

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, the Banca Ifis Group 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 Group 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	
<p>Complete compliance with the provisions of the "Cura Italia" Decree</p>	<p>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 extension of a moratorium until 31 December 2021, as arranged by Art. 16 of Decree Law no. 73 of 25 May 2021. Send notices to clients informing them of the possibility of requesting the extension, specifying the procedure to be followed in order to benefit from it, and also attaching answers to frequently asked questions (FAQs). In 2021, there were a total of 13.257 practices in relation to the moratorium of the "Cure Italy" Decree (17.215 in 2020). With a view to supporting entrepreneurs, all the requests for suspension of the capital share received after the maximum terms provided for by the above-mentioned regulations or not falling within the criteria of collectability were also assessed. In particular, the suspension of the share was granted to customers who stipulated leasing and operating lease (rental) contracts, a type of product excluded from the scope of application of the moratorium, for a total of 117 cases in the year (358 cases in 2020).</p>
<p>Complete compliance with the provisions of the Liquidity Decree</p>	<p>Promotion in 2020 of the refinancing of lease 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. In 2020, 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 (16 refinancing cases of financial lease contracts in 2020). Start in September 2020 of the granting of loans with SACE Italian Guarantee to support companies of all sizes and operating sectors (except Banks and credit qualified entities) affected by the COVID-19 emergency. Continuation in 2021 of the support to the business world with all the Bank's products: factoring, mortgages and leasing, strengthening its operations with the guarantee of the Guarantee Fund for SMEs and Mid Caps (until May 2021).</p>

INTERVENTION TYPE	DESCRIPTION
ENTERPRISES	
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.
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 CDP	Takeover of the former Aigis Banca S.p.A. contract with Cassa Depositi e Prestiti (CDP) to obtain loans to support SMEs for working capital requirements or investments.
Agreement with Veneto Sviluppo and the Veneto Region	Agreement stipulated in 2020 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.
Measures to guarantee service: Contact and constant dialogue with customers	Development of further digital solutions to encourage the "remote" mode, following requests and finalising new contracts, thanks to the digital signature. In particular, the solution that allows customers equipped with a personal digital signature to sign factoring, financing, leasing and rental contracts in this mode was used again in 2021, in order to and further reduce the use of paper 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. A digital signature integrated with the information system for managing customer requests has been introduced in the leasing and rental area, allowing contracts to be signed remotely, with automatic acquisition of the documents signed by the customer. The customer is offered a free digital signature certificate valid for three years, which can be used to sign future contracts with the bank.
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	In 2020, 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. In 2021, Cap.Ital.Fin continued to manage loan contracts to customers falling within the segment of employees of private businesses that had adhered to the system of social shock absorbers envisaged by Italian Decree no. 18/2020 (the "Cure Italy" Decree). In the last quarter of 2021, there were no more loan transactions against salary assignment that fell into this category.
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. Farbanca intervened by activating the measures to support the liquidity of companies provided for by the Liquidity and Care for Italy Decrees issued by the Government as early as 2020. In order to ensure the necessary economic support linked to liquidity problems, various measures were implemented to contain the negative effects produced by the epidemic emergency, including the possibility of requesting unsecured loans with 100% coverage from the Central Guarantee Fund up to 30.000 euros

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)
- Distribution Policy (Cap.Ital.Fin)
- Operating note Leasing preliminary investigation 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.)
- Operating note Approach to the evaluation of a salary-backed loan/payment delegation (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)
- Credit management regulations (Farbanca)

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 the Banca Ifis Group 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 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 (8.000 SMEs interviewed) and one-to-one interviews (approximately 30) 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. Compared to previous editions, the perimeter of the Market Watch has been expanded to deepen the characteristics and peculiarities of the production fabric of

individual Italian regions and at the same time, across the territories, it was decided to vertically investigate the challenges that Italian SMEs are facing such as smart-working, entrepreneurship and female management, e-commerce, digitisation of the relationship with the PA, innovation, sustainability, sources of financing, leadership, export and supply chain agreements, skills and training and expectations on the biennium 2022-2023. Within the Market Watch SME route, some Observatories dedicated to production chains have also been launched, considering all the companies (upstream and downstream) that are part of them, and to economic sectors typical of the Italian reality. In the first case we talk, for example, about the chain of the Mountain Sport System and the productive Ecosystem of Bicycle and Sustainable Mobility; in the second case we talk about the first complete quantification related to the Economy of Beauty.

In addition to ordinary factoring, leasing and loans in support of businesses, 2021 also 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 and working capital.**

- **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 focus on the micro and small enterprises of southern Italy.
- **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 Decree Law no. 23 of 8 April 2020 (the “Liquidity Decree”), the maximum amount of guaranteed loans per company was increased to 5 million Euro and the percentage of direct guarantee was raised, regardless of the rating bands and durations of the loans, with the possibility of direct coverage up to 90% or 100% for certain financial transactions with specific characteristics and for certain types of beneficiaries, percentages reduced to 80% and 90% by Decree Law no. 73 of 25 May 2021 (the “Support Bis” Decree).
- **Financial leasing backed by the SME Guarantee Fund: with Italian Decree Law no. 73 of 25 May 2021 (the “Support bis” Decree),** the percentage of coverage of the Guarantee Fund was restored to 80% 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, the Banca Ifis Group 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; this percentage was increased to 90% by the Liquidity Decree until 30/06/2021 and reduced to 80% by the Support Bis Decree.
- **Loan backed by SACE Guarantee Italy:** this is financing destined to assure the necessary liquidity to the enterprises based in Italy, of every dimension and productive sector, affected by the COVID-19 epidemic. The Loan provides for the issue of a guarantee in favour of the bank by SACE S.p.A., which can vary from 70% to 90% depending on the size of the company, introduced by Law Decree no. 23 of 8 April 2020 (the “Liquidity” Decree).

[FS7]

Legal Entity/ Business Line	Product/Service with Social Purposes	Operations for 2021		Operations for 2020		Operations for 2019	
		Monetary value (mln Euro)	% of total monetary value	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	139,06	8,02%	75,63	8,10%	97,69	6,23%
	Financial leasing associated with the MCC Guarantee Fund	50,78	0,56%	21,68	0,26%	1,92	0,02%
	Refinancing of financial lease contracts (initiative launched and concluded in 2020)	-	-	7,49	0,03%	-	-
	Prime initiative (initiative launched and concluded in 2020)	-	-	0,50	0,02%	-	-
	Moratorium Law Decree no. 18/2020	612,97	17,97%	740,60	26,13%	-	-
	Moratorium granted by Banca Ifis	5,77	0,10%	19,90	0,30%	-	-
Banca Ifis/Trade receivables	Factoring backed by the MCC Guarantee Fund (initiative launched in 2020)	189,35	3,11%	15,00	1,00%	-	-
	M/L financing backed by the MCC Guarantee Fund	194,73	66,75%	240,60	72,00%	105,29	66,00%
	<i>of which with EIB funding²¹</i>	-	-	157,20	81,00%	-	-
	<i>of which with CDP funding</i>	1,51	0,35%	-	-	-	-
	Loan backed by SACE Guarantee Italy	78,10	2,81%	-	-	-	-

²¹ EIB funding was exhausted during 2020 and has not been renewed for 2021. Instead, in 2021 the CDP funding was present

From 2016 to date, the Banca Ifis Group has conceived various innovative projects by which to spread the business culture. Since May 2019, the format “Factor I” is active, which spirits all projects in this area: it means Impact, Enterprise, Innovation, Together. In particular, Banca Ifis supports Italian SMEs, not only through our financial products and services, but also by narrating and enhancing the most virtuous realities.

FACTOR I: I for Impatto (Impact), Impresa (Enterprise)

[FS16]

Factor I is the Banca Ifis Group format dedicated to the study and telling of the winning business models of Italian SMEs. It is the project that reflects the Banca Ifis Group’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 analysis of entrepreneurs and managers described also through the column “PMIheroes”, and the column: “The voice of our experts: the knowledge of Banca Ifis’ people at the service of businesses, through a new channel of information and updating”.
- 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 Group’s social channels and website.

In 2021, partly due to the forced social distancing, there were mostly on-line sharing moments:

- 11 monthly SME Market Watch publications on a dedicated digital hub in partnership with Il Sole24Ore;
- 10 on-line webinars to discuss the regional economic context as part of the Innovation Days project in collaboration with Il Sole24Ore;
- 2 appointments on the topic of sustainability and sustainable mobility as part of the Pianeta 2021 project in collaboration with Corriere della Sera;
- “Il bello d’Italia” event as part of the Economy of Beauty project in collaboration with Corriere della Sera.

Our numbers



67.000

CONVERSATIONS
ANALYSED THROUGH
WEB LISTENING



more than 8.000

COMPANIES
INTERVIEWED THROUGH
QUANTITATIVE SURVEYS



30

IN-DEPTH INTERVIEWS
TO TELL THE STORY
OF BUSINESSES

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]

Innovation Days	Banca Ifis was the partner and speaker of the cycle of on-line meetings organised by Il Sole 24 Ore. Ten full days of live streaming from the territories of Italian excellence, moderated by Sole 24 Ore journalists, in which entrepreneurs and institutions met to share successful experiences, new business models and winning ideas for the companies of tomorrow.
Investment week	As part of the week that the broadcaster Class CNBC is dedicating to the subject of managed savings, Banca Ifis has contributed to the content with its own intervention among the speakers on the programme schedule.
NPL events	The top managers of Ifis NPL Investing have contributed with their presence as speakers to take a picture of the NPL market, also making use of the data produced by Banca Ifis Market Watch by participating in the main events organised by the most important players in the sector at European and national level (Smithnovak, DD Talks, SDA Bocconi, Sci'S).
NPL meeting	Once again this year Banca Ifis organised the main Italian event dedicated to the world of NPLs during which the main market players, institutional representatives and regulators met to discuss the subject.
Credit Virtual Summit	Banca Ifis was among the protagonists of the event organised by the newspaper Stop Secret. Three days of on-line focus and insights dedicated to the most current issues in credit management.
Forbes Live	Banca Ifis was sponsor and speaker at the event "A New Renaissance", organised by Forbes Live in collaboration with Kon Group. The evening is an opportunity to discuss restarting through SMEs in the context of sustainability.
4th Gran Sasso Forum	Banca Ifis was among the protagonists, with its own speech, at the fourth International Forum of Gran Sasso, organised by the Diocese of Teramo, an event dedicated to raise awareness of the academic and scientific communities within the panel "The design and management of healthy businesses, between economy and sociality"
ABI Workshop	The active management of non-performing loans was the topic of Banca Ifis' speech during one of the workshops organised by ABI as part of its training and updating programme.
Annual Unirec	"Italy is on the rebound: prospects for recovery between credit management and financial inclusion" was the title of the annual conference organised by UNIREC, of which Banca Ifis was sponsor and speaker. In particular, Banca Ifis will be the sponsor of the observatory that UNIREC publishes every year on this occasion.
Lease 2021	The Leasing Show, dealt with current economic issues and scenarios of the future in which the lease will play a leading role in the restart of the economy. In this event Banca Ifis has brought its contribution within the round table "Sustainable Mobility at the Centre of Europe".
Economia del Futuro	Fifth edition of "The Economy of the Future", an event organised by Corriere della Sera. This event, in which Banca Ifis was partner and speaker, was an opportunity to share best practices in the various sectors of the Italian economy - mobility, finance, food, among others - that support the recovery and contribute to a more sustainable future.
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, the Banca Ifis Group **focuses on disseminating information** that allows entrepreneurs to know more about the financial instruments that can help their business.

Instead, as regards the refresher and training courses of the internal structures operating in direct contact with customers, in 2021, the following activities were carried out:

- monthly remote **meetings** where results and strategies were analysed, and organisation of courses deemed useful for the network, for example on **anti-money laundering** issues;
- monthly virtual **meetings** for **agents** operating in the **NPL** field: a cycle of on-line updating and discussion appointments for credit consultants operating throughout Italy on behalf of Banca Ifis;
- **business Area Management Meeting**: during the year various meetings were organised in person at the Bank's General Management for top managers and territorial managers of the Business Area;
- **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 2020, the Coronavirus emergency has prevented meetings from being held in Italy. Interviews were therefore first published in various industry journals, such as PuntoEffe and FarmacistaPiú, before, thereafter, ensuring the remote attendance of webinars and conferences.

Also in the course of 2021, Credifarma, in collaboration with a leading national insurance group, presented a **new investment insurance product**, designed to meet the commitments of the pharmacy to employees, arising from the liquidation of severance pay in the event of termination of the employment contract. The solution offered by Credifarma is a policy for the provision of severance pay, which meets the financial needs of the pharmacy owner through a savings tool that also benefits from the returns accrued on the sums set aside.

4.2 Digital innovation

Policies and other reference documentation

- Group ICT strategic planning policy (Banca Ifis, Farbanca, Ifis Finance)

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. In 2021, the Group was committed to strengthening and developing the digitisation process started in the previous year with the dual aim of increasing the efficiency of internal processes on the one hand and improving the quality and effectiveness of services to customers, both companies and individuals, on the other.

In 2020, a wide-ranging work programme was launched, called **Ifis4business**, structured into several intermediate stages, with the intention of rationalising and simplifying the current portals, providing businesses with a single access point with an enriched range of instruction operations, which can be carried out digitally, and accompanied by a wider range of information content updated in real time and in 24x7 mode. During 2021, the project initiatives relating to the digital post-sale platform Ifis4business continued, which completed another step in its evolutionary path: after the management of the "assigned debtor", i.e., the person who has to pay the invoice subject to the sale and purchase agreement between the Bank and the creditor, the characteristic operation of the assignor was added, i.e., the person who assigns the invoice to the bank and asks for the release of the credit.

Through Ifis4business, the assignor, in addition to consulting his position in real time, can request or execute, in digital mode, various operations typical of his typical operations including: the assignment of receivables to the Bank, the request for advance payments and the signalling of new potential suppliers up to finalising the operation by signing the letter of commencement of the relationship (LIR).

The new component serving the transferor customer of ifis4business was released during the last quarter of 2021, while 2022 will be dedicated to the progressive extension of the supporting functionalities and the adoption of the new solution to the entire customer base.

During 2021, 11,8% of the total number of awards made by customers were recognised in the digital mode (1,2% during 2020).

Still in support of corporate customers, during 2021, an extensive work programme was launched, entitled **digital selling platform** (DSP), which aims to better monitor the sales and onboarding processes of new customers.

The project initiative is aimed at setting up a single sales platform within which to centralise the relevant processes, for each type of service offered, both through sales channels intermediated by the commercial network (internal/external) and in direct mode (self) towards end customers.

In 2021, the core of the application was implemented, making it possible to:

- activate sales processes for leasing and rental products through the internal sales network or external partners. The new application has replaced the previous ones, enabling the Bank and the subsidiary IFIS Rental to perform, in a single solution, all the activities necessary for the sale of a new leasing or rental product, such as: definition of sales quotes, document gathering, preliminary investigation and resolution;
- place loans assisted by the MCC Guarantee Fund (**digital lending**) in self mode. The entire process is done completely remotely, the customer can view the offer, request the credit, upload the required ancillary documentation and sign the loan agreement.

For the retail market, in 2020, in the NPL area, the **PagoChiaro Portal**, namely the on-line payment platform created to help debtors return to "performing" status, was developed in a sustainable manner. Initiatives aimed at recovering internal efficiencies were undertaken during 2021. With this in mind, the use of artificial intelligence (AI) systems employed in the onboarding phases of new purchased portfolios was explored. Through the use of these systems, during the portfolio

acquisition process, the contractual documentation supporting the credit is automatically diagnosed, interpreted and classified, thereby accelerating the acquisition and activation times of the debt collection processes.

In addition to the use of AI tools, robotic tools (voice bots) have been implemented to replace the call centre operator in the process of underwriting the return plans executed with "vocal order". Through this initiative the subscription of contracts via telephone is made yet more efficient, because the customer, during the subscription phase, is assisted and helped by a voice bot that accompanies him during all phases of the subscription plan.

The use of digital signatures, especially to sign contracts for the activation of new products, has been in place for some time now, and during 2021, this method was also extended to rental contracts and MCC loans.

Business line	Transaction	2021	2020	2019
Banca Ifis – Leasing	Signing contracts with digital signature	13%	22%	8%
Ifis Rental - Rental	Signing contracts with digital signature	4%	-	-
Banca Ifis – Retail	Account opening	100%	100%	100%
Banca Ifis – Retail	Current account and deposit account transactions	100%	100%	100%
Ifis Servicing - Npl	Signing of repayment plans	5% via graphometric signature 7% by vocal order	7% via graphometric signature 16% by vocal order	10% via graphometric signature 17% by vocal order

Finally, in 2021 Credifarma strengthened its partnership with Nexi through the **FarmaPos** product, an initiative launched in 2020 and aimed at facilitating payments with electronic money. Thanks to the extension of the exclusive agreement with Nexi, Credifarma has confirmed its proximity to Italian pharmacists, facilitating business continuity and the digitisation of services and payments, while ensuring security and supporting the evolution of digital health.

Moreover, in collaboration with Nexi and with the support of Farmacie Federfarma Bologna, Credifarma has launched the **PagoPA project**, an electronic collection service used by public administration, companies and private individuals that through the use of a platform allows citizens to make payments of health tickets to the public administration in a fast and intuitive way through the use of a QR code. This initiative also allows to provide a solution of territorial proximity to citizens.

4.3 Quality of products and services

[FS15]

Policies and other reference documentation

- Code of Ethics
- Products Committee Regulation (Banca Ifis)
- Brand Committee Regulation (Banca Ifis)
- Sustainability 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**, the Banca Ifis Group 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 2021 for the leasing, factoring and SME loan products, which are substantively in line with the results of FY 2020.

Average time for assessing lease proposals (in line with 2020):

- Cars and commercial vehicles: 1,5 days
- Instrumental assets (industrial, IT and Office) and industrial vehicles worth less than or equal to € 200.000: 4 days
- Instrumental assets and industrial vehicles worth more than € 200.000: 7 days

Average time to respond to requests made by leasing customers (in line with 2020):

- 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 days (in line with 2020, 6,7 days in 2019)

Average time for assessing SME loan proposals: 11,9 days (consistent with 2020 and 2019)

Ifis Npl Investing, including through 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 2020, 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 and contractual SLAs²² to monitor the quality of the positions processed, envisaging and imposing penalties (on contractual SLAs) in the case of prolonged poor performance.

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 and performance recorded.

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

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. As of 2021, inspection activities (remotely) also began against the agent network by the control functions.

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.

²² SLA: Service Level Agreements are contractual instruments through which the service metrics that must be respected by a service provider towards its customers/users are defined.

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 (Banca Ifis, Farbanca)
- 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 Group, 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 Group 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 2021, 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		2021	2020	2019
In the area of information on products and/or services	No.	0	0	0
In the area of advertising communications	No.	0	0	0

Grievance and claim mechanisms

The Group 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 internal and external operators acting on behalf of the Group (such as the front offices and 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 COVID-19 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. In this regard, all staff involved in the handling of complaints have received specific directives regarding the advisability of facilitating the search for a personalised solution aimed at the granting of support measures on a voluntary basis by the institution.

In addition, again with a view to helping customers resolve problems linked to access to credit, particular importance is given in the training process for staff responsible for handling complaints and in the complaint management process to the issue of reporting to credit databases (Central Risk Office and private databases), in relation to which the Complaints Office has developed specialist skills that make it a point of reference, together with the Supervisory Reporting Service, for other corporate functions.

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 reports hierarchically to the Legal and Corporate Management team and functionally to Compliance and operates according to the guidelines set by the latter.

