



**MONTE
DEI PASCHI
DI SIENA**
BANCA DAL 1472

Group Risk Appetite Framework 2019-2021

Key Risk Indicators: Preliminary Proposal

Direzione Chief Risk Officer

26 September 2018

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Section 1 – Group KRI

Section 2 – Cascading Down



RAS 2019-2021 – Group KRI

19-2021 – Group KRI

| | | Risk Appetite Statement 2019 | | | | | | | | | | | | |
|---------------------------|---|------------------------------|---------|----------------------|----------------------|----------------------|----|-----------------|-----------------|-----------------|----------------|----------------|----------------|--------------------------|
| | | U.M. | Profile | Appetite FY 2019E | Appetite FY 2020E | Appetite FY 2021E | vs | Tolerance 1Y | Tolerance 2Y | Tolerance 3Y | Capacity 1Y | Capacity 2Y | Capacity 3Y | Regulatory Minimum \$ |
| Capital Adequacy | CET1 Ratio (°) | % | | | | | > | | | | 10,63% | 10,69% | 10,75% | 10,13% |
| | Tier 1 Ratio (°) | % | | | | | > | | | | 12,13% | 12,19% | 12,25% | 11,63% |
| | Total Capital Ratio (°) | % | | | | | > | | | | 14,13% | 14,19% | 14,25% | 13,63% |
| Liquidity Adequacy | Net Cash Position 1M/ Total Assets | % | | | | | > | | | | 6,0% | 6,0% | 6,0% | - |
| | LCR | % | | | | | > | | | | 120% | 120% | 120% | 100% |
| | NSFR (1) | % | | | | | > | | | | 100% | 100% | 100% | 100% |
| | Weighted Average Cost of wholesale funding | bps | | | | | < | | | | 97 | 97 | 97 | |
| | Net Asset Encumbrance Ratio | % | | | | | < | | | | 66% | 66% | 66% | |
| Leverage | Leverage Ratio (°) | % | | | | | > | | | | 3,00% | 3,00% | 3,00% | - |
| Asset & Liability Quality | NPE Ratio | % | | | | | < | | | | 19,0% | 18,0% | | - |
| | Texas Ratio | % | | | | | < | | | | 105% | 100% | | |
| | Commercial Lending - Default Rate | % | | | | | < | | | | | | | |
| | Coverage NPE Ratio | % | | | | | > | | | | 56% | 57% | | |
| | Growth Rate of gross Non Performing Exposures | % | | | | | < | | | | -5% | 0% | | - |
| | Minimum Requirements of Eligible Liabilities (MREL) (2) | % | | | | | > | | | | 21,41% | 23,19% | 25,57% | 21,41% |
| Performance | RAROC | % | | | | | > | | | | 0,00% | 0,00% | 0,00% | - |
| | Net Margin | €/mln | | | | | | | | | | | | |
| | Net Income | €/mln | | | | | > | | | | | | | |
| | ROE | % | | | | | > | | | | | | | |
| | Operational Losses/Net Operating Revenues | % | | | | | < | | | | 10,42% | 10,42% | 10,42% | - |
| Internal Controls | High relevance Gaps | num. | | | | | < | | | | | | | - |
| | Internal Controls System Score (2): | | | | | | | | | | | | | |
| | <i>Macroprocessi non adeguati (3)</i> | num. | | | | | < | | | | | | | |
| | <i>Macroprocessi parz. adeguati</i> | num. | | | | | < | | | | | | | |
| | High Risk Customers on Total Customers | % | | | | | < | | | | | | | |
| | Segnalazione Operazioni Sospette (SOS) | num. | | | | | < | | | | | | | |
| | IT Risk: High/Very High Risk Resources | num. | | | | | < | | | | | | | |
| Related Parties | Total Exposures on Related Parties / Own Funds | % | | | | | < | | | | | | | |

New Indicator

(°) Transitional ratios

(§) Valori minimi per i Capital Adequacy Ratios da ultima SREP Decision (19-06-2017) valida dal 01/01/2018.

Il valore minimo per LCR è stabilito dal Reg UE 575/13 (CRR)

(1) Regulatory minimum del 100% a partire dal 2022 (CRR2)

(2) Espresso come percentuale del Total Risk Exposure Amount atteso (Exp. TREA).



MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

RAS 2019-2021 – Principali Evoluzioni

- Il RAS 2019-21 si pone, tra gli obiettivi principali, quello di includere tra i KRI di Gruppo gli indicatori di Recovery Plan, mirando ad uniformare la fase di monitoraggio prevista dai due processi.
- In aggiunta agli indicatori ereditati dal Recovery Plan, la lista di KRI definiti per il Gruppo presenta quest'anno alcuni ulteriori nuovi indicatori che riguardano i seguenti ambiti:
 - **Asset Quality** – Default Rate: introdotto in seguito a indicazioni della BCE.
 - **Liability Quality** – MREL, Minimum Requirements for Own Funds and Eligible Liabilities: introdotto in virtù della comunicazione pervenuta da parte del Single Resolution Board con la quale sono stati trasmessi al Gruppo *interim targets* per quanto riguarda la struttura delle passività per il periodo 2018-2020, in previsione del vincolo regolamentare atteso dal 1° gennaio 2021.
 - **Performance** – inclusione del Net Income al fine di monitorare l'effettiva *capital generation* del Gruppo.
 - **Anti-Money Laundering (AML)** – introduzione di due nuovi indicatori a livello di Gruppo; il primo prende in considerazione l'incidenza percentuale dei clienti con profilo di rischio alto sul totale della clientela; il secondo pone attenzione sulle segnalazioni di operazioni sospette in termini di anzianità dello stock SOS esistente.
- A livello di Legal Entity e Chief, si propone l'introduzione di determinati indicatori, volti a favorire il presidio della qualità del credito e della gestione dei *Non Performing Loans*, in aggiunta ad indicatori di performance specifici (Net Income). Le schede dei Chief sono state, inoltre, integrate con degli indicatori specifici volti a monitorare l'*execution* di alcune strategie.
- Le Risk Capacity degli indicatori di Gruppo, ove definite, sono state ereditate dal Recovery Plan / RAS vigenti e sono pertanto passibili di modifiche/ricalibrizioni.



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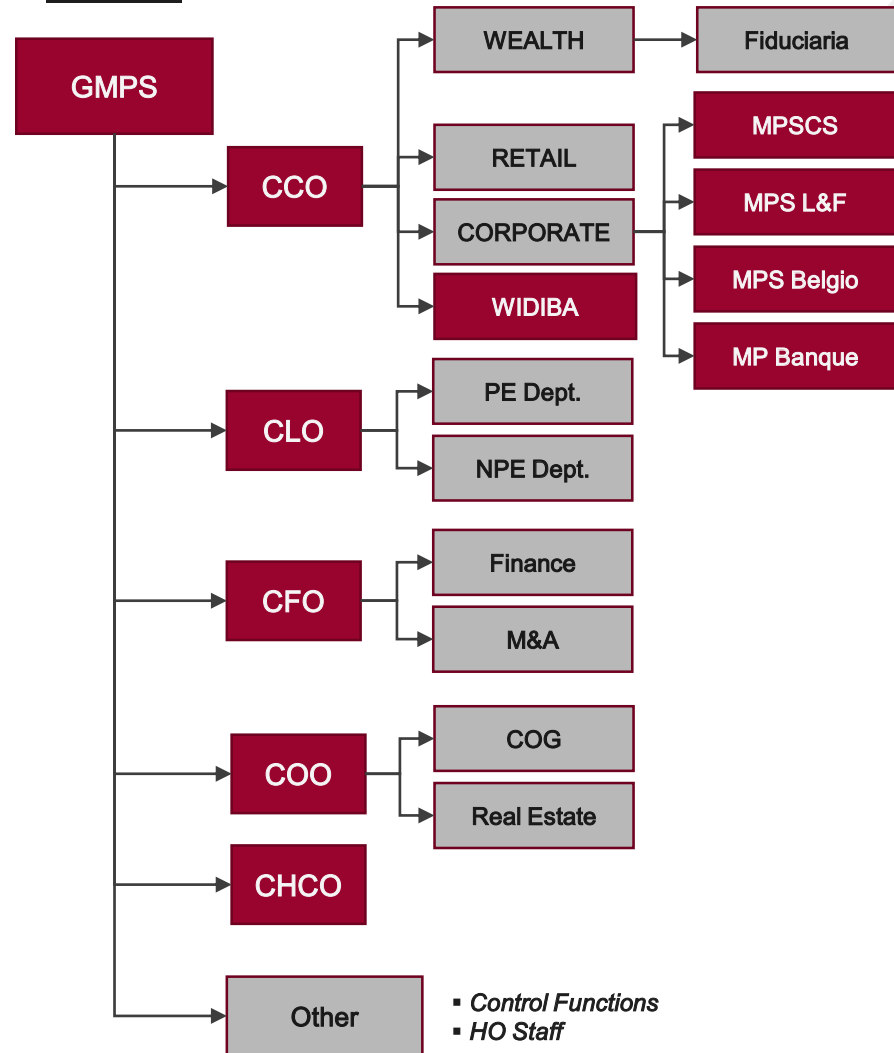
Section 1 – Group KRI

Section 2 – Cascading Down

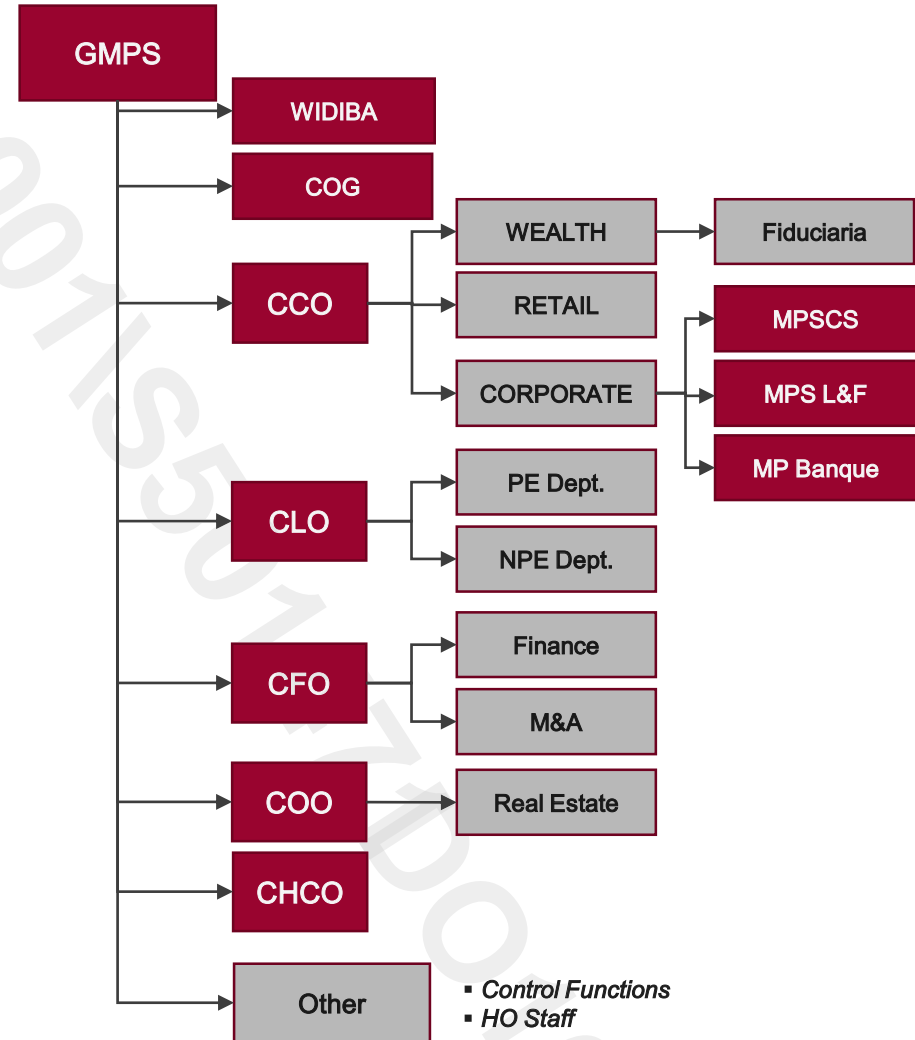


RAS 2019-2021 – Unit Identification Perimeter

RAS 2018



RAS 2019



- I KRI Primari di Gruppo vengono declinati solo sui C-Level e sulle Legal Entity.
- I Risk Limits (limiti operativi gestionali) sono declinati sui livelli sottostanti ai C-Level e anche sulle Legal Entity

Quantitative KRI

Quantitative & Qualitative KRI



RAS 2019-2021 – Key Risk Indicator: MPS Capital Services

MPS CAPITAL SERVICES

| | | Risk Appetite Statement 2019 | | | | |
|--------------------|---|------------------------------|-------|----------|----|--------------------|
| | | U.M. | FY18E | Appetite | vs | Tolerance Capacity |
| Capital Adequacy | CET1 Ratio (°) | % | | | > | |
| | Tier 1 Ratio (°) | % | | | > | |
| | Total Capital Ratio (°) | % | | | > | |
| | Regulatory RWA - Credit Risk (Commercial Lending) | €/mIn | | | < | |
| | Regulatory RWA - Market Risk | €/mIn | | | < | |
| | Internal RWA - Market Risk | €/mIn | | | < | |
| Liquidity Adequacy | Gap Ratio 1Y | % | | | > | |
| Leverage | Leverage Ratio (°)(*) | % | | | > | |
| Asset Quality | NPE Ratio | % | | | < | |
| | Growth Rate of gross Non Performing Exposures | % | | | < | |
| | Commercial Lending - # Cured Exposures (1) / # Worsened Exposures towards Bad Loans (2) | % | | | > | |
| Performance | RAROC | % | | | > | |
| | Net Income | €/mIn | | | > | |
| | Operational Losses | % | | | < | |
| Internal Controls | IT Risk: High/Very High Risk Resources | num. | | | < | |

(°) Transitional ratios

(*) I valori sono stimati considerando le operazioni infragruppo.

(1) Da Past Due/UtoP a Bonis

(2) Da Past Due/UtoP a Sofferenza

 New Indicator
 Deleted Indicator



RAS 2019-2021 – Key Risk Indicator: MPS Leasing & Factoring

MPS LEASING & FACTORING

| | | Risk Appetite Statement 2019 | | | | |
|--------------------|---|------------------------------|-------|----------|----|--------------------|
| | | U.M. | FY18E | Appetite | vs | Tolerance Capacity |
| Capital Adequacy | CET1 Ratio (°) | % | | | > | |
| | Tier 1 Ratio (°) | % | | | > | |
| | Total Capital Ratio (°) | % | | | > | |
| | Regulatory RWA - Credit Risk (Commercial Lending) | €/mln | | | < | |
| Liquidity Adequacy | Gap Ratio 1Y | % | | | > | |
| Leverage | Leverage Ratio (°)(*) | % | | | > | |
| Asset Quality | NPE Ratio | % | | | < | |
| | Growth Rate of gross Non Performing Exposures | % | | | < | |
| | Commercial Lending - # Cured Exposures (1) / # Worsened Exposures towards Bad Loans (2) | % | | | > | |
| Performance | RAROC | % | | | > | |
| | Net Income | €/mln | | | > | |
| | Operational Losses | % | | | < | |
| Internal Controls | IT Risk: High/Very High Risk Resources | num. | | | < | |

(°) Transitional ratios

(*) I valori sono stimati considerando le operazioni infragruppo.

(1) Da Past Due/UtoP a Bonis - Perimetro: Leasing Immobiliare

(2) Da Past Due/UtoP a Sofferenza - Perimetro: Leasing Immobiliare

| | |
|--|-------------------|
| | New Indicator |
| | Deleted Indicator |



RAS 2019-2021 – Key Risk Indicator: WIDIBA

WIDIBA

| | | Risk Appetite Statement 2019 | | | | |
|--------------------|---|------------------------------|-------|----------|--------------|----------|
| | | U.M. | FY18E | Appetite | vs Tolerance | Capacity |
| Capital Adequacy | CET1 Ratio (°) | % | | | > | |
| | Tier 1 Ratio (°) | % | | | > | |
| | Total Capital Ratio (°) | % | | | > | |
| | Regulatory RWA - Credit Risk (Commercial Lending) | €/mln | | | < | |
| Liquidity Adequacy | Gap Ratio 1Y | % | | | > | |
| Leverage | Leverage Ratio (°)(*) | % | | | > | |
| Asset Quality | NPE Ratio | % | | | < | |
| | Growth Rate of gross Non Performing Exposures | % | | | < | |
| Performance | RAROC | % | | | > | |
| | Net Income | €/mln | | | > | |
| | Operational Losses | % | | | < | |
| Internal Controls | IT Risk: High/Very High Risk Resources | num. | | | < | |
| | IT Risk: High/Very High Risk IT Unit | num. | | | < | |
| | Major incidents on IT Resources | num. | | | < | |
| | Major security incidents on IT Resources | num. | | | < | |
| | Fraud on IB clients | % | | | < | |
| | IB frauds (1) | €/mln | | | < | |

(°) Transitional ratios

(*) I valori sono stimati considerando le operazioni infragruppo.

(1) Importo complessivo delle perdite subite dalla clientela a causa di frodi su IB.

| | |
|--|-------------------|
| | New Indicator |
| | Deleted Indicator |



RAS 2019-2021 – Key Risk Indicator: MP Banque

MP BANQUE

| | | Risk Appetite Statement 2019 | | | | |
|--------------------|---|------------------------------|-------|----------|----|--------------------|
| | | U.M. | FY18E | Appetite | vs | Tolerance Capacity |
| Capital Adequacy | CET1 Ratio (°) | % | | | > | |
| | Tier 1 Ratio (°) | % | | | > | |
| | Total Capital Ratio (°) | % | | | > | |
| Liquidity Adequacy | LCR | % | | | > | |
| | NSFR | % | | | > | |
| Leverage | Leverage Ratio (°) | % | | | > | |
| Balance Sheet | Total Assets | €/mln | | | < | |
| Asset Quality | NPE Ratio | % | | | < | |
| | Growth Rate of gross Non Performing Exposures | % | | | < | |
| Performance | RAROC | % | | | > | |
| | Operational Losses | % | | | < | |

(°) Transitional ratios

| | |
|--|-------------------|
| | New Indicator |
| | Deleted Indicator |



RAS 2019-2021 – Key Risk Indicator: Consorzio Operativo di Gruppo

COG

| | | Risk Appetite Statement 2019 | | | |
|-------------------|---|------------------------------|-------|----------|--------------|
| | | U.M. | FY18E | Appetite | vs Tolerance |
| Performance | Operational Losses (A) | €/mln | | | < |
| Internal Controls | IT Risk: High/Very High Risk Resources (1)(2) | num. | | | < |
| | IT Risk: High/Very High Risk Units(3) | num. | | | < |
| | Major incidents on IT Resources | num. | | | < |
| | Major security incidents on IT Resources(4) | num. | | | < |
| | Fraud on IB clients(5) | % | | | < |
| | IB frauds (4) | €/mln | | | < |

(A) Dato annualizzato

(1) Numero di risorse IT che presentano un rischio valutato Alto/Molto Alto (come combinazione di probabilità e impatto secondo la policy metodologica adottata), non mitigabile o non mitigato entro il periodo massimo di 12 mesi

(2) Sono incluse nel conteggio anche le risorse di natura trasversale e le risorse ITxIT (come definite dalla policy metodologica adottata)

(3) Numero di unità organizzative all'interno della Funzione IT che presentano un rischio valutato Alto/Molto Alto (sulla base di indicatori che misurano nel continuo una serie di anomalie tecnologiche e di processo, in ottica di early warning)

(4) Major incident notificati alle Autorità (Banca d'Italia, Garante Privacy ...)

(5) Percentuale dei clienti attivi Internet banking che hanno subito perdite a seguito di transazioni fraudolente

(4) Importo complessivo delle perdite subite dalla clientela a causa di frodi su IB.

| | |
|--|-------------------|
| | New Indicator |
| | Deleted Indicator |



RAS 2019-2021 – Key Risk Indicator: Chief Commercial Officer

CHIEF COMMERCIAL OFFICER

| | | Risk Appetite Statement 2019 | | | |
|--------------------|---|------------------------------|-------|----------|--------------|
| | | U.M. | FY18E | Appetite | vs Tolerance |
| Capital Adequacy | Total Regulatory RWA | €/mln | | | < |
| | Regulatory RWA - Credit Risk (Commercial Lending) - Corporate Dept. | €/mln | | | < |
| | Regulatory RWA - Credit Risk (Commercial Lending) - Retail Dept. | €/mln | | | < |
| | Total Internal RWA | €/mln | | | < |
| Liquidity Adequacy | Loan to Deposit Ratio (Commercial) | % | | | < |
| | Commercial Gap Ratio 3Y | % | | | > |
| Asset Quality | Commercial Lending - Average PD (AIRB) | % | | | < |
| | Commercial Lending - Average LGD (AIRB) | % | | | < |
| | Commercial Lending - Net Default Flow | €/mln | | | < |
| | Commercial Lending - Cured Exposures (*) | €/mln | | | > |
| | Commercial Lending - Portfolio worsening towards UtoP (*) / Bad Loans (flow) (*) | €/mln | | | < |
| | Commercial Lending - Corporate Dept. - # Cured Exposures (1) / # Worsened Exposures towards Bad Loans (2) (A) | % | | | > |
| | Commercial Lending - Retail Dept. - # Cured Exposures (1) / # Worsened Exposures towards Bad Loans (2) (B) | % | | | > |
| Performance | Operational Losses (C) | €/mln | | | < |
| | RAROC | % | | | > |
| | Net Operating Income | €/mln | | | > |
| Internal Controls | IT Risk: High/Very High Risk Resources | num. | | | < |

(*) Past Due e UtoP (Rete)

(*) Rischio Anomalo e Crediti Ristrutturati

(1) Da UtoP Rete e Past Due a Bonis

(2) Da UtoP Rete e Past Due a Sofferenza

(A) Perimetro: BMPS - Corporate Dept. - Esposizioni > 100K

(B) Perimetro: BMPS - Retail Dept. - Esposizioni > 20K

(C) Dato annualizzato

| | |
|--|-------------------|
| | New Indicator |
| | Deleted Indicator |



RAS 2019-2021 – Key Risk Indicator: Chief Lending Officer

CHIEF LENDING OFFICER

| | | Risk Appetite Statement 2019 | | | |
|--------------------------|---|------------------------------|-------|----------|--------------|
| | | U.M. | FY18E | Appetite | vs Tolerance |
| Capital Adequacy | Total Regulatory RWA | €/mln | | | < |
| Asset Quality | Commercial Lending - Average PD (AIRB) on New Lending | % | | | < |
| | Commercial Lending - Cure Rate on UtoP Loans (*) | % | | | > |
| | Commercial Lending - Danger Rate on UtoP Loans (*) | % | | | < |
| | Commercial Lending - Reduction (UtoP Loans) (*) | €/mln | | | > |
| | Commercial Lending - Reduction (Bad Loans) | €/mln | | | > |
| | Commercial Lending - Secured Exposures / Unsecured Exposures (New Lending) | % | | | > |
| | Commercial Lending - Reductions (Bad Loans) - Exposures < 150 €/K | €/mln | | | > |
| | Commercial Lending - Reductions (Bad Loans) - Exposures between 150 €/K and 3 €/mln | €/mln | | | > |
| | Commercial Lending - Reductions (Bad Loans) - Exposures > 3 €/mln | €/mln | | | > |
| | Commercial Lending - Corporate Dept. - # Cured Exposures (1) / # Worsened Exposures towards Bad Loans (2) (A) | % | | | > |
| | Commercial Lending - Retail Dept. - # Cured Exposures (1) / # Worsened Exposures towards Bad Loans (2) (B) | % | | | > |
| | Commercial Lending - Vintage NPE | yrs | | | < |
| Internal Controls | IT Risk: High/Very High Risk Resources | num. | | | < |

(*) Rischio Anomalo e Crediti Ristrutturati

(1) Da Massivo, Rischio Anomalo e Ristrutturato a Bonis

(2) Da Massivo, Rischio Anomalo e Ristrutturato a Sofferenza

(A) Perimetro: BMPS - Corporate Dept. - Esposizioni > 100K

(B) Perimetro: BMPS - Retail Dept. - Esposizioni > 20K

| | |
|--|-------------------|
| | New Indicator |
| | Deleted Indicator |



RAS 2019-2021 – Key Risk Indicator: Chief Financial Officer

CHIEF FINANCIAL OFFICER

| | | Risk Appetite Statement 2019 | | | |
|--------------------|---|------------------------------|-------|----------|--------------|
| | | U.M. | FY18E | Appetite | vs Tolerance |
| Capital Adequacy | CET1 Capital (Group) (*) | €/mln | | | > |
| | Total Capital (Group) (*) | €/mln | | | > |
| | Total Regulatory RWA | €/mln | | | < |
| | Total Internal RWA | €/mln | | | < |
| | Internal RWA - Market Risk | €/mln | | | < |
| | Internal RWA - Interest Rate Risk on Banking Book (IRRBB) (Group) | €/mln | | | < |
| Liquidity Adequacy | Time to Survival under stress | days | | | > |
| | Gap Ratio 3Y | % | | | > |
| | Asset Encumbrance Net Ratio | % | | | < |
| Performance | Operational Losses (A) | €/mln | | | < |
| | Net Operating Income (Finance Department) | €/mln | | | > |
| | RAROC (Finance Department) | % | | | > |
| Internal Controls | IT Risk: High/Very High Risk Resources | num. | | | < |

(*) Transitional

(A) Dato annualizzato

| | |
|--|-------------------|
| | New Indicator |
| | Deleted Indicator |



RAS 2019-2021 – Key Risk Indicator: Chief Operating Officer

CHIEF OPERATING OFFICER

| | | Risk Appetite Statement 2019 | | | | |
|--------------------------|--|------------------------------|-------|----------|----|-----------|
| | | U.M. | FY18E | Appetite | vs | Tolerance |
| Capital Adequacy | Total Internal RWA | €/mln | | | < | |
| Performance | Operational Losses (A) | €/mln | | | < | |
| Internal Controls | IT Risk: High/Very High Risk Resources (1) | num. | | | < | |

(A) Dato annualizzato

(1) Sono incluse nel conteggio anche le risorse di natura trasversale e le risorse ITxIT (come definite dalla policy metodologica adottata)

CHIEF HUMAN CAPITAL OFFICER

| | | Risk Appetite Statement 2019 | | | | |
|--------------------------|--|------------------------------|-------|----------|----|-----------|
| | | U.M. | FY18E | Appetite | vs | Tolerance |
| Performance | Operational Losses (*) (A) | €/mln | | | < | |
| Internal Controls | IT Risk: High/Very High Risk Resources (1) | num. | | | < | |

(*) Mainly Employments Litigations

(A) Dato annualizzato

(1) Sono incluse nel conteggio anche le risorse di natura trasversale e le risorse ITxIT (come definite dalla policy metodologica adottata)

