the average amount of 30 days (maximum 60 days). For customers, the possibility was considered of rising to 100% of the advance on current loans.
PRIVATE CUSTOMERS	
Salary-backed loans	Cap.Ital.Fin. has adopted measures to support customers falling within the segment of employees of private businesses that have adhered to the system of social shock absorbers envisaged by Italian Decree no. 18/2020 (the "Cura Italia" Decree), declaring willing to grant the potential queuing of instalments as per the salary-backed loan contracts.
PHARMACIES	
Financial backing to pharmacy owners	Credifarma has intervened offering specialised financial support for owners of pharmacies through a simplified procedure for the concession of liquidity in 24 hours, in the case of mandatory, but temporary, suspension of operation for health reasons, up to a maximum of 30 days.

4.1 Support to enterprises and financial inclusion of customers

Policies and other reference documentation

- Ordinary credit management policy: PHARMA BU (Banca Ifis)
- Ordinary credit management policy: Pharmacies BU (Banca Ifis)
- Ordinary credit management policy: Impresa Italia (Banca Ifis)
- Ordinary credit management policy: Impresa International (Banca Ifis)
- Distribution Policy (Cap.Ital.Fin)
- NO 112 – Leasing BU - Leasing preparation process (Banca IFIS)
- NO 111 – Leasing BU - Redemption assessment and setting process (Banca Ifis)
- NO 103 – Leasing BU - Subjective credit quality assessment (Banca Ifis)
- Policy for managing the acquisitions of distressed loan portfolios and relating monitoring (Ifis Npl Investing)
- Ordinary credit management policy (Cap.Ital.Fin.)
- Credit management policy (Credifarma)
- Organisational Procedure - Concession and Management of Structured Finance (Banca Ifis)
- Organisational Procedure - Concession and Management of Special Situations (Banca Ifis)

Support to small and medium enterprises has always been an intrinsic part of the Banca Ifis Group DNA, which sees itself as “a company that does banking” and, consequently, undertakes to flank entrepreneurs, meeting their needs with a diversified, structured commercial and corporate banking offer headed by factoring, financial leasing and operative leasing, advisory services for corporate acquisitions, M&As and medium and long-term loans and the acquisition of tax credits.

In the non-performing loans (Npl) segment, the competitive advantage is hinged on the combination of the capacity to acquire and manage/transform bad loans, offering families and businesses the possibility of agreeing and managing sustainable repayment plans.

NPL & SME MARKET WATCH

[FS16]

The Banca Ifis Studies Office is constantly involved in research, analysis and data processing, particularly in the area of identifying current trends and planning medium and long-term strategies. The general topics are broached with a technical-economic approach to offer a scientific analysis and ensure that forecasts are consistent, yet at the same time it adopts simple, linear presentations to increase the communicability of the messages. The Market Watch is the observatory specifically dedicated to the study of the emerging trends in the two areas of Banca Ifis specialisation: Italian small and medium enterprises and the non-performing loans market. In particular:

- The Npl Market Watch uses a proprietary database coupled with the analysis of other institutional sources to analyse the trends characterising the bad loans segment, offering a complete overview, both from the investor side and servicing side;
- The SME Market Watch provides an analysis of the trend of Italian SMEs, focussed on the main “Made in Italy” production sectors, on how business models are evolving and on the key factors that result in success in a given market context. The report brings together, processes and comments on figures and information obtained from different quality and quantity sources, combining a “classic” approach of analysing databases, surveys and one-to-one interviews with the modern technologies offered up by web listening: almost 1 million social conversations (with the exception of LinkedIn), blogs, forums and comments on newspapers made by more than 510 thousand one-time authors (representative, qualified users) intercepted on the web thanks to this new generation Banca Ifis observatory.

2020 saw the continued pursuit of the **project to raise awareness** of the sales network, aimed at **assisting SMEs - regardless of whether they are customers or not - about the opportunities offered by investment incentive schemes.**

- **Finance Leases associated with the New Sabatini Law incentive scheme:** the Italian Ministry of Economic Development gives SMEs an annual grant - for 5 years - related to equipment on leases or loans specifically intended for investing in capital goods. This incentive scheme, with which the Bank has associated a leasing product with a specific contractual package, has been refinanced by the Budget Law for 2021 too, with a renewed focus on the micro and small enterprises of southern Italy and a provision for lump sum liquidation extended to all lenders, regardless of the amount.
- **Loan backed by the SME Guarantee Fund:** the SME Guarantee Fund allows the concession of credit thanks to a guarantee covering up to 80% of any financing arrangement, with a limit of 2,5 million Euro per applicant— be it a company or an independent contractor. With Italian Decree Law no. 23 of 08 April 2020 (the Liquidity Decree), the percentage direct guarantee of 80% has been raised, regardless of rating class and loan duration, with the possibility of direct coverage of up to 100% for certain financial transactions with specific characteristics and certain types of beneficiaries.
- **Financial leasing backed by the SME Guarantee Fund:** with Italian Law Decree no. 34/2020 (the “Relaunch Decree”), the Guarantee Fund has been strengthened for leasing too, with an increase in the percentage of cover up to 90% of the amount financed. The assessment as to the applicability by the Bank of this type of guarantee to the financial lease contracts takes place on the basis of specific guidelines aiming to facilitate investments and support SMEs through the emergency.
- **Factoring with recourse backed by the SME Guarantee Fund:** In July 2020, Banca Ifis launched the guaranteed factoring product that combines factoring with recourse with the guarantee offered by the Central Guarantee Fund, which covers up to 60% of the loan and, until 31/12/2020, up to 90% by virtue of the Liquidity Decree.

[FS7]

Legal Entity/ Business Line	Product/Service with Social Purposes	Operations for 2020		Operations for 2019	
		Monetary value (mln Euro)	% of total monetary value	Monetary value (mln Euro)	% of total monetary value
Banca Ifis/Leasing	Finance Leases associated with the New Sabatini Law incentive scheme	75,63	8,10%	97,69	6,23%
	Finance Lease associated with the MCC Guarantee Fund (data from November 2019)	21,68	0,26%	1,92	0,02%
	Refinancing of financial lease contracts (initiative launched in 2020)	7,49	0,03%	-	-
	Prime initiative (initiative launched in 2020)	0,50	0,02%	-	-
	Moratorium Decree Law no. 18/2020 (initiative launched in 2020)	740,60	26,13%	-	-
	Moratorium granted by Banca Ifis (initiative launched in 2020)	19,90	0,30%	-	-
Banca Ifis/Trade receivables	Factoring backed by the MCC Guarantee Fund (initiative launched in 2020)	15,00	1,00%	-	-
	M/L financing backed by the MCC Guarantee Fund	240,60	72,00%	105,29	66,00%
	of which with EIB funding	157,20	81,00%		

From 2016 to date, Banca Ifis has conceived various innovative projects by which to spread the business culture. With the pioneering “Botteghe Digitali” (Digital Workshops), which has also become a web-series, innovation has been promoted in small artisan workshops, whilst the “Tour PMI” (SME Tour) project, the energy and ideas of young students has been put to good use, serving the business of the SMEs. The “Factor I” project was launched in May 2019, for the first time laying out the power of big data in the scenario of SMEs. By cross-referencing the data of the financial statements of “stellar SMEs” with the market trends seen on the web, the best business performances were selected, which are then told in on- and off-line multimedia case histories. A key element of the project is the SME Market Watch, the observatory that studies and highlights the needs and trends of Italian SMEs and production segments.

FACTOR I

[FS16]

Factor I is the Banca Ifis format dedicated to the study and telling of the winning business models of Italian SMEs. It is the project that reflects Banca Ifis's desire to flank companies, as a spreader of the business culture, both through the analysis of data and with the tale of winning business contexts, which can be a guide for all those wanting to do business today and tomorrow. The aim is to discover the factor that determines the company's success and understand what managerial priorities need to be addressed to win the market challenge. To understand this, Banca Ifis has embarked on a route in the discovery of SMEs, based on:

- Numbers - quantitative analysis and estimation and forecasting methodology applied to the companies' financial statements data;
- People - interviews and in-depth analyses with entrepreneurs and managers;
- Enterprises - study of products, reference markets and business models and territories;
- New generation observatory - predictive analysis of the companies' managerial priorities through the use of web listening, whose founding mechanisms are machine learning and the semantic engine.

The project stories and results are represented and communicated through a cross-media storytelling made up of videos, photographs, written tales and podcasts featured on the Bank's social channels and website.

In 2020 too, amidst a new social and economic context, Factor I has continued its route as new generation observatory. The key appointments at which the results of the various steps of the research were presented, carried out in collaboration with the Ca' Foscari University of Venice, and discussed with a panel of entrepreneurs:

- February: in-person event in Bologna "Quale innovazione per il futuro delle PMI?" (What innovation awaits the future of SMEs?) The winning factor was identified as the innovation through new technology (4.0 and digital) to compete by leveraging the flexibility and customisation of the offer.
- June: even on the Class-CNBC issuer "La reazione delle PMI all'emergenza Covid-19" (The reaction of the SMEs to the COVID-19 emergency) during which it was revealed just how much difference managerial variables make in relation to continuity of business: capacity to absorb impacts, repositioning, the evolution of the business model and improving the quality of relations with customers, employees and suppliers.
- December: web conference developed with Il Sole 24 Ore newspaper entitled "Nuovi scenari e modelli di business per le PMI" (New business models and scenarios for the SMEs). 2 hours of debate on the renewal of business models based on listening to customers and servitisation to cope with the growing demand for innovative, custom products.

In the new scenario that arose in 2020, Banca Ifis also developed #CoraggioImprese, a space dedicated to the entrepreneurs that act as Italy's spokesperson and which do not give up, the small and medium enterprises that each and every day continue to invest and entrust their projects to a trusted partner with which to address all the new challenges to grow and compete on the market of tomorrow.

Our numbers



82.000

ENTERPRISES ANALYSED



more than 1.000

SMES INTERVIEWED



515.000

MARKET OPERATORS LISTENED
TO THROUGH WEB LISTENING

In addition, the Group works on **several local initiatives** with businesses, independent professionals and SMEs, helping to promote the management culture and raise awareness on best practices as well as new technologies and tools supporting growth—chief among them digitisation.

[FS16]

Ifis Financial Jukebox	In collaboration with yourCFO, in 2020, Banca Ifis organised a series of streamed events targeting a select number of customer businesses on different topics addressed directly by the Managers of the Business Units involved each time.
“LFactor” Project presentation event	LFactor (Leadership Factor) is a project for training the leaders of tomorrow and ensuring a re-start, designed by TIM and jointly planned with Banca Ifis and other companies. The aim of the initiative is to produce an e-learning course containing video pills of certain exceptional testimonials, focussed on 4 areas, indicated as particularly relevant for the leadership of tomorrow: freedom, performance, trust and authenticity. The e-learning course is also made available to employees of Banca Ifis over the e-learning platform (Ifis Talent).
Credit Village Italian Digital Week	Intervention at the digital conference, organised by Credit Village, relative to the market of impaired Italian assets to analyse: the possible post COVID-19 financial and economic scenarios, the forecasts of the macro economists on Italy's decline in the GDP and the consequences on the credit market.
3rd Gran Sasso Forum	Intervention at the third International Forum of Gran Sasso, organised by the Diocese of Teramo, an event dedicated to raising awareness in the academic and scientific communities on the topic of “investire per costruire” (investing to build) and promoting cultural processing that can lay the foundations for a post COVID-19 re-launch.
Alternative finance	Partner to the digital event, organised by Il Sole 24 Ore newspaper, dedicated to investigating alternative sources of finance to traditional bank loans.

[FS16]

Besides offering products and services, Banca Ifis **focuses on disseminating information** that allows entrepreneurs to know more about the financial instruments that can help their business.

The Group continued to provide information to entrepreneurs and SMEs through the following portals in 2020:

- **MondoLeasing:** is the blog dedicated to the main topics of interest on leasing and hire, for enterprises and freelance professionals, which also has a platform for an open discussion with experts and operators about news linked to the financial product.
- **MondoPMI:** this is the blog dedicated to the main topics of interest for those facing the context of a small and medium enterprise every day. It offers food for thought on matters of business strategy, finance, innovation and everything that may be of interest for those at the helm of a business activity.

Instead, as regards the refresher and training courses of the internal structures operating in direct contact with customers, in 2020, the following activities were carried out:

- **Annual convention of Debt Collection Companies and monthly Macro Regional meetings of Npl Agents:** events organised by Banca Ifis for debt collection companies operating for Ifis Npl in order to update agents on the Bank's plans and strategies, as well as to share the projects and goals for the coming commercial year;
- **Leasing commercial network refresher webinar:** a cycle of webinars, organised by the Leasing BU, dedicated to the commercial network and partner agencies of Banca Ifis to update all participants on the main news in tax matters and on market trends.

[FS16]

Through Credifarma and in collaboration with Federfarma, the Banca Ifis Group is also committed to taking part in **various different initiatives on the territory benefiting** pharmacies with a view to spreading awareness of experiences and innovative instruments supporting business development. Starting March, the Coronavirus emergency has prevented meetings from being held in Italy. Interviews were therefore first published in various industry journals, such as PuntoEffe and FarmacistaPiù, before, thereafter, ensuring the remote attendance of webinars and conferences.

In 2020, Credifarma launched the “**1 mese per 1 anno**” (**1 month for 1 year**) initiative, with which to offer pharmacies dedicated finance to facilitate payments relating to the procurement of supplies for a month, which can be repaid in twelve monthly instalments. With this initiative, Credifarma helps supply the necessary liquidity to Italian pharmacies,

aimed at guaranteeing the regular supplies in the pharmacy, also taking into account the relevant tax deadlines and the reduction in average value of the summary accounting statements recorded in these months.

4.2 Digital innovation

Policies and other reference documentation

- Group ICT strategic planning policy

The development of digital innovation is amongst the key, priority actions for the implementation of the Group's strategy, which aims to expand the offering of the Bank's products to entirely digital sales channels, improve the user experience for all types of users, and streamline and digitise internal processes.

During the **rebranding project**, the opportunity was taken to develop the **Bank's new website** (bancaifis.it), which is the sole point of access to the Bank's digital ecosystem. The main site was then completed by another 6 "sub-sites" specialised in vertical topics. The new solution replaced the 22 websites previously on-line. The project made it possible to improve the Banca Ifis Group's on-line presence generally.

During the year, Banca Ifis introduced **innovative digital functions** and embarked on the gradual **digitisation of processes**, so as to boost efficiency, curb operational risk, and make the sales process more effective.

2020 also saw the launch of an extensive work programme, called **Ifis4business**, structured over multiple interim phases, which shall make it possible for all customer businesses to operate on the whole of the product portfolio, easily and in real time.

Ifis4business will become the sole digital platform on which the business can consult its position and perform its transactions. The design and launch of this process stems from the desire to **rationalise and simplify the current portals**, providing businesses with a single point of access to an **enhanced range of operations**, which may be carried out digitally and accompanied by **more extensive information**, updated in real time and in 24x7 mode.

Ifis4business has currently been applied to two specific sectors: factoring and digital lending. This is because whilst the digitisation of relations with retail consumers has been going on for some time now, digitisation of interactions with businesses, and, in particular, in the world of B2B and supply chain, significant progress has yet to be made. As regards the first aspect, the Bank has decided to start out from the "transferred debtor", namely the party that must physically pay the invoice for the purchase/sale made by and between the bank and creditor, the subject that typically plays a key role in the supply chain. Improving process efficiency means freeing up liquidity to be allocated to suppliers more quickly, almost instantly, above all at such complex times as though currently experienced.

In addition to a significant improvement in the user experience, the company has managed to implement significant operative efficiencies given that all its processes have been completely digitised.

Through the introduction of Ifis4business during the first half of 2020, 3.712 "digital" recognitions have been performed.

Again in 2020, the **FarmaPos** project was launched, the new initiative by Credifarma and Nexi dedicated to the pharmacy to facilitate payments with electronic money: it is the Banca Ifis POS payment service, which allows pharmacies to facilitate purchases, limit the use of cash and correctly channel cash flows. This initiative extends the range of solutions available to Italian pharmacists, offering digital services that can satisfy increasing needs and ever more sophisticated demands, whilst at the same time guaranteeing security and supporting the evolution of digital health.

For retail customers, in the Npl area, the **PagoChiaro Portal**, namely the on-line payment platform created to help debtors return to "performing" status, has been further evolved in a sustainable manner, using the speed of the digital approach that has always marked Banca Ifis.

To date, the Npl business uses an Artificial Intelligence (AI) engine to analyse large quantities of data. Artificial intelligence serves to understand how to direct the collection chain. The next objective is to implement use of robotics to analyse the data of the digital documentation when onboarding portfolios.

The Group allows potential customers to subscribe new products with us, signing the **contracts digitally using a digital signature or vocal order systems**. The digital signature, created as a challenge for the motor vehicles segment of Ifis Leasing back in 2017, is today available for various different contract types, such as, for example, the stipulation of Rendimax retail deposit accounts or Npl repayment plans. In particular, in 2020:

- **for Leasing**, a total of 2.348¹⁷ contracts were signed by digital signature (1.165 in 2019), allowing for a total reduction of an estimated more than 180 thousand pages of print-outs. The ultimate aim is to increase the number of contracts signed digitally and eventually cover 80% of annual volumes;
- **for Retail**, similarly to last year, 100% of customers opened the account using a digital signature, as well as having digitally ordered 100% of transactions on the current account and deposit account;
- **for Npl**, 7% (10% in 2019) of subscriptions of repayment plans were carried out through physical signature and 16% by means of subscriptions made by vocal order (17% in 2019).

Moreover, in July 2020, Banca Ifis stipulated a **partnership with Fintech Raisin** to make its on-line deposit accounts also available on the German marketplace WeltSparen (<https://www.weltsparen.de>). The new service is supported by the open banking infrastructure and by the Raisin customer service and allows Banca Ifis to take its deposit account offer beyond national borders. The offer is exclusively dedicated to German investors, who have shown a high degree of interest in new investment opportunities abroad, making the most of the higher returns offered by Italy and showing greater faith in guarantees on European deposits.

¹⁷ Comprising an average of approximately 80 pages per contract.

4.3 Quality of products and services

[FS15]

Policies and other reference documentation

- Code of Ethics
- Products Committee Regulation (Banca Ifis)
- Policy for approving new products and services, starting new operations, and entering new markets (Banca Ifis, Group)
- Distribution Policy (Cap.Ital.Fin.)

The quality of the service and products offered has a major impact on satisfaction over the service received, on the relationship with the customer and the perception of the reliability and security of the Bank and operators working on its behalf. Quality and transparency are therefore strategic for the Group, which undertakes to study, design and test products and services that are always aligned with the market's needs and of the best possible quality.

Through a **Policy for approving new products and services, starting new operations, and entering new markets**, Banca Ifis sets the rules for developing and distributing new products in accordance with business strategies and objectives.

Specifically, in the **Leasing area**, during the preliminary phase of new business relationships with a potential supplier or partner, and before purchasing assets to be leased to customers, **a series of checks are performed**:

- **in the case of potential affiliated partners/vendors**, with which the bank intends to establish an on-going relationship, the activation of commercial agreements is subject to an investigation aimed at verifying the quality of the assets supplied and compliance with the criteria of reliability, credibility and soundness from a financial and reputational standpoint. A Code of Conduct must also be signed in order to conclude commercial agreements;
- **in the case of occasional suppliers** (for example, proposed directly by the customer for the purchase of a specific asset), the checks aim to verify the quality of the asset, the actual existence of the company and the possession of the main credentials, in order to prevent any fraud involving the brand and the customer.

Banca Ifis service level

For Banca Ifis, our commitment is to guarantee customers a high level of service through quick and timely responses that stand out on the market. Below are the results obtained in 2020 for the leasing, factoring and SME loan products, which are substantively in line with the results of FY 2019.

Average time for assessing lease proposals (in line with 2019):

- Cars, commercial and industrial vehicles: 1,5 days
- Instrumental assets (industrial, IT and Office) worth less than or equal to € 250.000: 3 days
- Instrumental assets worth more than € 250.000: 7 days (6 days in 2019)

Average time to respond to requests made by leasing customers (in line with 2019):

- Time for managing customer requests: 2 days
- Telephone call abandon rate: 4%
- First Call Resolution: 95%
- Issue of deed of sale for the asset after the lease contract: 2 days

Average time for assessing factoring proposals: 10,8 days¹⁸ (6,7 days in 2019)

Average time for assessing SME loan proposals: 11,9 days (in line with 2019)

Ifis Npl Servicing promotes on-going operator-customer relationships to build trust over time, and implements **various safeguards** to guarantee the quality of the service provided by network operators (debt collection companies, agents, internal call centres), including:

- **credentials and qualifications:** agents can be registered in the list of the OAM (Association of Credit Agents and Brokers). Starting September, the Company has begun also including Agents under a licence to collect 115 Consolidated Act on Public Safety Laws (T.U.L.P.S.), hence during the selection phase, numerous controls are carried out on their reliability. In the same way, before establishing the relationship, debt collection companies are also assessed on their reliability, credibility, and financial soundness;
- **incentives for agents and debt collection companies:** the Group has specific KPIs to monitor the quality of the positions processed, imposing penalties in the case of prolonged poor performance.

¹⁸ In 2020, the greater incidence of operations over the ML term, coupled with the considerable quantity of moratoriums requested by customers for the "Cura Italia" Decree, has on the one hand altered the traditional prevalence of SH products (i.e. factoring) and on the other, increased the workload of the appraisal structure, with a consequent, understandable impact on the average deliberating time

Debt collection company agents and employees monitoring model

The structure that manages the out-of-court networks and the monitoring structure have defined a debt collection and agents monitoring model based on different types of KPIs:

- Quality KPIs, such as, by way of example, complaints upheld, disputes and anomalous conduct
- Quantity KPIs, such as, by way of example, processing time, quality of repayment plans defined in terms of number and value, amount of outstanding collections

These KPIs are monitored monthly and, if applicable, a dialogue is activated with agents and debt collection companies to launch any corrective actions.

And, in addition to the usual inspections run at the collection companies, specific inspections may be held or questionnaires submitted with a view to verifying various aspects, including the adequacy of the collection processes adopted in respect of the industry best practices.

Once a year, when the results of the above-described control activities have been processed, an overall assessment takes place of the collectors and, depending on the outcome, the most appropriate action to be taken is decided, to protect the interests of the Banca Ifis Group and its customers.

When faced with risk events, the internal structures duly inform the control organisation units and, in particular, Risk Management, as responsible for handling operational and reputation risks.

To evaluate the effectiveness of the adopted management approach, the Business Areas that own each product or service verify whether those comply with the Bank's sales processes to make sure the customer's needs are met effectively, and the control functions can schedule and conduct reviews in accordance with the Bank's policy.

Specifically concerning the **definition and introduction of new products and services**:

- **Compliance** monitors the risk of non-compliance, for instance by assessing the adequacy of controls relative to applicable laws or verifying the compliance of the proposed advertising campaign, and, in partnership with the Human Resources function, evaluates the adequacy of employee training in raising awareness about the risks inherent in the new product and how to mitigate them.
- **Anti-Money Laundering** helps evaluate the risk that the new initiative could pose to the Bank concerning the potential for it to become involved in money-laundering and terrorist financing as a result of the new product.

4.4 Transparency of information on products and services

Policies and other reference documentation

- Code of Ethics
- Group customer amicable dispute management policy
- Organisational Procedure for Marketing Communications to Customers (Banca Ifis)
- Organisational Procedure for the Transparency of Banking and Financial Operations and Services (Banca Ifis)
- Organisational Procedure for the Transparency of Banking and Financial Operations and Services (Cap.Ital.Fin.)
- Organisational Procedure for the Transparency of Banking and Financial Operations and Services (Credifarma)
- Organisational Procedure for the mass management of product economic conditions
- Organisational Procedure for the Management of RENDIMAX deposit accounts (Banca Ifis)
- Organisational Procedure for the Management of RENDIMAX current accounts (Banca Ifis)
- Distribution Policy (Cap.Ital.Fin.)

Transparency towards customers impacts their trust in the Bank, which represents the basis for a healthy and long-lasting relationship and is therefore **an asset to protect and develop**. This concerns both the various communications issued by the physical network as well as specific contractual aspects within the different business lines.

The Group establishes direct relationships with its customers and operates guided by **principles of professionalism, honesty, and transparency**, providing detailed information on their mutual obligations and any potential risks inherent in the transactions carried out.

All contractual relationships, communications, and documents are written in a clear and comprehensible manner, ensuring customers fully understand the decisions they make.

The Npl Area has an additional mechanism in place to guarantee the transparency of the agent-customer relationship: at the end of each visit by the agent, the customer can sign a "Meeting report" describing what transpired during the meeting and any agreements made. Also when transmitting information to external parties, through advertising or other channels, the Group makes sure its **communications are honest, true, clear, transparent, verifiable, and consistent with business policies and programmes**.

The organisational units that report to the Operations area manage transparency processes towards customers and the terms applicable to the products offered by the Bank at a centralised level, as well as for operations subject to **transparency regulations** (e.g. sending recurring documents to customers) and helping the Business Areas prepare customer communications.

The Compliance function supervises the implementation of banking transparency regulations and is also involved in preparing communications about significant changes to the terms and conditions applicable to a product or service to ensure they are written clearly.

[GRI 417-2]

[GRI 417-3]

In 2020, no non-conformities were noted in respect of voluntary codes and/or regulations regarding information about products and services, nor indeed in marketing communications.

Number of episodes of non-compliance concerning transparency		2020	2019	2018
In the area of information on products and/or services	No.	0	0	2
In the area of advertising communications	No.	0	0	0

Grievance mechanisms

Banca Ifis adopts several **mechanisms to receive feedback and grievances** from key stakeholders, and especially employees, collaborators and professionals that work with the Group on a regular basis, as well as through complaints from customers or debtors. These mechanisms help management identify potential inefficiencies, anomalies or issues concerning business processes. Therefore, along with the controls, they help evaluate the effectiveness of the management approach to the various topics.

Handling of complaints

The **complaint represents** not only a useful instrument to improve the quality of products, services, and customer relationships, but also a **way to monitor** the conduct of the business functions and those that act on behalf of the Group (such as the members of external networks), and thus keep the mutual trust between the Group and the Customer alive. Complaints can concern the quality of products and services, as well as the respect for the principles of integrity and fairness, compliance with regulations, non-discrimination, and activities to support entrepreneurship and financial inclusion. In 2020, the Complaints Function devoted **particularly close attention to customer complaints raised in reporting situations of difficulty connected with the crisis** such as, for example, cash flow problems, the need to apply for moratoriums, difficulty in accessing credit and the impossibility of repaying pecuniary debts that had already been impaired before the crisis.

The **goal of the complaints handling process is to handle in an appropriate and timely manner any grievance received from customers** unsatisfied with the products and services provided or offered, taking corrective and preventive actions to prevent any problem from recurring in the future. These actions can consist in specific initiatives addressing the individual complaint or the activation of general solutions to address the causes underlying the individual complaint or multiple complaints concerning the same area. To this end, all staff in charge of processing complaints have been **specially trained** on regulations concerning the support measures implemented by the government to support the financial difficulties caused by the national COVID-19 health crisis and have received specific instructions on how to also facilitate the search for a customised solution with a view to granting voluntary support by the institute.

The **complaints handling policy**, applied at the Group level, sets the guidelines for handling the complaints received by the Group's companies in an appropriate and timely manner based on the principle of the fair treatment of customers and in accordance with applicable laws.

A **Parent Company Complaints Office** has been established, which ensures the centralised management of all complaints, including those received by subsidiaries. The office dedicated to handling complaints receives complaints and duly and impartially handles them, informing the business units concerned from time to time. The Complaints Office has a dotted-line reporting relationship to the Legal and Corporate Management team and operates according to the guidelines set by the latter.