



# La gestione strategica del credito nel contesto della crisi Covid 19

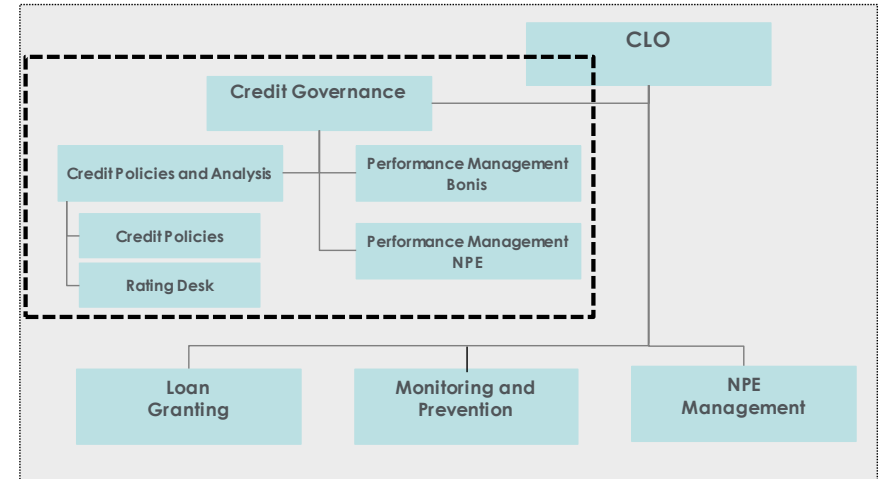
ABI SUPERVISION, RISKS & PROFITABILITY 2021

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# II GOVERNO DEL CREDITO IN BANCO BPM

## Mission & Goals

- First Line of Management Function in charge of:
  - Supporting the **Credit strategy definition at Goup Level** identifying and activating of the relevant enablers
  - Ensuring the **strategy implementation via goal setting and KPI allocation** to both Business and Credit functions
  - Overseeing the **consistency of the credit management activity** with a specific focus on **classification and assessment** process
  - Supporting the entire CLO area with the **data elaborations needed** for both the day by day and the strategic programs

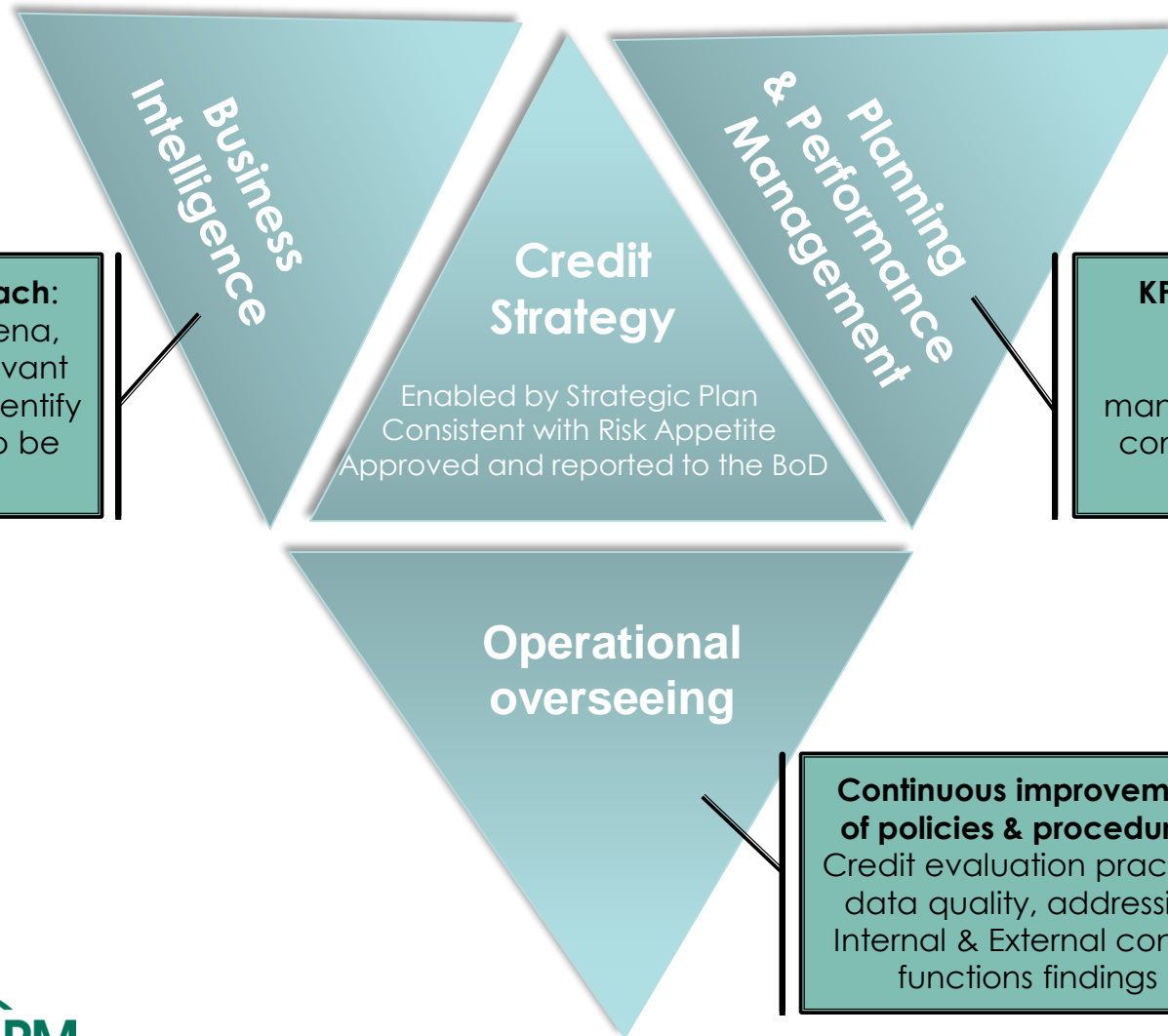


Performing an **holistic and pervasive reporting** supporting the managerial decisions and the **continuous update of the corporate bodies**

- All the above activities are performed by dedicated structures with a high level of specialization in **Data Analytics, Credit Evaluations, Business Intelligence, Financial / Credit / Risks knowledge**. **High differentiation of the professional background** mixing credit competences with risk, planning, accounting skills.

# II GOVERNO DEL CREDITO IN BANCO BPM

## Methodological framework



**Data driven approach:**  
exploring phenomena,  
figuring out the relevant  
determinants and identify  
the best patterns to be  
followed

**KPI definition, target  
orientation** and  
consequence  
management through a  
constant **performance  
dialogue**

**Continuous improvement  
of policies & procedures:**  
Credit evaluation practice,  
data quality, addressing  
Internal & External control  
functions findings

# REAZIONE ALLA CRISI PANDEMICA COVID 19

## Overall framework

**Banco BPM strategy** to tackle potential deterioration of Covid BBPM was able to leverage on several **preliminary factors** in place in the early 2020:

1. **Favourable Geo-Sectorial positioning**
2. **Selective Credit granting** supported by High level of consistency with **credit policies in place**
3. **A modern Monitoring system** supported by a **New Early Warning Score**
4. **Massive derisking completed & a sound NPE Management framework** workflow driven

Total Credit portfolio  
Loans to Customers  
115 bn\*

Exposures with liquidity  
measures: 12.9Bn

Exposures under moratoria:  
11.3Bn (10.3Bn - Apr 21)

### Short / Mid term measures

A

❑ **Campaigns for activating support measures, namely:**

- Follow up intervention MCC/Sace
- New rescheduling SACE

B

❑ **Campaigns for early engagements of obligors under moratoria** in order to assess the updated financial conditions :

- the possibility of regular repayment after suspension
- the need for further support via extension of moratoria or debt rescheduling

### Long term measures

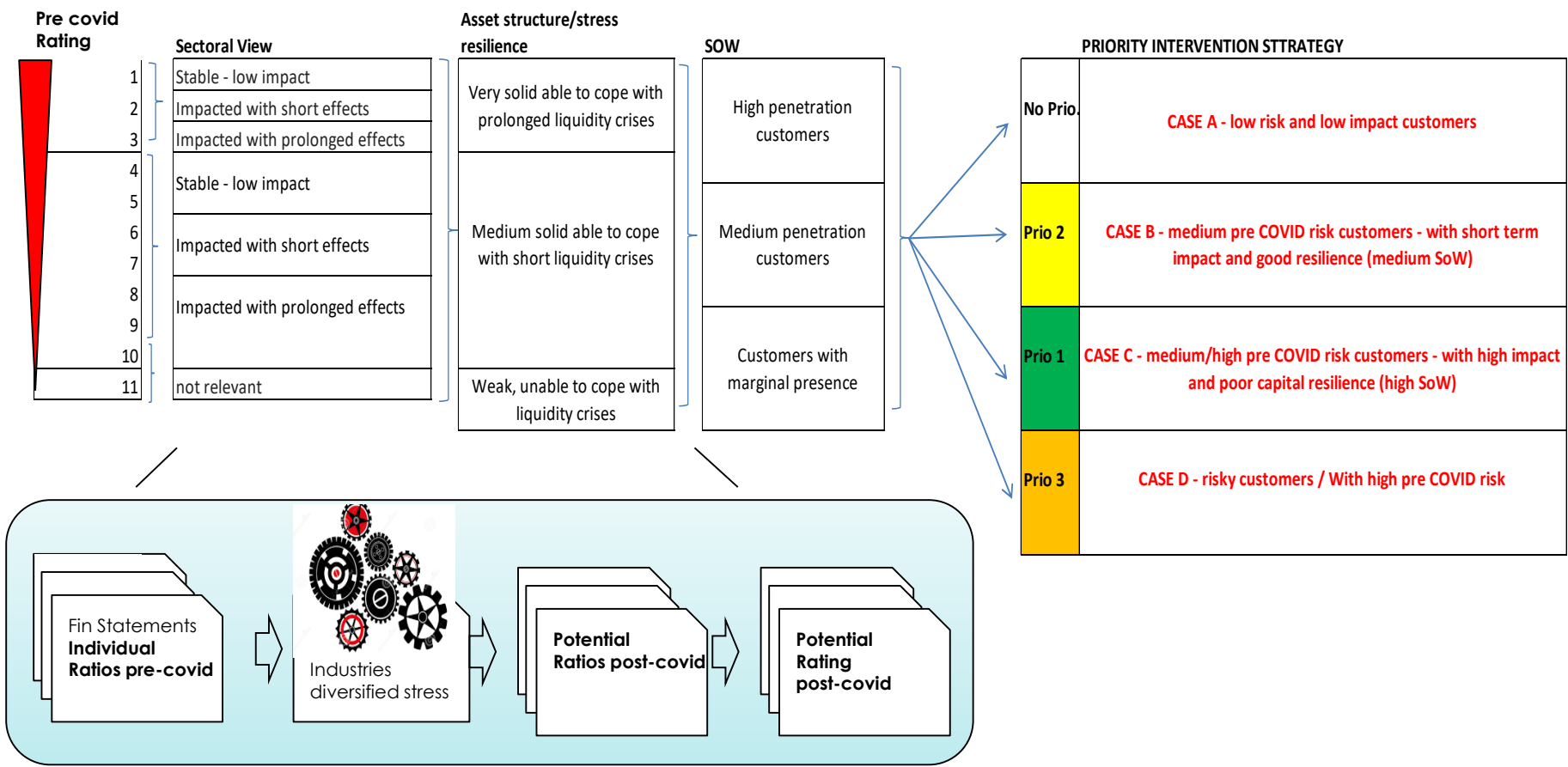
C

❑ **Review of credit policies, embedding revised industry outlook, including EBA LOM Guidelines and ESG drivers as a fundamental perspective**

# CAMPAGNE PER L'ATTIVAZIONE DELLE MISURE DI SUPPORTO

## Prioritization framework

Strategy and measures activation have been led by a preliminary stress case based on the Credit Policies Framework and including the expected sectorial impact of the Covid19 on each companies financial position and rating

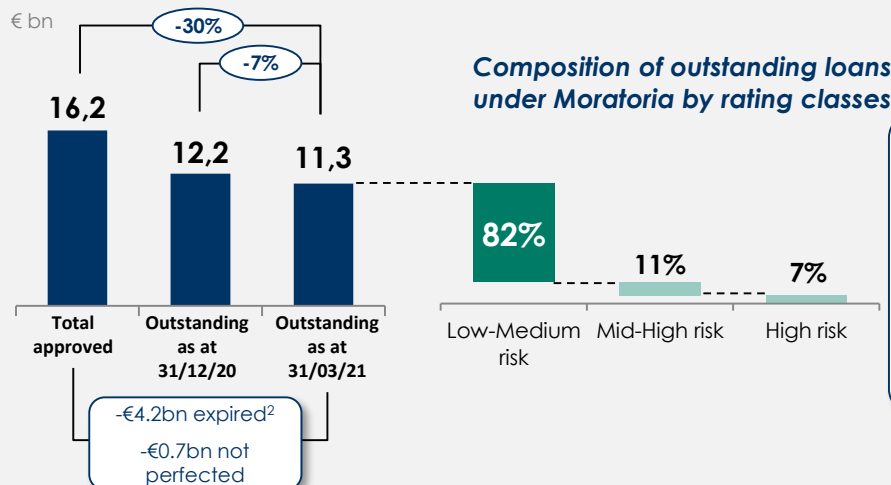


# EARLY ENGAGEMENT DEI CLIENTI IN MORATORIA

Results so far: >35% reduction and negligible default rates

## OUTSTANDING MORATORIA AS AT 31/03/2021<sup>1</sup>:

- Down by 30% vs. the amount originally approved
- Represent a limited portion of total gross customer loans (9.8%)
- Concentrated in the best rating classes (82%)



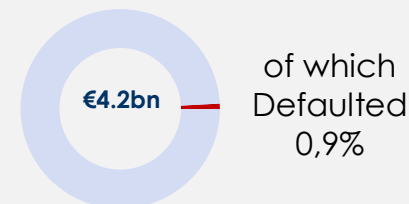
Excerpt from Q1 results presentation

New 2021 early engagement campaign on a selected portfolio subject to continuing monitoring<sup>3</sup>:

- Only 16% of the feedback received shows need of further support
- Less than 0.5% suffers difficulties as at 31/03/2021

## MARGINAL DEFAULT RATE OF EXPIRED POSITIONS

Moratoria expired in the period 2020/Q1 2021



**MORATORIA OUTSTANDING IN APRIL DOWN AT ~€10.3BN, FOLLOWING THE EXPIRATION OF ~€1bn**

### MORATORIA NEXT STEPS

- Follow up on the next moratoria expiry / extensions (DL Sostegni BIS)
- Activating all the needed measures for driving Customers back to normality
- Supporting customers to take full advantage of the restart enhanced by the PNRR

# OLTRE LA CRISI COVID 19

## EBA LOM & ESG – 2021 Evolution of Credit Policies

Layer

Esemplificativo

**A**

Rating

Raf / Seg	LC	MID plus	MID	SB
...				
2				
3				
4				
...				
11				

**B**

Sectorial & Market Positioning

Outlook settoriale	Posizionamento	Match	Rating
Positivo	+	+2	1
	=	+1	2
	-	0	3
	-	-1	4
Neutro	+	+1	5
	=	0	6
	-	-1	7
	-	-2	8
Negativo	=	0	9
	-	-1	10
	-	-2	11

**C**

EBA LOM Financial Sustainability

Rating Adjuster	ESR	Pass	Green	Match	Rating Adjuster
1					1
2					2
3					3
4					4
5					5
6					6
7					7
8					8
9					9
10					10
11					11

**D**

Industry specific Policy:  
- Sustainable RE  
- Agrifood

Rating Adjuster	Strategie comparate	ESR	Passo software (0-100)	ESR	ESR
1	ESG	75%	80%	40%	...
2	ESG	75%	80%	40%	...
3	ESG	75%	80%	40%	...
4	ESG	75%	80%	40%	...
5	ESG	75%	80%	40%	...
6	ESG	75%	80%	40%	...
7	ESG	75%	80%	40%	...
8	ESG	75%	80%	40%	...
9	ESG	75%	80%	40%	...
10	ESG	75%	80%	40%	...
11	ESG	75%	80%	40%	...

NEW

### ESG Risks



**Transition risk**

- Regulation
- Soil / water pollution
- Intensity of emissions
- Technology / market evolution: replacement of products with alternatives with a lower environmental impact

Regulation / Market

**Physical Risk**

Exposure to the risk of meteorological events such as drought, hail etc.

Exposures to natural phenomena

**Sociale Risk**

Exposure to the risks associated with the exploitation of labor and the risk of accidents

Relationship with workers

### Risk Assessment

**Company classification**

- MOLTO ALTO
- ALTO
- MEDIO
- TRASCURABILE
- ATTIVITA' GREEN

- RILEVANTE
- NON RILEVANTE

- RILEVANTE
- NON RILEVANTE