MONTE
DEI PASCHI
DI SIENA
BANCA DAL 1472

cod. partenza **BC7F0C9E0E**
cod. arrivo   **50de36df70**
21/09/2018

Mittente:	Segreteria Tecnica CRO - MPS
Redattore:	DELLE MACCHIE DEBORA , . > Segreteria Tecnica CRO
Destinatari:	Staff Segreteria Supporto Comitati - MPS
Per conoscenza:	
Alla C.A.	
Oggetto:	Nota per il Comitato Rischi - Direzione CRO

Buongiorno,

con la presente si trasmettono all'attenzione del Comitato Rischi i documenti relativi ai seguenti argomenti che la Direzione Chief Risk Officer propone di inserire all'OdG della riunione del 26 settembre p.v:

- Risk Management Report: 31-07-2018
- Quarterly report on the effectiveness of restructuring transactions - 2Q2018

Cordiali saluti.

Firme	Da	In Data
Direzione Chief Risk Officer	BELLUCCI LEONARDO	21/09/2018

Allegati

Allegato File: 2018-07-31 - Monthly Risk Management Report.pdf
Allegato File: Quarterly report on the effectiveness of restructuring transactions-2Q2018.pdf

DOCUMENTAZIONE COMITATO

Quarterly report on the effectiveness of restructuring transactions

update as of 30 June 2018

Direzione Chief Risk Officer
Area Lending Risk Officer

August, 2018

12. D - F - H (Owner ALRO)

	Comments
Key findings	❑ **Lettera d)** ➢ Monthly credit risk report; ➢ Results from the monthly monitoring of Credit Risk Limits (reporting to CGR); ➢ Annual Report (new) on the results from a CFR conducted on the year-end portfolio of loans to customers (first release September 2018) ❑ **Lettera f)** ➢ Quarterly report (new) to be submitted to the Credit Committee and Risk Committee containing results from the synthetic performance indicators such as cure rate, danger rate, exposure reduction, with a comparison between these parameters and those of the remaining positions (ideally restructured UtP vs network UtP vs rischio anomalo UtP, first release February 2018 on Q4 2017 data) ❑ **Lettera h)** ➢ Scec Report watch-list (quarterly); ➢ Quarterly report on opening of credit line vs customer by segment and collateral; ➢ Monitoring of lending policies in terms of development, maturity and requalification of the performing portfolio; ➢ Quarterly monitoring results: ➢ tolerance and capacity thresholds of R.A. (notification to BoD), ➢ Credit Risk Limits (notification to BoD).

Executive Summary

❑ According to the Committment n.12 f), the Bank's Risk Management Department shall be responsible for developing and deploying adequate restructuring effectiveness reporting mechanisms, for performing in-depth analyses of internal and/or external best practices, reporting its findings at least on a quarterly basis to the Credit Committee and the Board Risk Committee, suggesting actionable improvements to the processes and policies involved and oversee and reporting on their implementation to the Credit Committee and the Board Risk Committee.

❑ Report on Unlikely to Pay Portfolio at start of 2Q2018 shows Forborne exposures over 57% of the total and 2.7% cure rate (quarterly).

❑ The 2018 plan of second-level control on credit exposures included quarterly analyses on restructured exposures.

❑ The work plan was developed along two lines: Operational Compliance with to Business Processes and Analysis of the Portfolio stock at 12/2017 (ref. Committment 12 d).

❑ In the second quarter of 2018 were carried out analysis activities relating to the Portfolio Analysis Corporate at 12/2017 with specific focus on Forborne exposures.

❑ The results of the file-by-file analysis in the second quarter of 2018 have proven an Adequate, no specific corrective actions were requested.

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

3

12. F – Quarterly report on the effectiveness of restructuring transactions

Valori in €/mln		IV Q 2017	I Q 2018	II Q 2018	III Q 2018	IV Q 2018
UTOP FORBORNE	Initial Stock	7.014,9	6.563,4	6.355,0		
	Cure Rate	1,44%	1,93%	2,69%		
	Danger Rate	6,50%	1,36%	2,51%		
	Exposures Reduction on open positions	-3,30%	-1,92%	-1,84%		
	Exposures Reduction on closed positions	-1,63%	-0,78%	-2,00%		
UTOP NO FORBORNE	Initial Stock	5.348,1	5.027,8	4.616,8		
	Cure Rate	0,28%	0,47%	0,70%		
	Danger Rate	14,35%	4,53%	6,08%		
	Exposures Reduction on open positions	-0,20%	-2,04%	-0,27%		
	Exposures Reduction on closed positions	-1,28%	-1,80%	-5,12%		
	Forborne/Total	56,74%	56,62%	57,92%		
	No Forborne/Total	43,26%	43,38%	42,08%		

Quarterly report

❑ Utop Forborne down by approx. 209 €/mln, mainly thank to the cure process and the exposure reduction on open positions.

Legend/Contents of the table
❑ The table shows the dynamics of on balance exposures to customers of all the positions in **UtoP** of the 4 banks of the Group (99,9%).
❑ The UtoP portfolio has been clustered in **Forborne** and **No Forborne** where in Forborne is classified the overall customer position that has at least one facility with forberance measure.
❑ Synthetic performance indicators:
   ✓ **Cure Rate**: flow from UtoP to Performing vs.previous quarter.
   ✓ **Danger Rate**: flow from UtoP to Bad Loans vs.previous quarter.
   ✓ **Exposures Reduction on open positions**: delta exposure on counterparties that result in UtoP at the beginning and end of the period.
   ✓ **Exposures Reduction on closed positions**: delta exposure on counterparties that are UtoP at the beginning of the period but which are not borrower at the end of the period.

12. Quarterly report on the effectiveness of restructuring transactions – Forborne Performing

Values in €/mln	GBV Performing by Rating				
	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
AA	-	-	-		
A	5	4	6		
B	59	23	61		
C	922	1.015	906		
D	936	918	871		
E	426	486	459		
NR	34	35	23		
TOTAL	2.381	2.480	2.325		

❑ Forborne Perfoming down by approx. 57 €/mln, mainly on rating classes C and D.

❑ Forborne past due for more than 30 days down at 58 €/mln from 156 €/mln of May, 142 €/mln of March and 174 €/mln of December, mainly on bad positions with entry date in forborne over 36 months.
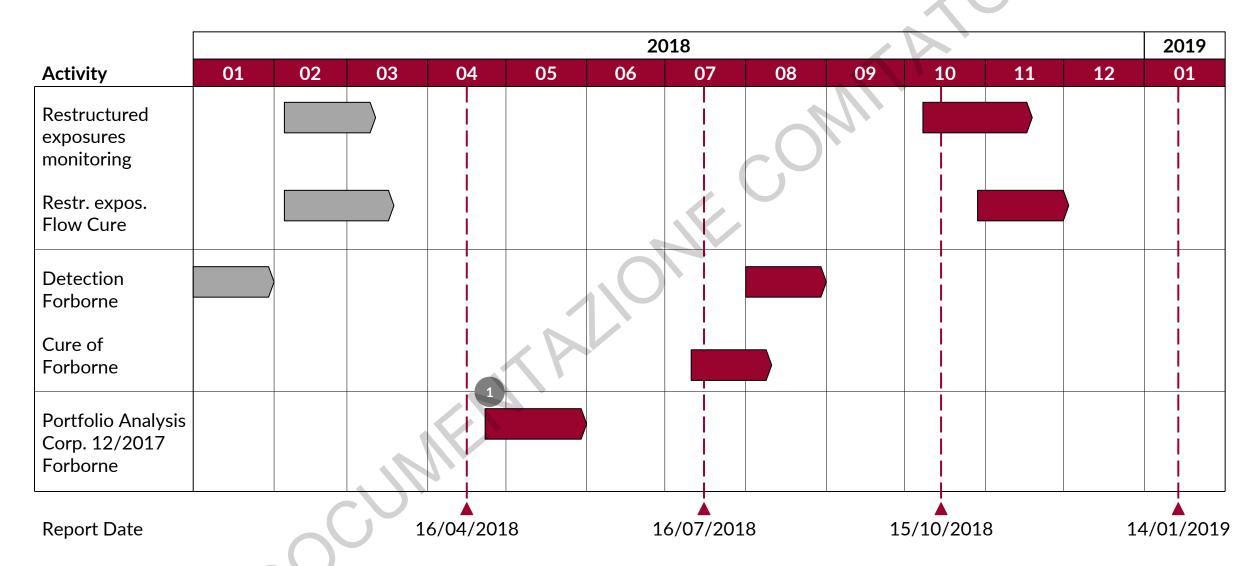
Values in €/mln	GBV Performing by Vintage										Change			
	Dec-17		Mar-18		Jun-18		Sep-18		Dec-18		MoM		Vs. 31/12/17	
		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d	Foreborne	Of which past due > 30 d	Foreborne	Of which past due > 30 d
Good	1.602	141	1.668	114	1.566	44					-32	-41	-35	-97
0-12	795	69	822	50	833	16					-14	-13	38	-53
12-24	543	47	624	45	557	17					-16	-17	13	-29
24-36	119	11	96	4	62	3					-1	-7	-57	-8
>36	144	14	126	16	114	7					-1	-5	-29	-7
Bad, of which:	780	33	812	28	758	15					-106	-56	-22	-18
0-12	139	7	156	5	127	1					-24	-8	-11	-6
12-24	283	12	303	13	271	7					-51	-6	-12	-5
24-36	197	6	169	4	183	2					-7	-5	-14	-4
>36	162	7	184	6	177	4					-24	-37	15	-3
TOTAL	2.381	174	2.480	142	2.325	58					-138	-97	-57	-115

Perimeter: MPS, MPS CS, MPS LF, WIDIBA

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

5

12. F – Quarterly report on the effectiveness of restructuring transactions – Watchlist (only days past due)

Values in €/mln	EXPOSURE PERFORMING									
	Dec-17 *		Mar-18		Jun-18		Sep-18		Dec-18	
Non Past Due	74.462	97,5%	74.986	97,0%	79.915	98%				
Past due 1 day	295	0,4%	763	1,0%	600	1%				
Past due 30 days	606	0,8%	678	0,9%	506	1%				
Past Due 60 days	205	0,3%	240	0,3%	144	0%				
Past Due 90 days	362	0,5%	340	0,4%	115	0%				
Past due > 90 days	428	0,6%	335	0,4%	338	0%				
TOTAL	76.358	100,0%	77.342	100,0%	81.617	100%				
of which Forborne	2.381		2.480		2.325					

Perimeter: MPS, MPS CS, MPS LF, WIDIBA

❑ In June, decrease the past due > 1 day of about 54 €/mln, 60 days class by approx. 275 €/mln and the past due > 90 days of about 145 €/mln. Instead, increase the 30 and 90 days classes.

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

* The figure as of 31/12/2017 is done using past due classes as of 28/02/2018

Annual plan and quarterly report dates

Activity	2018												2019
	01	02	03	04	05	06	07	08	09	10	11	12	01

Restructured exposures monitoring

Restr. expos. Flow Cure

Detection Forborne

Cure of Forborne

Portfolio Analysis Corp. 12/2017 Forborne

Report Date   16/04/2018   16/07/2018   15/10/2018   14/01/2019

Focus in subsequent slide

Analysis Activities reported in the First Quarter

1 – Portfolio Analysis Corporate/Others 12/2017 – Focus on Forborne Exposures

❑ According to the Committment n.12 d) of the MPS Bank's restructuring plan, the Risk Management Department started in March 2018 a sample Portfolio Analysis Retail and Corporate/Others at 12/2017. In the first analysis phase, the Portfolio was stratified by Type of Counterparty and Risk Levels. After the data integrity checks, the exposures belonging to the Retail and Corporate/Others segments were stratified by different risk characteristics (i.e High-Risk).

❑ A specific layer for forborne exposures has been identified only in the Corporate/Others portfolio.

❑ The initial perimeter of control activities included 5,984 positions with forborne exposures classified as «performing» at 31 dec 2017

❑ Through random sampling, **25 positions** were selected

❑ The sample analyzed represents 0.42% of the perimeter in terms of positions and 1.60% in terms of Forborne Performing exposures (Under Probation) at 31 dec 2017

❑ Operational compliance is observed in 100% of the reviewed exposures, therefore no specific corrective actions were requested

Controls on individual exposures (CFR)

	Positions		Exposures	
	Num.	%	EUR Mgl.	%
Perimeter	5,984		2,245,264	
Sample	25	0.42%	36,009	1.60%
Compliant	25	100.0%	36,009	100.0%

No relevant findings observed on the sampled portfolio

In the other layers of the analyzed sample different by Bad Loans (285 Debtors), specific corrective actions were requested for 3 cases evaluated as non-compliant in relation to the non-recognition of forbearance.

Retail Portfolio
Nr. 1 Forbearance PE (to be classified Forborne Under Probation)

Corporate/Others Portfolio

Nr. 1 Forbearance NPE (to be classified Forborne in the cure period)
Nr. 1 Forbearance PE (to be classified Forborne Under Probation)