

Anti- Money Laundering Policy

ABSTRACT

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This Policy establishes illimity's system of governance for combating money laundering and terrorist financing by way of a systematic and functional framework based on the Group's active collaboration approach in preventing these unlawful activities. Specific processes and procedures have been introduced to comply with regulatory requirements in relation to customer due diligence, suspicious transaction reporting, the retention of data and information, risk assessment and management, internal control and assurance of compliance with all the relevant provisions required to prevent and impede the execution of transactions connected with money laundering, terrorist financing and embargo violation.

The guidelines established in the Policy are set out and implemented at every operating structure and subsidiary that is required to comply with anti-money laundering obligations - "Recipient Companies" - in proportion to the characteristics and complexity of the activities they perform, their size and organisational complexity, the type of services and products they provide and the features of their customer base, by:

1. establishing the strategic guidelines and policies needed for overall management of the money laundering risk at a Group level ("Group methodology for assessing money laundering risks");
2. having in place organisational systems and procedures suitable for ensuring compliance with the obligations for a customer due diligence, the identification and reporting of suspicious transactions and data retention;
3. establishing a clear definition of the roles, duties and responsibilities of each organisational unit;
4. setting up an anti-money laundering function as a control function specifically designated to oversee the prevention and management of money laundering risks; 5. carrying out ongoing monitoring of compliance, by staff, of internal procedures and legal and regulatory requirements on anti-money laundering. Il modello di *business* del Gruppo contempla distinte attività rilevanti ai fini antiriciclaggio.

The business model distinguishes between activities in the following way for anti-money laundering purposes:

- a) disbursement of loans to SMEs, structured financing and acquisition financing operations – i.e. *Crossover*;
- b) factoring transactions;
- c) purchase of loans and/or new disbursements (refinancing) in the context of debt restructurings - i.e. *Turnaround*;
- d) purchase of corporate distressed debt – i.e. loans classified as non-performing (NPL) and probable defaults (UTP);
- e) collection of receivables, cash and payment services related to securitization transactions as well as verification of compliance of transactions with regulatory requirements and prospectuses pursuant to Law No. 130/1999 - i.e. *master servicing*;
- f) purchase and management of tax credits;
- g) financing third parties for the purchase of *secured* non-performing loans by disbursing credit to securitisation companies formed pursuant to article 3 of Law no. 130/99 as amended - i.e. *Senior Financing*;
- h) offerta di servizi e prodotti bancari, propri e di terzi, attraverso una piattaforma digitale multicanale (web, app);
- i) disbursement of credit and offer of other banking products to SMEs and POEs via a digital platform;
- j) purchase of corporate performing loans from the secondary market;
- k) cross-border offer of banking products in Germany via a digital platform operated by a third party (*Raisin*);
- l) distribution of life insurance products of a "term life policy" and "Credit Protection Insurance" nature;
- m) illimity bank deposit offer, through digital platform integrated into Hype app;
- n) offer Investment Banking services (i.e. Capital Markets, structuring of funding and capital optimization transactions, and trading in derivatives for own account and third party account);
- o) collection of debt acquired under paragraph d) as well as on behalf of third parties pursuant to article 115 of the Consolidated Text of Laws on Public Security (*Testo Unico delle Leggi di Pubblica Sicurezza - TULPS*);
- p) real estate brokerage activity through online auctions which includes property repossessed through the enforcement of the mortgages securing the debt purchased under paragraph d);
- q) management of Alternative Investment Funds (AIFs) with different investment policies aimed at the objective of debt restructuring with the possible provision of new finance, debt recovery for liquidation purposes, direct financing, investment in securities such as securitisation notes with underlying loans, including impaired loans, both corporate and retail, secured and unsecured and equity-linked equity or equity-linked financial instruments.

Regarding the subjective perimeter, the above activities are followed by specific operating structures in the Bank's Business Divisions or by the Recipient Companies.

Different customer segments are served and the extent of applicable anti-money laundering laws and obligations in charge of the Bank's staff and the Recipient Companies vary accordingly.

In accordance with the **risk-based approach** adopted by the Group, the intensity and extent of customer due diligence obligations are calibrated in accordance to the degree of risk associated with each customer, applying either ordinary, simplified or enhanced due diligence procedures.

An assessment of the money laundering risk is made both at the initial stage, when establishing a business relationship or when carrying out an occasional transaction, executing customer due diligence obligations, such as the identification and verification of the customer, of the executor and of the beneficial owner, and throughout the whole contractual relationship, by ongoing monitoring of transactions undertaken throughout the course of that relationship to ensure that they are consistent with the Bank's knowledge of the customer, the business and risk profile and updating customer data and information where necessary.

The Parent Company adopts a **customer risk profiling model**, which automatically calculates a risk profile, through the use of IT procedures or ad hoc tools, on the basis of predetermined and uniform criteria and a scoring system. The Recipient Companies set up models that are consistent with the model adopted by the Parent Company.

The Parent Company and the Recipient Companies carry out **ongoing monitoring** of the relationship and customer's transactions, also through the use of automated procedures, and if unusual or suspicious transactions are detected, the internal procedure for **suspicious transaction reporting** procedure is activated in compliance with applicable laws and regulations.

In order to comply with **data and information retention requirements**, all the documents and information obtained during the performance of the customer due diligence procedures are kept for a period of ten years from the date of the termination of the business relationship or execution of the occasional transaction. The Parent Company uses the Centralised Computer Archive (*Archivio Unico Informatico - AU*) as a standardised archive and tool that ensure compliance with laws and regulations on the retention of data information, the Recipient Companies adopt systems for the retention of documents, data and information for combating money laundering and terrorist financing suitable for ensuring compliance with the provisions of article 32 of the Anti-Money Laundering Decree.