

Policy

**Transparency of Banking and Financial
Transactions and Services - Fairness of
Relations with Customers**

Index

1	<u>PURPOSE AND SCOPE OF APPLICATION</u>	6
2	<u>GLOSSARY</u>	6
3	<u>GENERAL PRINCIPLES</u>	11
4	<u>CLASSIFICATION OF CUSTOMERS</u>	12
5	<u>ORGANISATIONAL TRANSPARENCY PROFILES</u>	12
5.1	<u>PREPARATION, REVISION AND CONTROL OF TRANSPARENCY DOCUMENTATION</u>	12
5.1.1	<u>Modifying transparency documentation</u>	12
5.1.2	<u>Compliance checks and controls</u>	13
5.1.3	<u>Retention and publication of transparency documents</u>	13
5.2	<u>MEANS OF ADVERTISING THE TRANSACTIONS AND SERVICES OFFERED BY THE BANK</u> 14	
5.2.1	<u>Advertisements</u>	14
6	<u>REQUIREMENTS IN CUSTOMER RELATIONS</u>	15
6.1	<u>PRE-CONTRACTUAL INFORMATION</u>	15
6.1.1	<u>Pre-contractual information relating to the provision of payment services</u>	16
6.1.1.1	<u>Payment accounts offered to or subscribed to by consumers</u>	17
6.1.2	<u>Specific provisions on precontractual information in the consumer credit field</u>	18
6.1.2.1	<u>Scope of application</u>	18
6.1.2.2	<u>Advertising</u>	18
6.1.2.3	<u>Pre-contractual information</u>	19
6.2	<u>CONCLUSION OF THE AGREEMENT</u>	19
6.3	<u>CONTENTS OF AGREEMENTS</u>	20
6.3.1	<u>Basic current account</u>	20
6.3.2	<u>Consumer credit</u>	21
6.3.3	<u>Real estate consumer credit</u>	21
6.3.3.1	<u>Scope of application</u>	22
6.3.3.2	<u>Advertising and precontractual information</u>	22
6.3.4	<u>Assurances associated with the disbursement of loans secured by mortgages and disbursement of consumer credit</u>	22
6.3.5	<u>Accessory services</u>	22
6.3.6	<u>Transactions that lead to the cessation of legal relations regarding payment accounts</u>	24
6.4	<u>DISCONTINUATION OF THE RELATIONSHIP</u>	25
7	<u>COMMUNICATIONS TO CUSTOMERS</u>	26
7.1	<u>TRANSACTIONS SETTLED THROUGH CURRENT ACCOUNTS</u>	27
7.2	<u>MORTGAGE LOAN AGREEMENTS PURSUANT TO ARTICLE 38 ET SEQ. TUB</u>	28
7.3	<u>SPECIFIC COMMUNICATIONS TO CONSUMERS</u>	28
7.4	<u>COMMUNICATIONS REQUIRED AS PART OF THE PROVISION OF PAYMENT SERVICES</u>	28
7.5	<u>REMOTE COMMUNICATIONS</u>	29

7.6	<u>PROCESS FOR MANAGING UNILATERAL CHANGES TO CONTRACTUAL CONDITIONS</u>	30
7.6.1	<u>Preliminaries and assessment</u>	31
7.6.2	<u>Execution</u>	32
8	<u>FEES AND CHARGES</u>	32
8.1	<u>INDICATOR OF TOTAL COSTS</u>	32
8.2	<u>EFFECTIVE ANNUAL GLOBAL RATE</u>	32
8.3	<u>PROVISIONS ON CHARGES FOR CREDIT FACILITIES</u>	33
8.4	<u>PROVISIONS ON CHARGES FOR OVERDRAFTS</u>	34
8.4.1	<u>Means of collecting fast credit processing fees</u>	34
8.4.2	<u>Specific provisions on fast credit processing fees regarding “consumer” customers</u>	34
9	<u>OBLIGATIONS CONCERNING BANKING PRODUCT GOVERNANCE</u>	35
9.1	<u>SCOPE OF APPLICATION</u>	35
9.2	<u>OBLIGATIONS AS PRODUCER AND DISTRIBUTOR</u>	36
9.2.1	<u>Product processing and determination of the target market</u>	36
9.2.2	<u>Product testing activity</u>	37
9.2.3	<u>Monitoring and corrective measures</u>	38
9.2.4	<u>Distribution channels</u>	38
9.2.5	<u>Information flows</u>	39
9.2.6	<u>Know-how of the staff involved in the processing and distribution of products/services</u>	39
9.3	<u>OBLIGATIONS AS “MERE” DISTRIBUTOR</u>	39
9.3.1	<u>Reception of the target market established by the producer</u>	40
9.3.2	<u>Monitoring and corrective measures</u>	40
9.3.3	<u>Information flows</u>	40
10	<u>Complaints</u>	41
11	<u>Monitoring this Policy and checking the control function</u>	41
ANNEXES	42
9.4	<u>ANNEX 1 – RELATED LAWS AND REGULATIONS</u>	42

The aim of this Policy is to describe the essential items in the contractual relationship between customers and the Bank as well as the relative changes, in order to mitigate the risk of penalties and legal and reputational risks and assist in the sound and prudent management of the Bank regarding transparency towards customers and fairness in customer relations. In addition, the process designed to ensure transparency of banking and financial transactions and services with customers is established by assigning duties and responsibilities to the various parties involved in the Bank's operations.

Further, in line with fair advertising principles – which are also laid down in the illimity Way – the Policy determines the controls adopted by the Bank to safeguard customers and avoid unfair business practices in the preparation of advertisements and promotional campaigns relating to the products and services offered. These controls, which are based on high standards regarding the clarity, consistency and truthfulness of the information provided to the public, consist of performing specific checks of the advertising material in advance, designed to ensure compliance with applicable laws and regulations as well as make sure that customers will always be able to make knowledgeable and informed decisions about the products offered.

Current supervisory provisions on the transparency of banking and financial transactions and services govern the relationship between the Bank and its customers in order to obtain and maintain a high level of transparency, as well as comply with the principles of fairness and good faith in the business relations that the Bank establishes with its counterparties.

More specifically, compliance with the principles of transparency, fairness and good faith ensures:

- better customer protection;
- the reduction for the Bank of risks of a legal and reputational nature arising from customer relationships;
- the maintenance of the stability of the financial system as a whole.

This Policy establishes internal rules and procedures designed to ensure that at all the stages of the pre-contractual and contractual relationship:

- clear, complete and transparent information on the products and services offered is provided by the Bank to its customers – including those of only a potential nature – both as part of its advertisements and promotional campaigns and in the pre-contractual information material made available on its official website and during the procedure – also digital – of onboarding the customer;
- comprehensibility of the information is ensured for each type of customer, in particular customers who may be classified as “consumers” as these are the ones most needing protection;
- practices are avoided that are designed to direct customers towards products that are clearly and manifestly not suited to their financial requirements;
- there is efficient customer complaints management in order to keep the quality of the relationship established with each customer at a high level.

In addition, in this respect the Bank ensures that customer relations staff:

- have an adequate and updated knowledge of the transparency rules and the relative internal procedures of the Bank;
- are able to provide explanations on the features of the services and the customer's rights on the basis of written information on transparency and, if necessary, other documents;
- ascertain whether before being tied by an agreement or a proposal, customers have had the opportunity to carry out an adequate assessment of the written information provided, also ensuring that this is to be found on the Bank's website or at its offices if such be the case.

To this end, the Bank ensures that the customer relations staff involved in matters connected with the Bank's operations, the features of the products offered and banking transparency have received suitable training and, with the aim of ensuring that an adequate level of information is available for the customer, reviews transparency procedures and the related forms at least on an annual basis:

- to check their adequacy and effectiveness from the standpoint of completeness, clarity and accessibility;

- to remediate any weaknesses encountered, these being revised in the case of legislative and regulatory updates and/or changes in the scope of the Bank's operations.

Lastly, the Bank adopts remuneration policies and practices for customer relations staff and third parties in direct contact with customers that are:

- consistent with corporate objectives and values and long-term strategies;
- based on the criteria of diligence, transparency and fairness in customer relations, the limiting of legal and reputational risks, customer protection and loyalty and compliance with any self-discipline provisions that may be applicable;
- not only based on commercial objectives and do not represent an incentive for placing products that are not suited to the customer's financial requirements.

ABSTRACT