

Document type: *Procedure (v.2)*

Anti-usury Procedure

ABSTRACT

The Procedure regulates the activities to be carried out by illimity Bank to comply with the provisions on usury, also given the criminal relevance of the relevant violations.

The provisions contained therein also apply to Group companies that are the direct recipients of these commitments and are therefore referred to as “**Target Companies.**”

The regulations in force to combat usury, both at the level of primary legislation (laws and regulations of equal rank) and at the secondary level (Bank of Italy regulations), require careful and constant monitoring to ensure the maximum protection of the Bank's customers and the Target Companies from the risk of non-compliance, understood as a violation of the regulations.

In the event of a breach of this regulation, the Bank and the Target Companies could suffer significant financial losses due to the repayment of interest and commissions to customers, including massive amounts, loss of unsatisfied customers, costs associated with claims management and disputes with customers, damage to their reputation and the image of the entire Group, and criminal prosecution and sanctions.

The Bank has adopted this procedure to present and describe:

- the scope of the products/services offered by the Bank that are relevant for the purpose of the provisions on usury;
- the breakdown of the main roles and responsibilities assigned to the Bank's divisions/departments/areas/functions involved in carrying out the activities aimed at the prevention of the risk of usury;
- the process adopted for managing the TEG (Global Effective Tax) calculations and for carrying out the relevant anti-usury controls;
- the procedure for updating the quarterly update of the threshold rates and for sending to the Bank of Italy the supervisory reports regarding the rates applied;
- the procedures adopted for dealing with claims and disputes with customers.

The procedure also regulates the reporting obligations of the Bank, which, in accordance with the "Instructions on the reporting of the global average effective rate," issued by the Bank of Italy on 11 August 2009 per the provisions in force on the fight against usury, must report every quarter the APRs charged on homogeneous categories of credit transactions.

In fact, for each category of transactions, the Bank must report the following data/information:

- 1) the *Tassi Effettivi Globali Medi – TEGM* (Average Global Effective Tax Rates) expressed on an annual basis, which is calculated as the simple arithmetic average of the TEGs (Global Effective Taxes) applied to each bank account;
- 2) the number of accounts that contributed to the determination of the average TEGM charged;
- 3) the average amount disbursed that contributed to the determination of the TEG, which is calculated as the simple arithmetic average of the amounts disbursed in each account;
- 4) the average percentage of the mediation fee, which is the simple arithmetic average of the mediation fees as a percentage of the agreed amount of each account;
- 5) The number of accounts that contributed to the determination of the average of the mediation fee referred to in Point 4.

Specifically, the information required under (1), (2), and (3) must be disaggregated by the amount classes envisaged.

Finally, the procedure sets out the process to be followed if the Bank receives a claim from a customer regarding an alleged breach of the Threshold Rate.



If the customer initiates a dispute against the Bank following the rejection of a claim or following the receipt of a document giving rise to a dispute, all the necessary checks will be carried out on the relevant bank accounts, and the dispute will be dealt with in the manner described in the Bank's Dispute Resolution Policy.

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