



Le priorità del CRO: Rischio tasso, rischi cyber e rischi ESG nella prospettiva strategica ed operativa

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1

5 relevant risks in 2024 (according to EIU at the end of 2023)

2

Interest rate risk: The Rockstar among risks

3

Rischio cyber: Si vis pacem para bellum

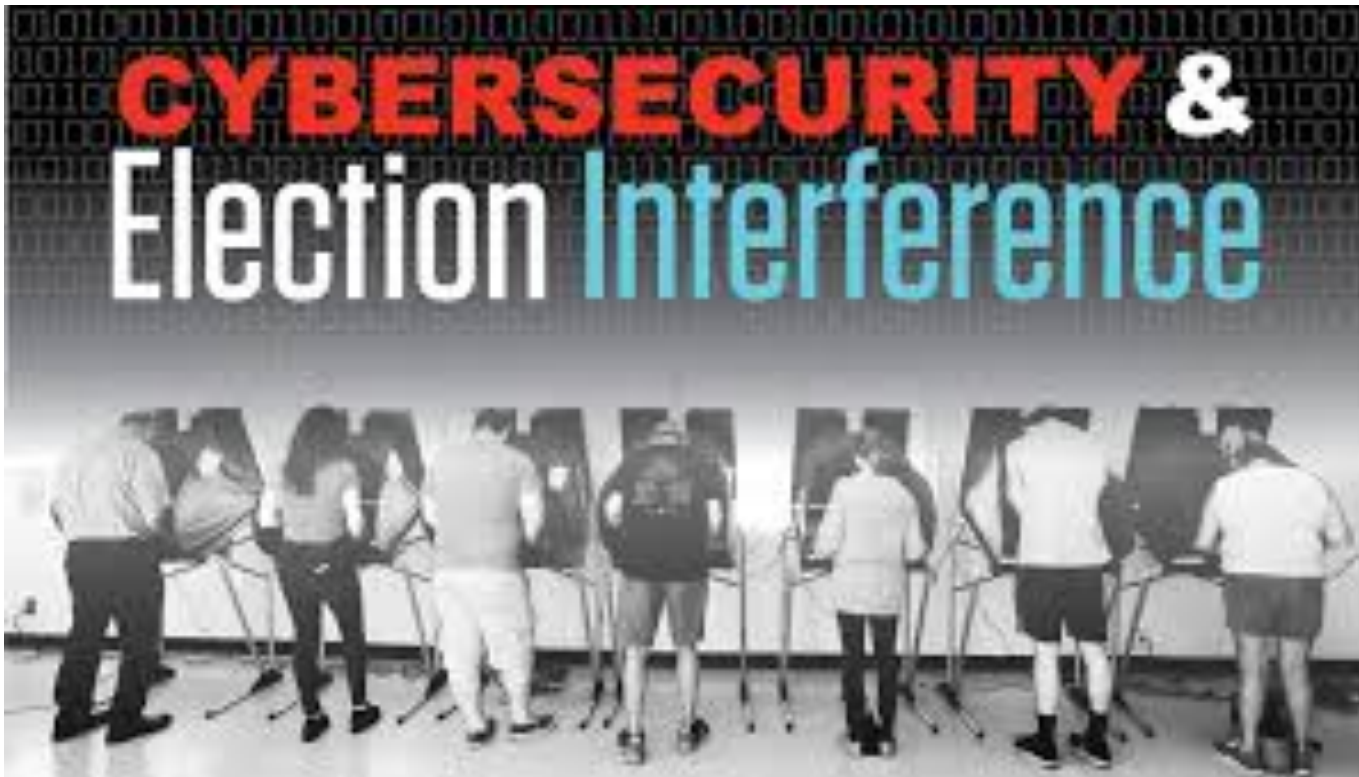
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Climate risk & ESG: Still relevant ?

Rising Geopolitical tension

Priorities are changing..





Cyber interference

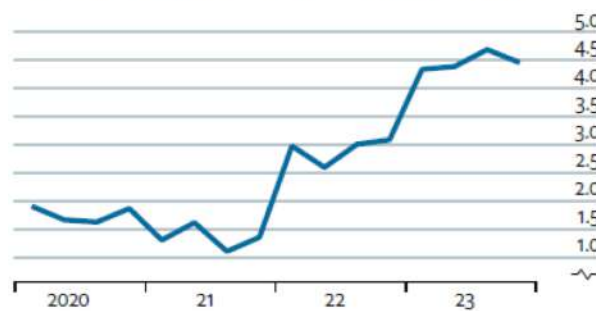
Cyber security is the new headache..

But monetary policy has clear mandate

European economy experiencing a hard landing

Declining euro zone inflation and wage growth pave the way for monetary policy easing from June

Euro zone negotiated wages (% change, year on year)



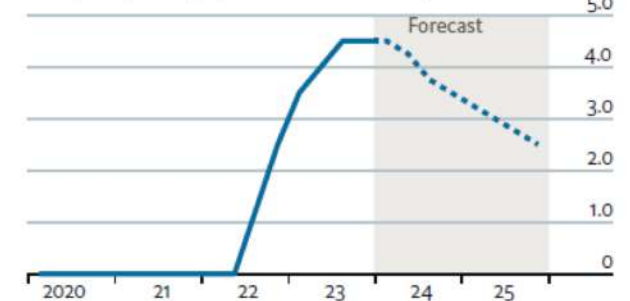
Euro zone unemployment rate (%)



Euro zone inflation (%)



ECB policy rate (%; forecasts from 2024)

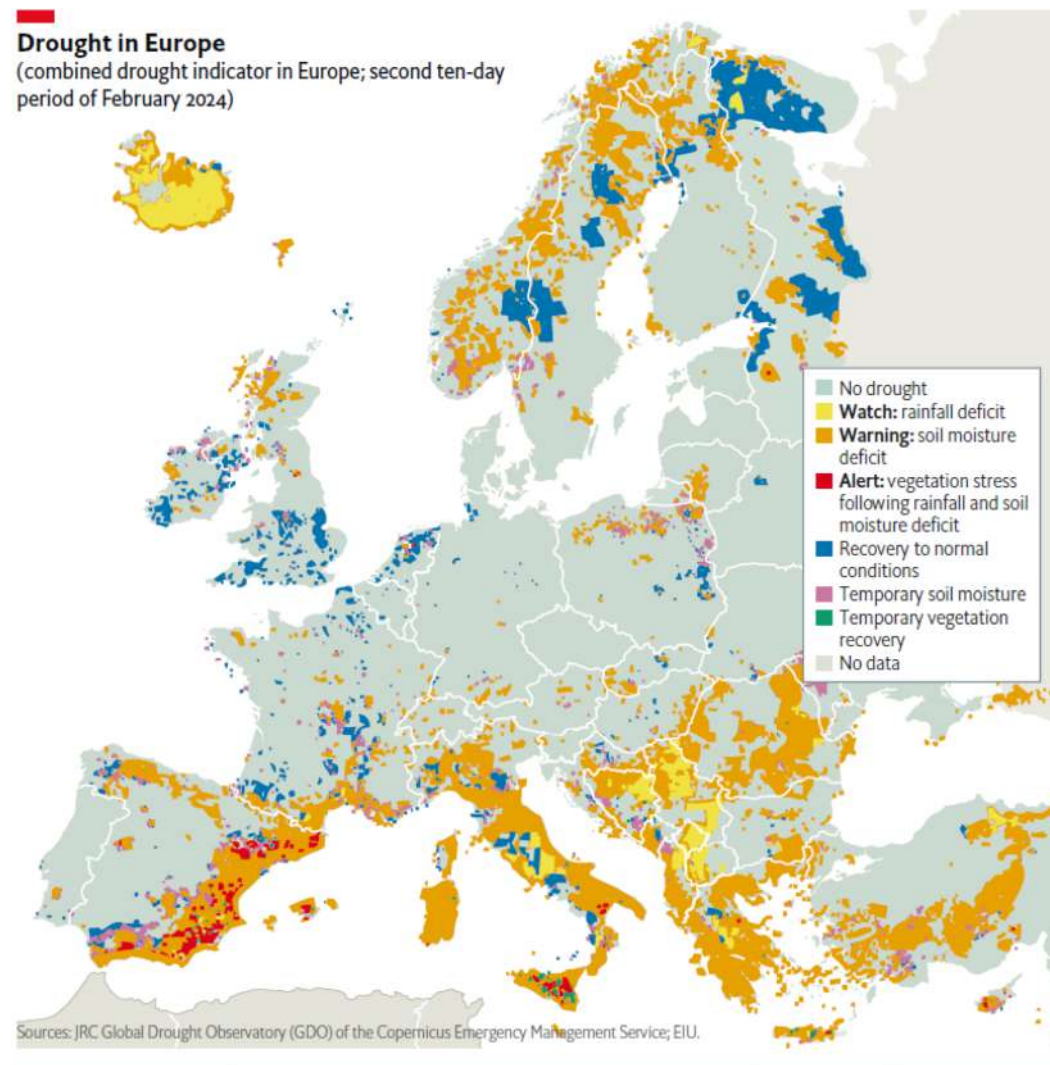


Sources: Eurostat; ECB; EIU.

*Excluding energy and food prices

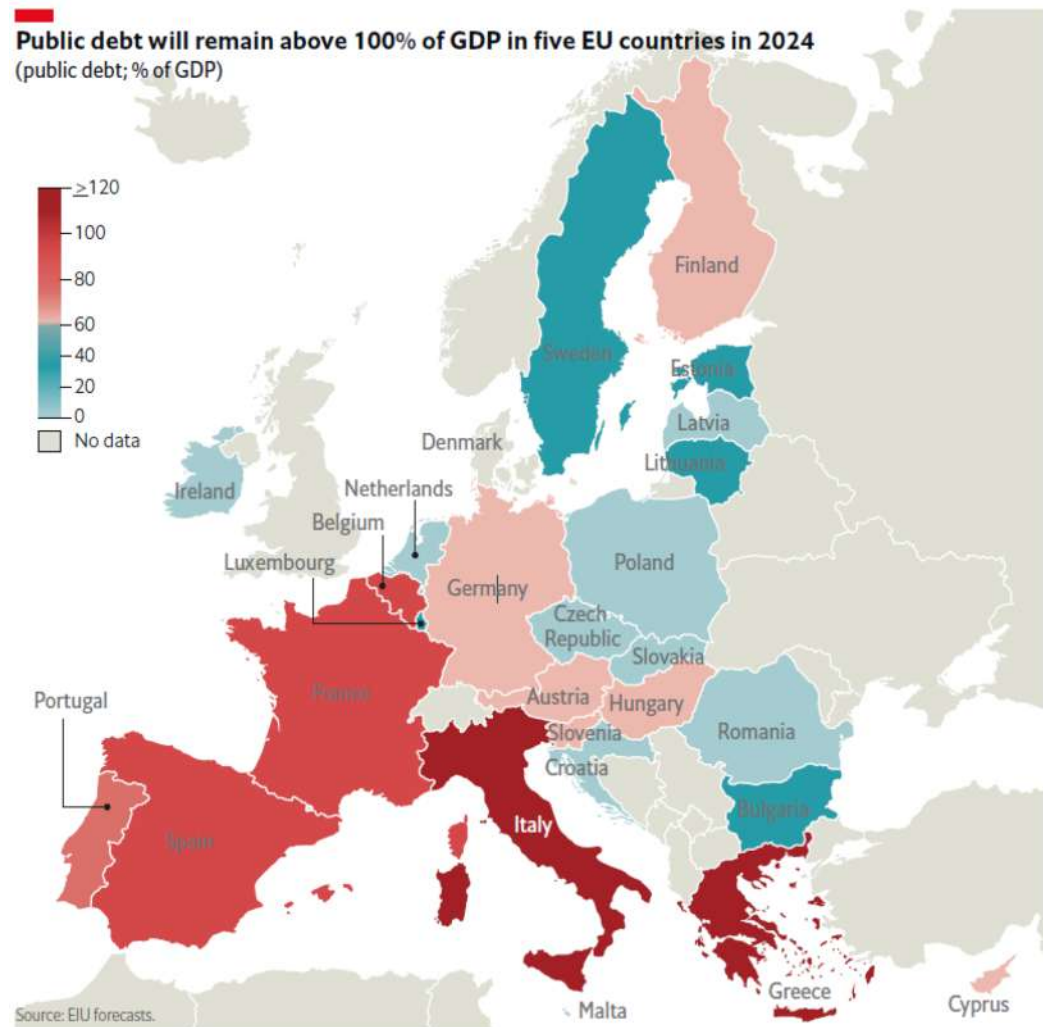
A political and a
Supervisory priority..

Extreme
weather events
severely
disrupt
business



Confidence is a balancing act.

Rising debt level

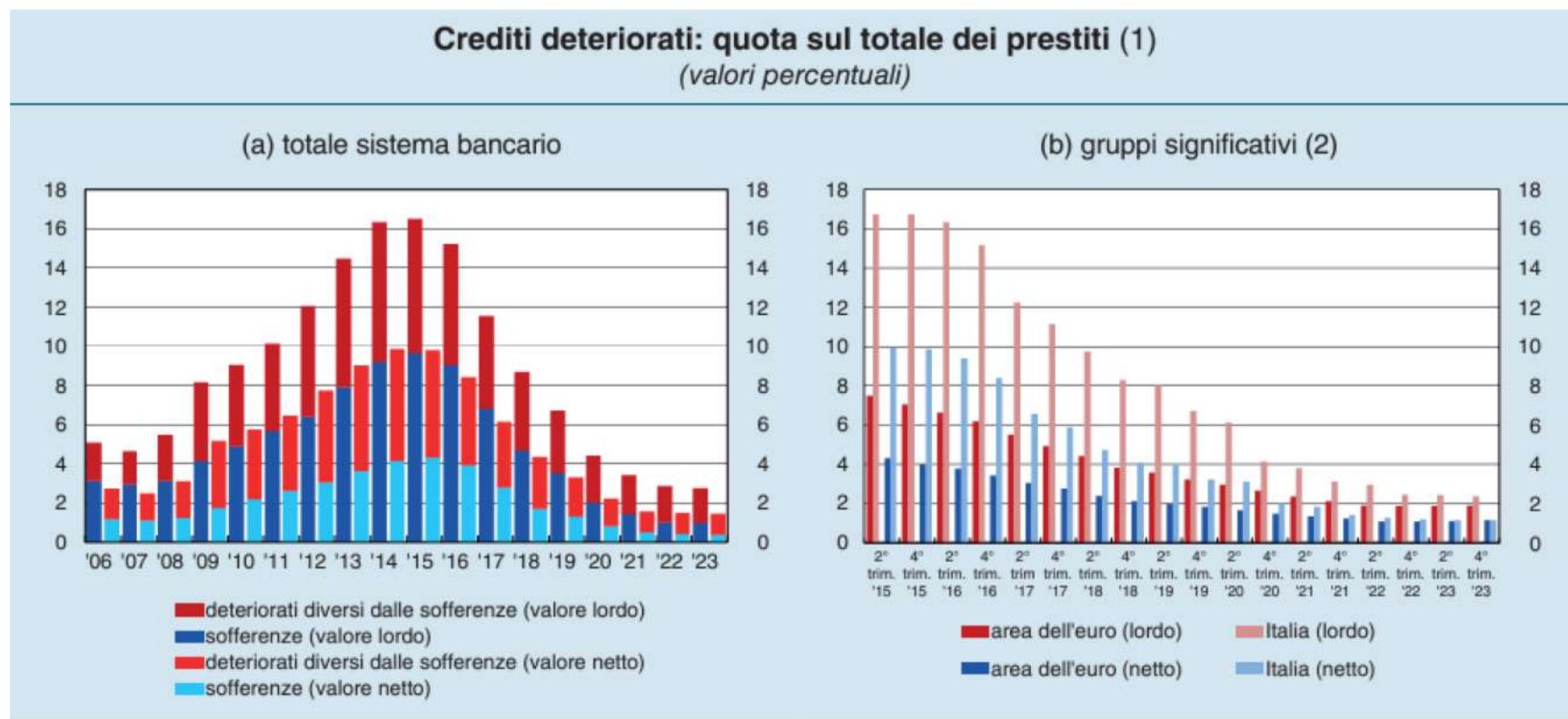


None of us
has the
crystal
ball..

But a good Risk
Management framework
could help..



With credit risk out of the way..



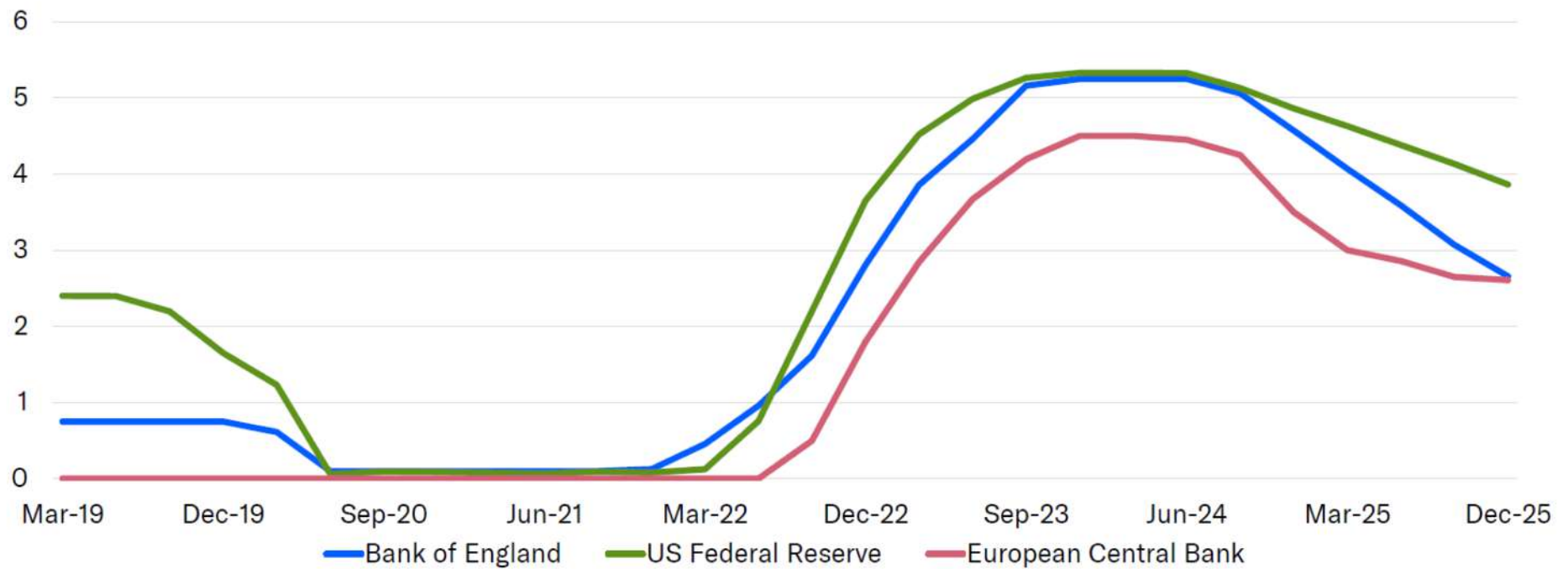
And profitability not an issue anymore..



Interest rate risk is the new priority..

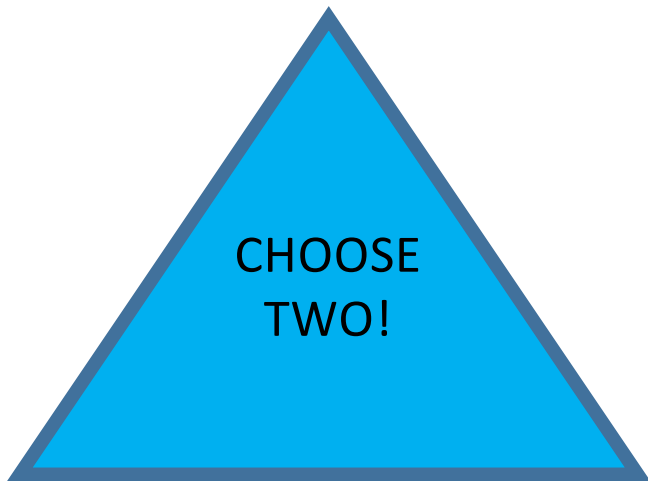
ECB to Cut in June but not in July

Policy rates, %



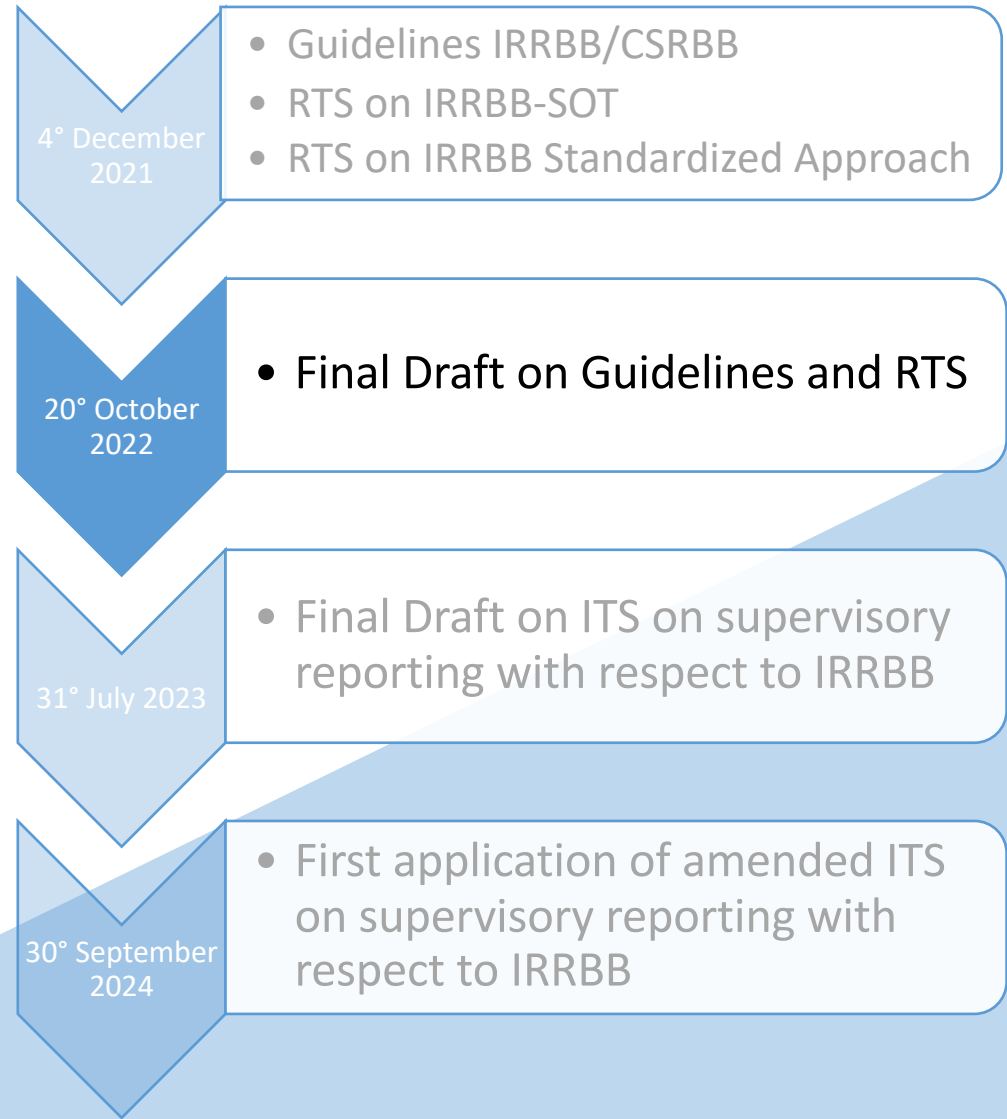
Sources: ECB, US Fed, BoE Moody's Analytics

SOT EVE: 15%



SOT NII:
5%

PROFITABILITY



Challenges for CFOs and CROs:

- ***Fine-tune ALM strategy***
- ***Derivatives strategy (pricing, structuring, accounting...)***
- ***Build methodologies***
- ***Assess monitoring and controlling process***

4° December
2021

- Guidelines IRRBB/CSRBB
- RTS on IRRBB-SOT
- RTS on IRRBB

Standardized Approach

20° October
2022

- Final Draft on Guidelines and RTS

31° July 2023

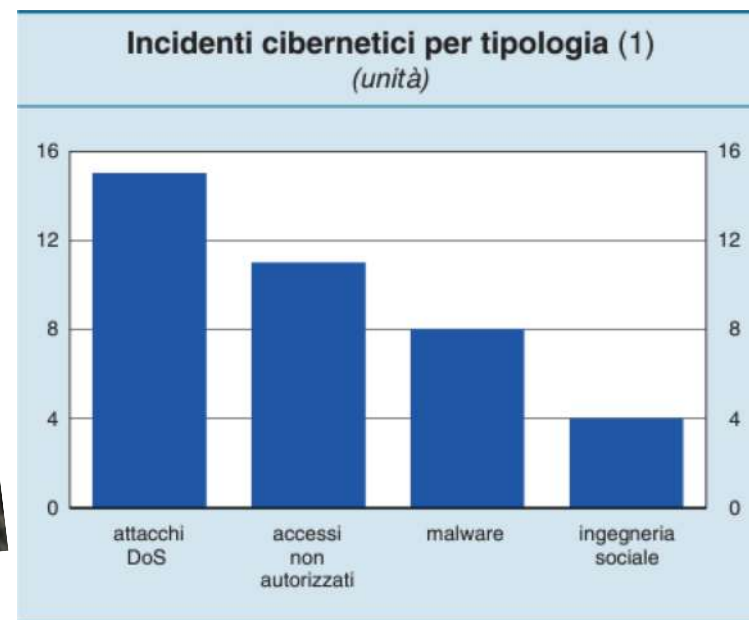
- Final Draft on ITS on supervisory reporting with respect to IRRBB

30° September
2024

- First application of amended ITS on supervisory reporting with respect to IRRBB



ECB Cyber stress test assessing resilience



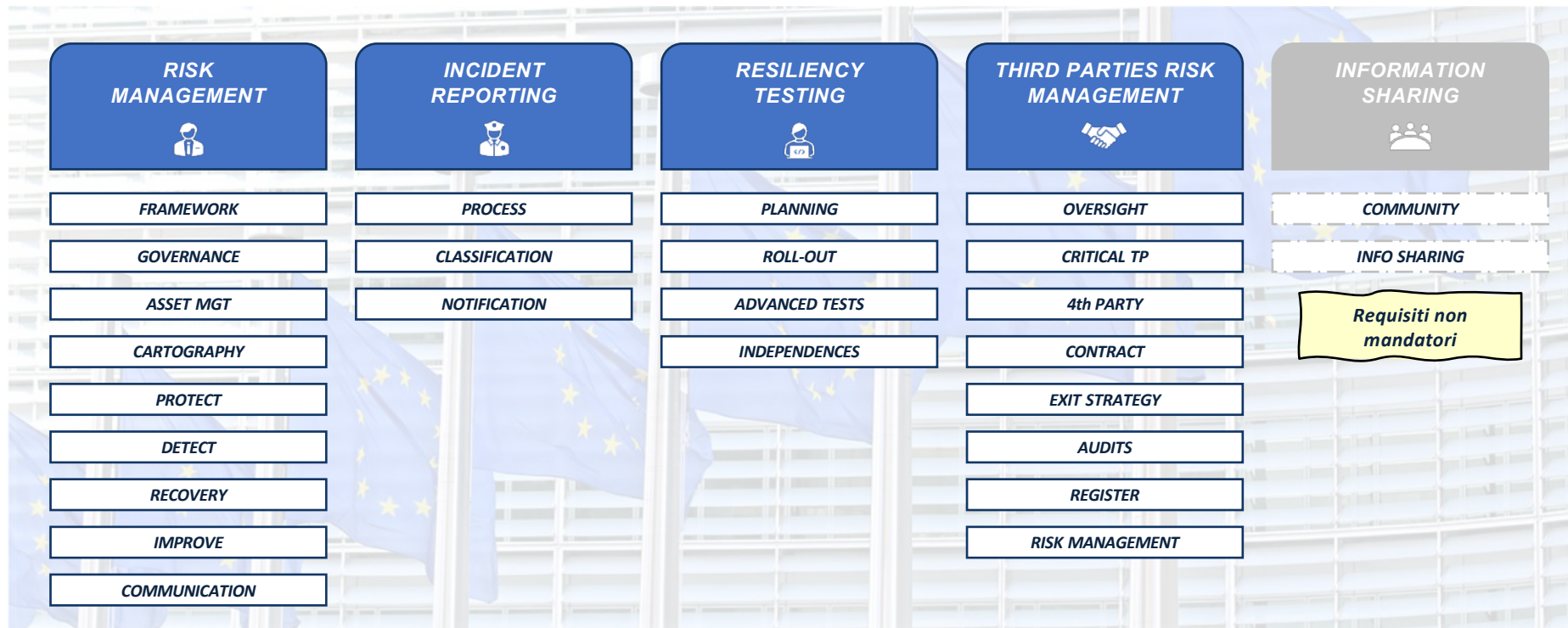
Cyber risk e Digital Operational Resilience

- **DIGITAL OPERATIONAL RESILIENCY** rappresenta la **capacità** di un'**organizzazione** di **resistere e rispondere** rapidamente ad **eventi** che **compromettono** la funzionalità dei suoi **sistemi** e **processi digitali** attivando pertanto un approccio di identificazione, gestione e mitigazione dei **rischi** legati alla **sicurezza informatica**, alle **interruzioni** dei **servizi** e ad altre **minacce Cyber** a favore di una **continuità operativa** e la **protezione dei dati e delle informazioni critiche**

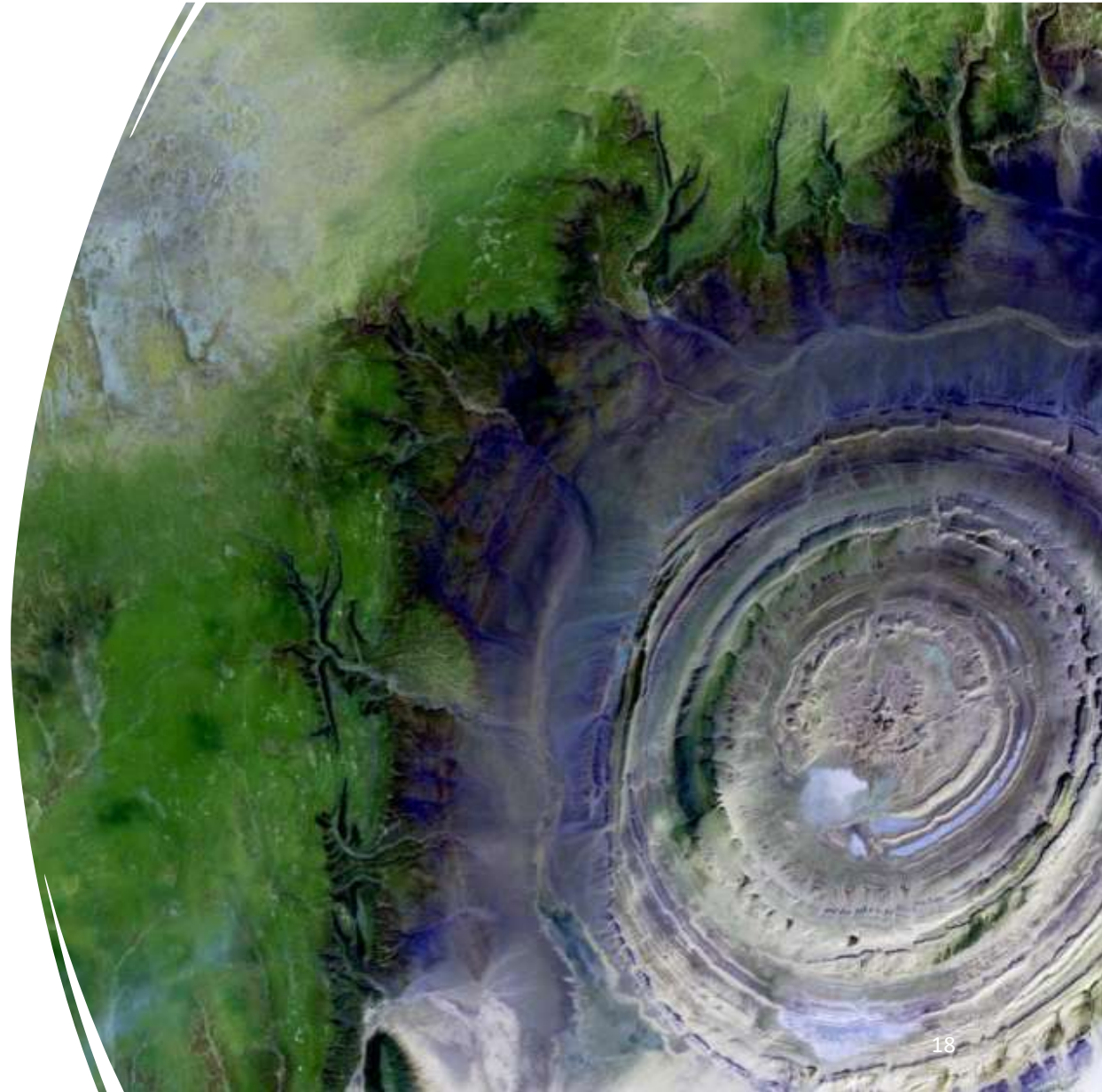


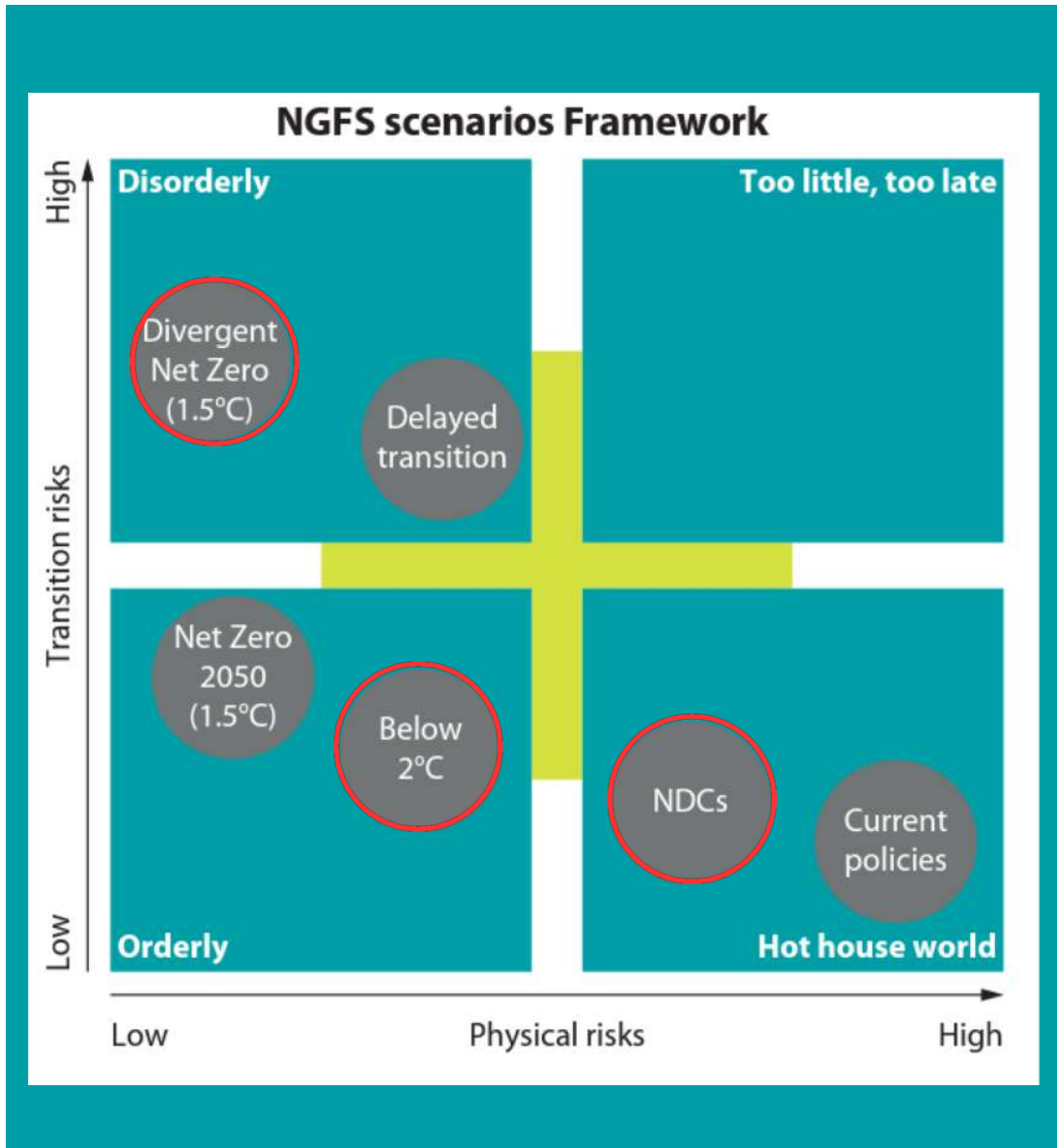
Si vis pacem para bellum

Il **Digital Operational Resilience Act, (DORA)** stabilisce un **framework universale** per la **gestione e la mitigazione del rischio ICT** nel settore finanziario. All'interno del regolamento sono definite **5 aree tematiche («building block»)**, all'interno del quale sono definiti i **requisiti** e le **principali novità** del regolamento



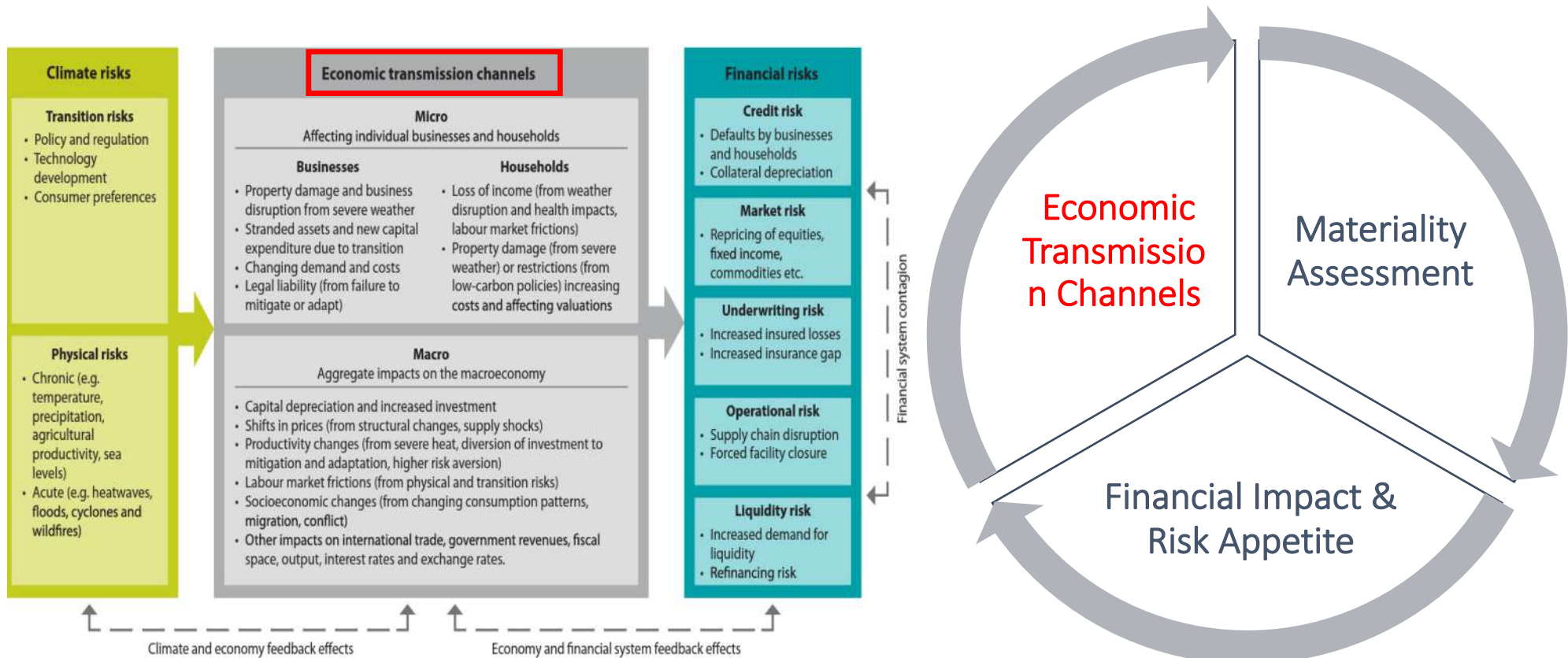
Climate and ESG risk: are they still relevant?





- Orderly**
 - Net Zero 2050** limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO₂ emissions around 2050. Some jurisdictions such as the US, EU and Japan reach net zero for all GHGs.
 - Below 2°C** gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
- Disorderly**
 - Divergent Net Zero** reaches net zero around 2050 but with higher costs due to divergent policies introduced across sectors leading to a quicker phase out of oil use.
 - Delayed transition** assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. CO₂ removal is limited.
- Hot house world**
 - Nationally Determined Contributions (NDCs)** includes all pledged policies even if not yet implemented.
 - Current Policies** assumes that only currently implemented policies are preserved, leading to high physical risks.

Climate risks could affect the economy and financial system through a range of different transmission channels.



But in the meantime, market
efficiency kicks in..

Investors pull \$40bn from ESG funds as sustainable stocks frenzy subsides

◆ First reversal for boom sector ◆ Poor returns sap confidence ◆ Backlash spreads from US to Europe

A person in a dark jacket and shorts is walking a tightrope over a rocky, mossy landscape. The person is balancing with arms outstretched. The background is a dense, rocky terrain with patches of moss and lichen. The image is partially obscured by a white, semi-transparent overlay on the right side.

So what?

- *Evidences suggest it's time to act*
- *Strong regulatory push/high up on the reg agenda*
- *Long term profitability impact not irrelevant*

Take aways

- New skills and new roles is the real challenge
- Beyond traditional financial risks (but they are not out of fashion)
- Cybersecurity and cyber resilience have a strategic role
- There is no trade-off between ESG requirements and long-term business sustainability