



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

ECB-PUBLIC

BANCA MPS's notification regarding an ex-ante non-material change or extension of the permission for IRB, IMM, A-CVA, IMA and AMA¹

¹ Internal Ratings Based Approach (IRB Approach), Internal Model Method (IMM), Advanced Method for Credit Valuation Adjustment Risk (A-CVA), Internal Models approach (IMA), Advanced Measurement Approach (AMA).



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1. General information

Name of the Institution	Banca Monte dei Paschi di Siena				
Entities affected by the modification	Banca Monte dei Paschi di Siena, MPS Capital Services, MPS Leasing&Factoring				
Date of notification	31/08/2018				
Modification type	Change:	Yes			
	Extension:	No			
Change or extension classification by Institution according to the relevant Regulation	Commission Delegated Regulation (EU) No 529/2014 – Annex I Part II Section 2 (Changes requiring ex ante notification to competent authorities), art. 5 c) “change in the length and composition of time series used for parameter estimation”				
Description of the change or extension	MPS model change 2018_1: change of time series length for the calibration of PD models and estimation of LGD models, adopting internal framework for the analysis of the “the likely range of variability of default rates”. The model change resolves the TRIMI 2017 finding No.9				
Affected risk type(s)	Credit risk	Market risk	Operational risk	Counterparty credit risk	CVA risk
	Yes	No	No	No	No
Model version number	before change: PD1_V6; PD2_V4; PD3_V5; PD4_V5; PD5_V8; PD6_V8; PD7_V8; PD8_V8; PD9_V5; PD10_V5; PD11_V5; PD12_V5; PD13_V1; PD14_V1;		after change: PD1_V7; PD2_V5; PD3_V6; PD4_V6; PD5_V9; PD6_V9; PD7_V9; PD8_V9; PD9_V6; PD10_V6; PD11_V6; PD12_V6; PD13_V2; PD14_V2;		
Planned implementation date of the change or extension	06/11/2018				
Impact on consolidated level	Tier 1 Capital Ratio	before change/extension: 13,03%			
		after change/extension: 12,64%			
	Common Equity Tier 1 Capital Ratio	before change/extension: 13,03%			
		after change/extension: 12,64%			
Relevant competent	Approved by internal committee: Comitato Gestione Rischi of 31/8/2018				

body and date of the internal approval	
List of relevant documents	Comitato Gestione Rischi of 31/08/2018 20180530 Documento calibrazione modelli PD corporate e retail 20180630 Documento calibrazione modelli PD Retail erog 20180813_Documento_Tecnico_Metodologico_LGD_2018_MPS 20180813_Documento_Tecnico_Metodologico_LGD_2018_MPSCS 20180813_Documento_Tecnico_Metodologico_LGD_2018_MPRLF

2. IRB information

Exposure class(es) affected by the change or extension	Central govern. or central banks	Institutions	Corporates	Retail	Equity	Securitisation positions	Other non credit-obligation assets
	No	No	Yes	Yes	No	No	No
Basic properties of the population of clients/exposures	Number of observation: 952.951; total EAD: 82.100.439.992 Eur; minimum EAD: 0 Eur; first quartile EAD: 1.636 Eur; median EAD: 17.500 Eur; average EAD: 86.154 Eur; Third quartile EAD: 74.804 Eur; Maximum EAD: 326.101.256 Eur						
Rating system(s) affected by the change or extension	Number: 14						
	Rating System name	Date of reference	Currency and unit	Total EAD	Total RWA	RWA change absolute	RWA change relative
	PD1	30/6/2018	Eur/million	4291	2950	509	17,24%
	PD2	30/6/2018	Eur/million	2809	1998	129	6,44%
	PD3	30/6/2018	Eur/million	13258	8727	476	5,45%
	PD4	30/6/2018	Eur/million	6586	2816	138	4,91%
	PD5	30/6/2018	Eur/million	5116	1995	258	12,91%
	PD6	30/6/2018	Eur/million	12477	5049	237	4,69%
	PD7	30/6/2018	Eur/million	4668	1433	160	11,17%
	PD8	30/6/2018	Eur/million	2775	941	59	6,29%
	PD9	30/6/2018	Eur/million	14161	1398	41	2,91%

	PD10	30/6/2018	Eur/million	15747	1953	-64	-3,28%
	PD11	30/6/2018	Eur/million	161	39	8	20,36%
	PD12	30/6/2018	Eur/million	12	0,24	0,001	0,61%
	PD13	30/6/2018	Eur/million	31	23	0,3	1,50%
	PD14	30/6/2018	Eur/million	11	0,8	0,09	11,87%
	<Please add as many rows as necessary>						
Impact on consolidated level	Currency: Eur		Unit: million		Date of reference: 30/06/2018		
	RWA		absolute change: +1950				
			relative change: +6,32%				
	Expected Loss		absolute change: +245				
			relative change: +2,61%				

3. IMA information

Risk number(s) affected by the change or extension	VaR	SVaR	IRC	CRM
	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Impact on consolidated level	Currency: Click here to enter text.	Unit: Click here to enter text.	Time period of reference: Click here to enter text.
	OFR	absolute change (highest absolute value over testing period): Click here to enter text.	
		relative change (highest absolute value over testing period): Click here to enter text.	

Impact on solo/(sub)consolidated levels with IMA approval ²	Time period of reference:	Click here to enter text.
	Entity name:	VaR relative change (highest absolute value over testing period): Click here to enter text.
	Level of consolidation: <solo/ sub consolidated/ consolidated>	SVaR relative change (highest absolute value over testing period): Click here to enter text.
		IRC relative change (highest absolute value over testing period): Click here to enter text.
		CRM relative change (highest absolute value over testing period): Click here to enter text.

4. AMA information

Impact on consolidated level	Currency: Click here to enter text.	Unit: Click here to enter text.	Date of reference: Click here to enter a date.
	OFR	absolute change: Click here to enter text.	
		relative change: Click here to enter text.	
Impact on subsidiary level (if parent institution is not using AMA)	Currency:	Unit: Click here to enter text.	Date of reference: Click here to enter a date.
	OFR	absolute change: Click here to enter text.	
		relative change: Click here to enter text.	

5. IMM and A-CVA information

For extensions or changes to IMM approach:

Impact on consolidated level	Currency: Click here to enter text.	Unit: Click here to enter text.	Time period of reference: Click here to enter text.
	RWA	absolute change (highest absolute value over testing period): Click here to enter text.	

² Competent authorities' permissions to use internal models for the determination of own funds requirements for market risk may apply to solo and/or (sub)consolidated levels. Please provide here the impact for all level with IMA approval which are affected by the model change or extension – including the consolidated level itself if applicable.

		relative change (highest absolute value over testing period): Click here to enter text.
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For changes to the A-CVA approach that do not coincide with either IMM or IMA model changes in accordance with EGMA Section 1 (4)(c)(iii):

Impact on consolidated level	Currency: Click here to enter text.	Unit: Click here to enter text.	Time period of reference: Click here to enter text.
	OFR	absolute change (highest absolute value over testing period): Click here to enter text.	
		relative change (highest absolute value over testing period): Click here to enter text.	
	VaR	relative change (highest absolute value over testing period): Click here to enter text.	
	SVaR	relative change (highest absolute value over testing period): Click here to enter text.	

6. Contact details

Institution's contact name for this notification

Lorenzo Boetti

Job title

Area Lending Risk Officer

Business address

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7. Declaration and signatures

By submitting this notification form:

- a) It is confirmed that all the information is accurate, complete and up-to-date, and that it is not omitting material facts.
- b) It is confirmed that this notification and accompanying documentation have been approved through the institution's(s') approval processes by the competent bodies.
- c) I agree to provide any additional information that the Supervisor considers necessary for the assessment of the notification.

Please include the signature and the role of the person authorised to represent the institution. If the application is submitted also on behalf of other institutions or jointly with other institutions, please attach a power of attorney of those institutions.

31 AGO. 2018

BANCA MONTE DEI PASCHI DI SIENA S.p.A.
DIREZIONE CHIEF RISK OFFICER
IL RESPONSABILE

Signature





EUROPEAN CENTRAL BANK

BANKING SUPERVISION

8. Annex

Comitato Gestione Rischi of 31/8/2018

20180530 Documento calibrazione modelli PD corporate e retail

20180630 Documento calibrazione modelli PD Retail erog

20180813_Documento_Tecnico_Metodologico_LGD_2018_MPS

20180813_Documento_Tecnico_Metodologico_LGD_2018_MPSCS

20180813_Documento_Tecnico_Metodologico_LGD_2018_MPSLF

1. 20180813_Documento_Tecnico_Metodologico_LGD_2018_MPS
2. 20180813_Documento_Tecnico_Metodologico_LGD_2018_MPSCS
3. 20180813_Documento_Tecnico_Metodologico_LGD_2018_MPSLF