

Riunione del 16 febbraio 2023

Alberto Balestreri

*Materiale riservato ai membri della
Commissione Banche, Intermediari
Finanziari ed Assicurazione dell'ODCEC di
Milano*

Commissione Banche, Intermediari finanziari e Assicurazioni



Ordine del giorno

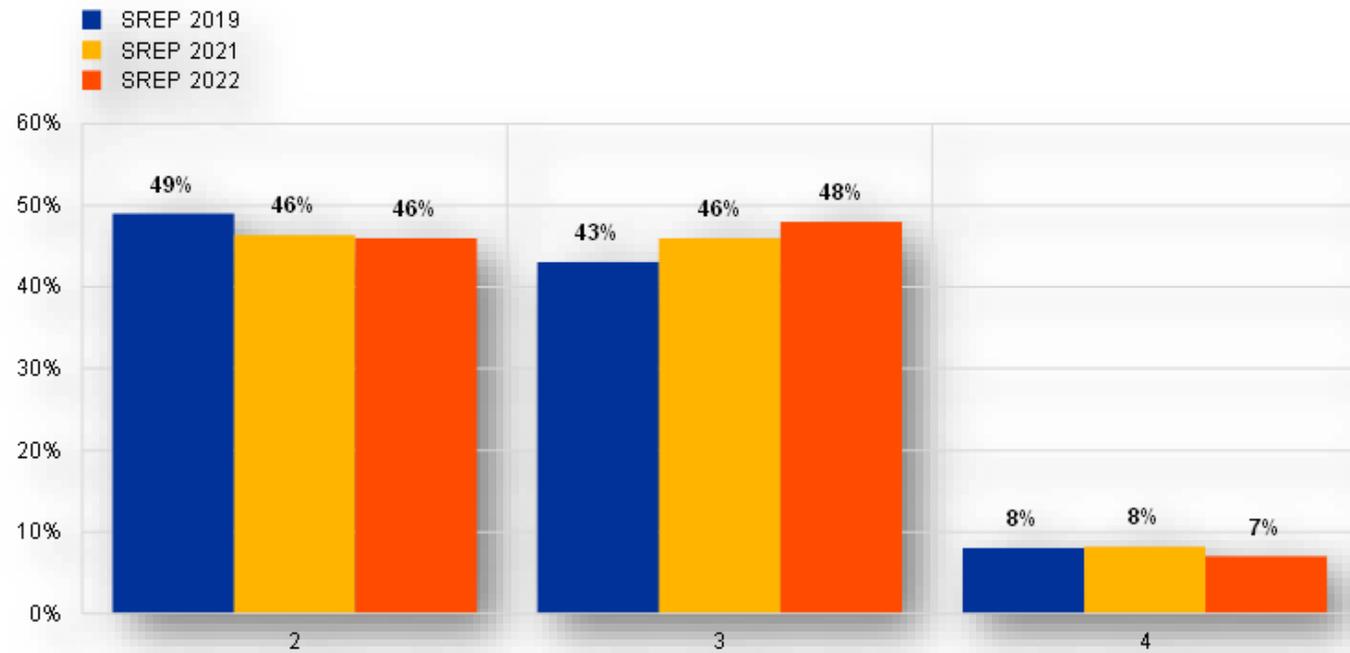
1. Esame ed approvazione del verbale dell'ultima riunione;
2. Analisi degli "*Aggregated results of SREP 2022*" del SSM della BCE;
3. Eventi formativi primo semestre 2023;
4. Riunioni 2023;
5. Varie ed eventuali.

2. Analisi degli “*Aggregated results of SREP 2022*” del SSM della BCE

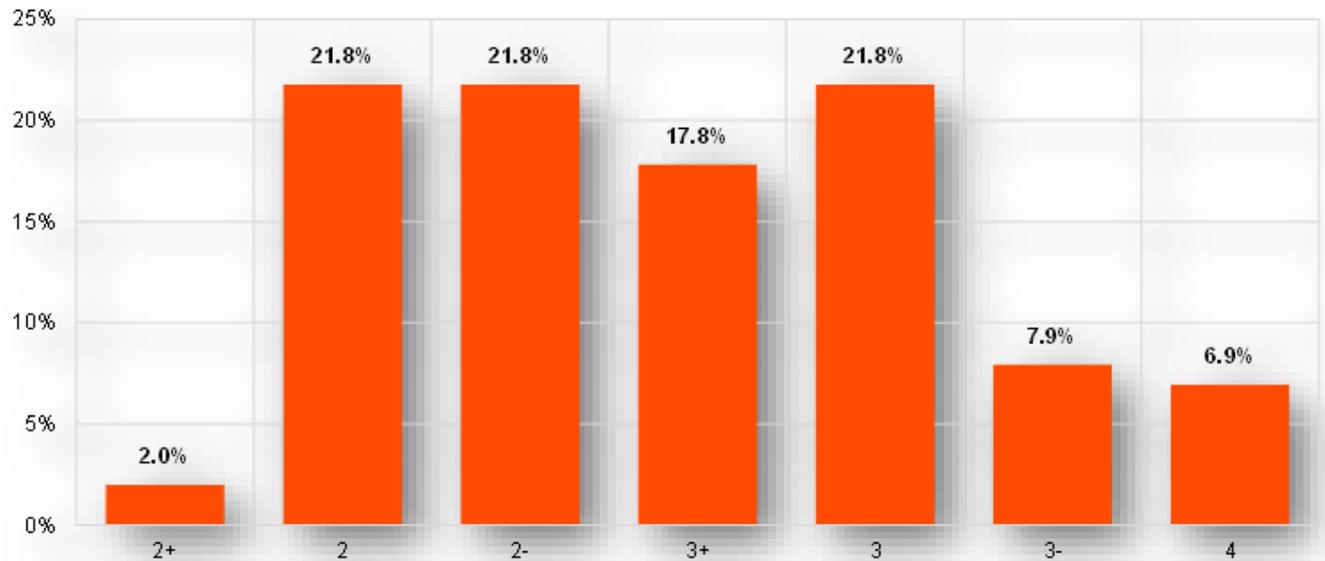
Fonte:

https://www.bankingsupervision.europa.eu/banking/srep/2023/html/ssm.srep202302_aggregateresults2023.en.html#toc17

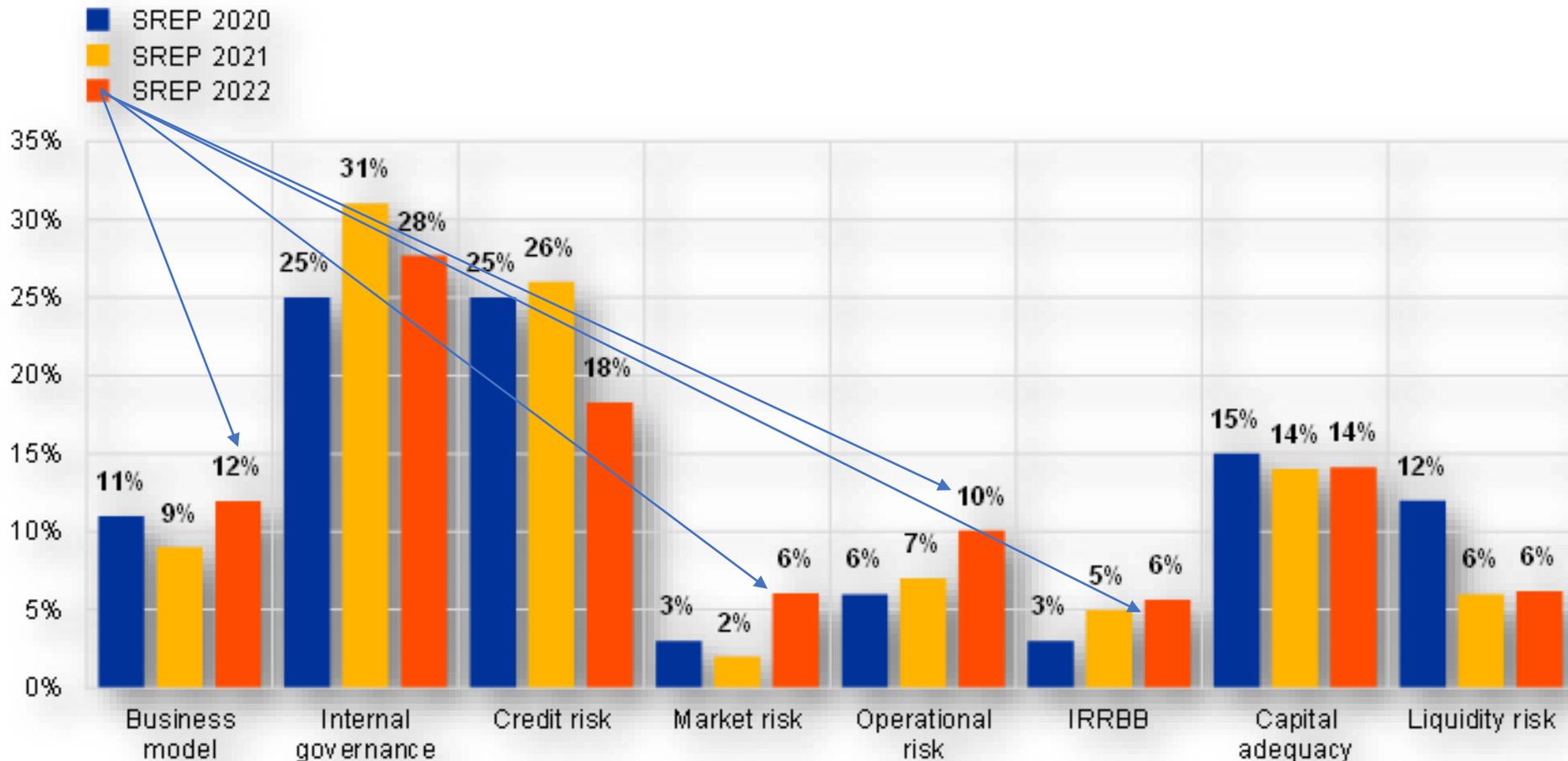
“There are no banks with an overall SREP score of 1”.



“In 2022 92% of institutions received the same overall SREP score as in 2021 while 4% saw their scores worsen.”



“Qualitative measures were issued to the vast majority of significant institutions in the 2022 SREP cycle to address supervisory findings (96 banks, or 95% of the 2022 SREP sample). Compared with 2021, there was an increase of 14% in the total number of measures issued.”



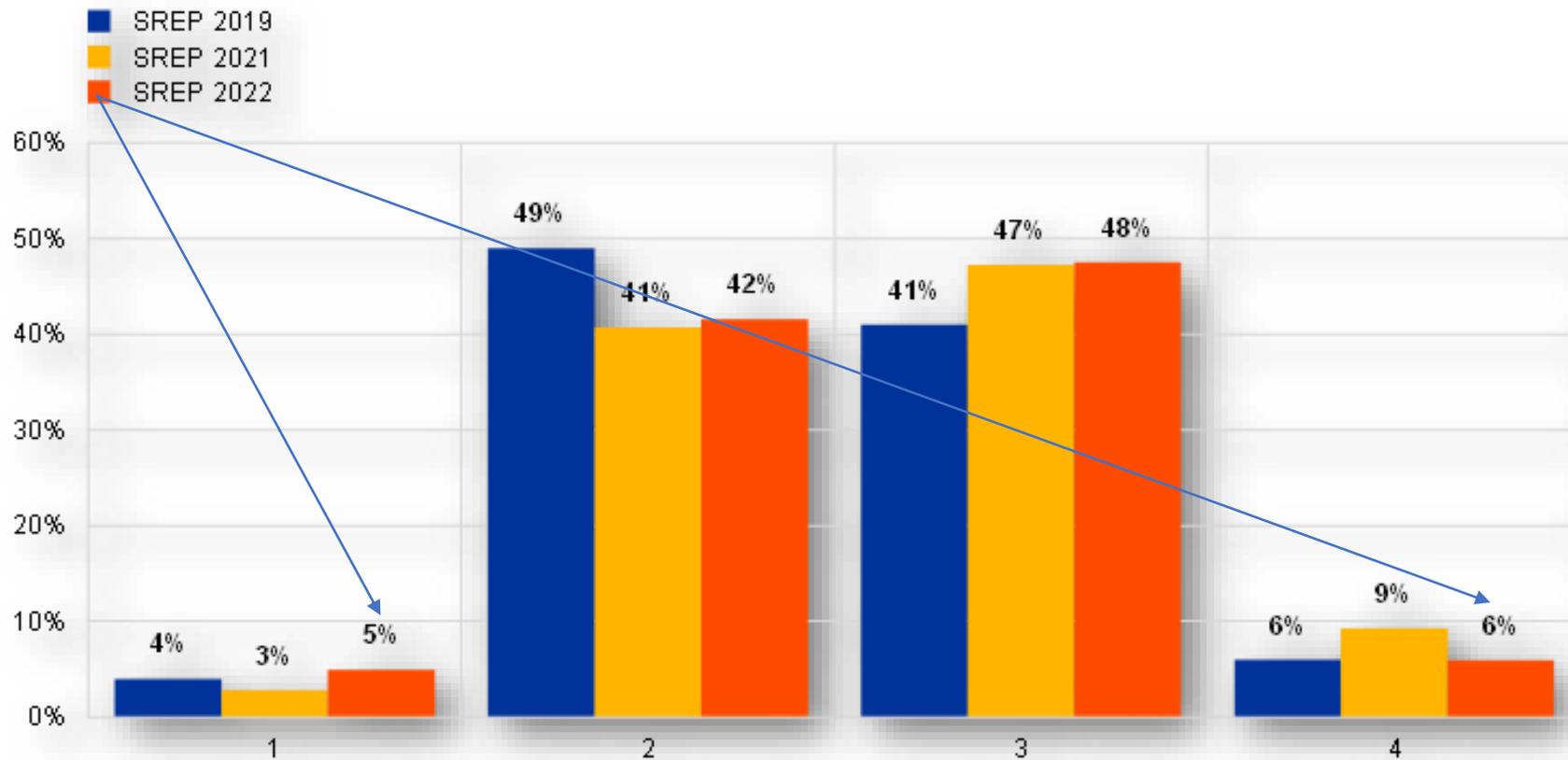
Even though their number is falling, **measures to mitigate internal governance and risk management-related deficiencies** have been imposed on 76% of significant institutions, which represents the highest percentage across all types of measures.

Overall, the deficiencies identified in the assessment of governance and risk management mainly relate to:

- the management body;
- risk management framework;
- internal audit function;
- compliance function;
- risk data aggregation and reporting.

There was also a **decrease in the volume of credit risk measures in 2022**, while measures relating to capital adequacy and the ICAAP remained largely stable compared with the previous year.

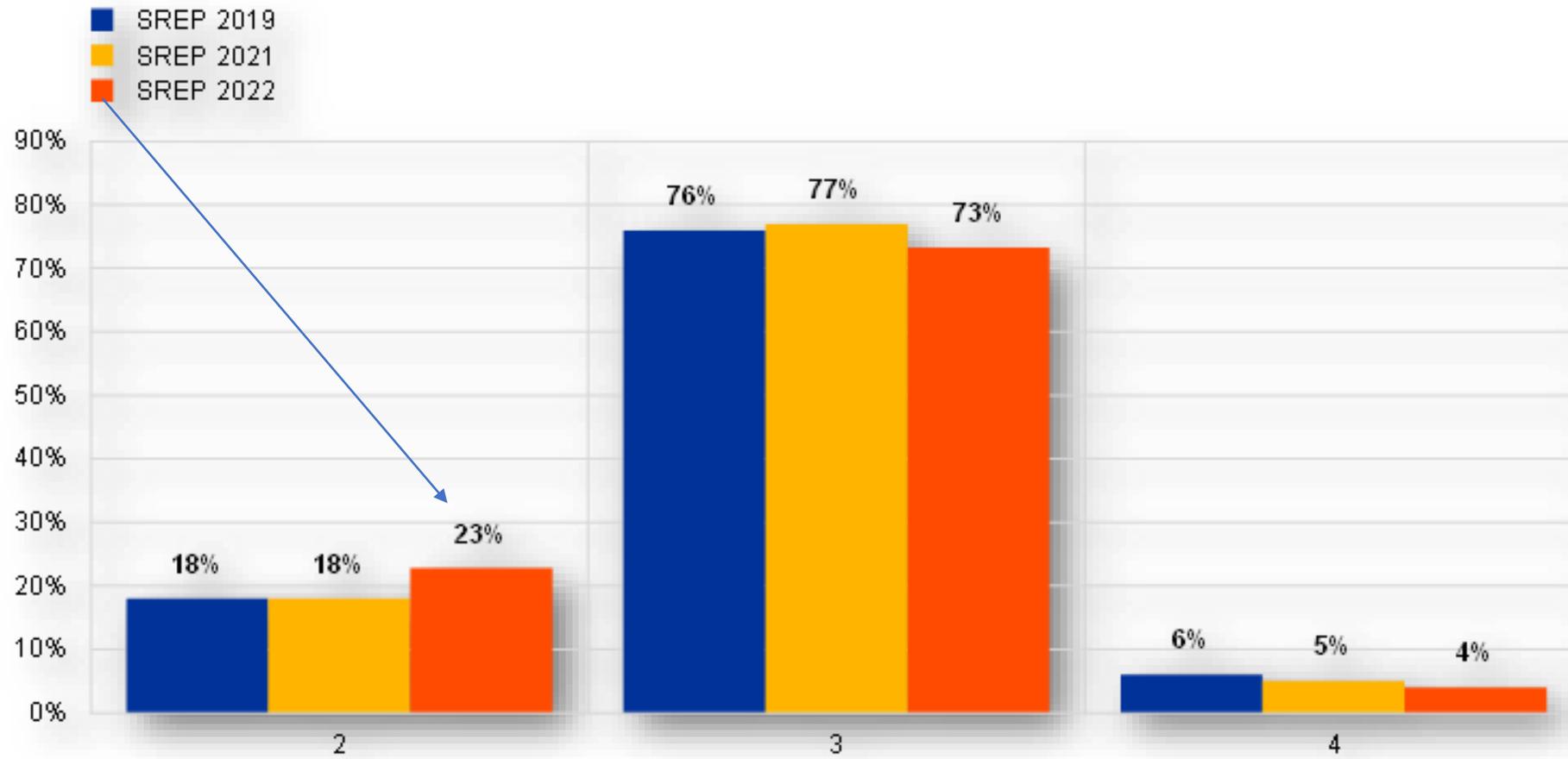
Primo elemento: modello di business



Aree di miglioramento del modello di business

1. **Digitalisation** continues to be a priority for ECB Banking Supervision. Banks' efforts in developing and executing sound digital transformation strategies are acknowledged, while the need for further progress is also emphasised. ECB Banking Supervision has launched several digitalisation-related initiatives across the banking sector with a view to monitoring the healthy adoption of digital transformation that makes business models more robust. The outcome of these initiatives will inform the supervisory assessment in the next SREP cycle:
2. In the 2022 SREP cycle, supervisors continued to focus on long-standing issues affecting the robustness of business models in order to tackle structural inefficiencies while also addressing issues identified as part of the ECB's thematic review on climate-related and environmental (C&E) risks. The majority of measures related to the **sustainability of business models** over the medium and long-term horizon rather than to short-term viability. To address banks' preparedness for managing climate-related risk, 23% of the measures on business model risk were issued in this area.
3. The next largest groups of measures related to:
 - ✓ necessary **strategic changes and strategic plan updates** (15%);
 - ✓ **cost review or cost reduction** (12%);
 - ✓ **strategic governance and implementation** (10%).

Secondo elemento: governance interna e risk management



Aree di miglioramento governance interna e risk management

Despite the progress made by significant institutions over the last few years, **internal governance and risk management remains an area of elevated concern for ECB Banking Supervision. No bank had a score of 1 in 2022, whereas 73% of institutions had a score of 3.** For 62.5% of the significant institutions, the scores remained unchanged compared with 2021.

1. effectiveness of management bodies in terms of their composition (including lack of formally independent board members), collective suitability and oversight role, as manifested by the absence of a strong challenging culture and/or weak decision-making;

2. issues related to the risk management framework, mainly regarding the risk appetite and the practices employed to manage C&E risks;

3. insufficient attention paid by of the management body to compliance and internal audit functions, hampering their operational functionality, as indicated by the inadequate resources allocated to those functions (in both qualitative and quantitative terms);

4. persisting fragmented and non-harmonised IT landscapes, with negative consequences for data aggregation and reporting, compounded by slow progress with the remediation programmes drawn up over recent years. This is continuing to hamper the ability of banks to swiftly produce accurate non-standardised reports.

Aree di miglioramento governance interna e risk management

In the 2022 SREP cycle, ECB Banking Supervision has highlighted the following concerns regarding significant institutions' management bodies:

1. suboptimal compositions of the management body (including in terms of IT experience among board members and lack of formally independent board members) and allocation of responsibilities, compromising the management body's oversight and challenging capacity, especially in its supervisory function;
2. inadequate succession planning and its practical implementation;

In early 2022 ECB Banking Supervision targeted those institutions which did not have in place diversity policies or internal targets for gender diversity at board level. Since then, progress has been made in this respect, with the institutions developing and approving specific policies and targets.

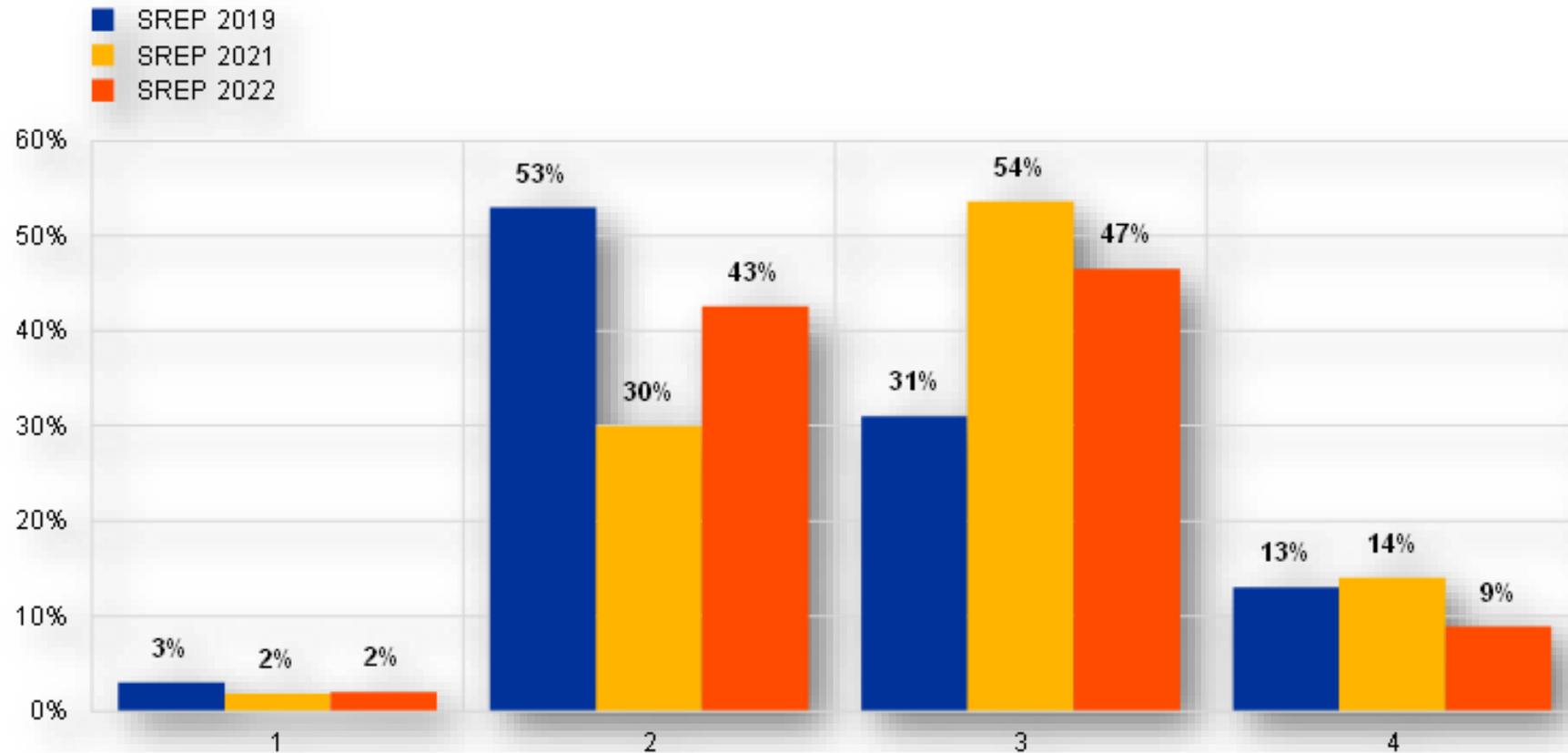
However, most significant institutions still have weaknesses regarding diversity at board level, mainly in terms of aspects other than gender, such as age and geographical provenance. In addition, the actual representation of the under-represented gender generally remained below the targets

Aree di miglioramento governance interna e risk management

In the 2022 SREP cycle, the largest group of **qualitative measures** relating to internal governance and risk management focuses on:

- the need to improve the management body (32%);
- measures relating to:
 - the risk management framework (17%);
 - internal audit (12%);
 - compliance function (11%);
 - risk data aggregation and reporting (9%).

Terzo elemento: primo blocco: rischio di credito



Aree di miglioramento rischio di credito:

1) Commercial Real Estate

1. The targeted review of commercial real estate aimed at assessing how well prepared the banks are to deal with a **deterioration in the CRE market**.
2. The **normalisation of interest rates** has had:
 - an impact on borrowers' repayment capacity;
 - increased refinancing risk;
 - negatively affected asset valuations.
3. The impact has been further amplified by the **sharp increase in construction costs** caused by supply chain bottlenecks.
4. The review showed that banks:
 - **might not have the ability to deal with emerging risks in a timely manner**, relying excessively on manual processes and failing to adequately capture forward-looking information when assessing borrower repayment capacity, especially in the current macroeconomic conjuncture of rising costs and interest rates;
 - **were not adequately assessing the climate-related risk of their loan portfolios**, mainly due to a failure to collect real data on the energy performance of underlying collateral.

Aree di miglioramento rischio di credito:

2) Residential Real Estate

The combination of:

- lower growth;
- high inflation;
- rising interest rates

will have an impact on **households' debt servicing capacity**.

Given that:

- household indebtedness has grown in most countries since 2017;
- rising house prices increase the risk of overvaluation;

the **risk of a property price correction** in the medium term has increased.

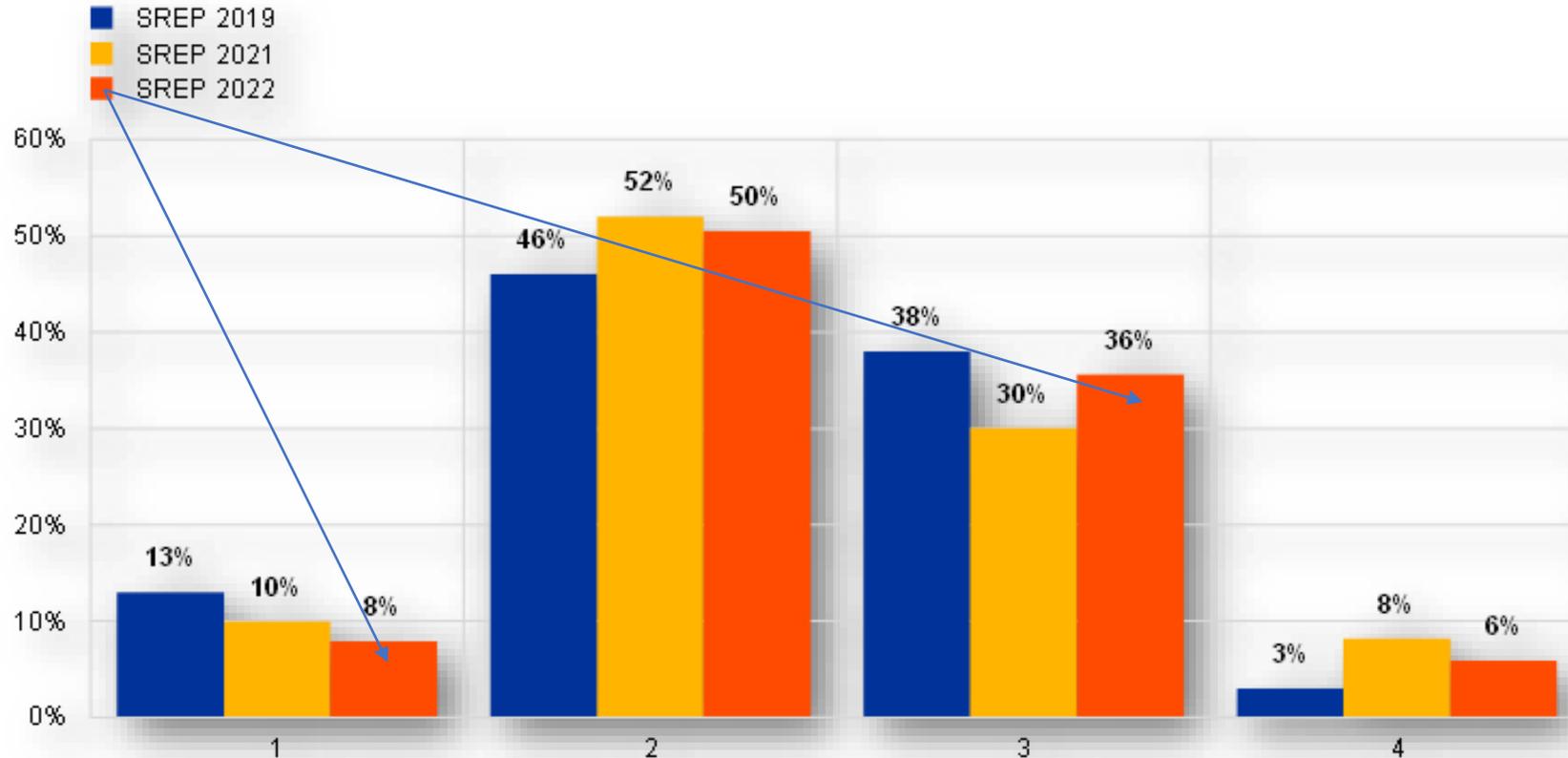
The ongoing targeted review of residential real estate focuses on:

- the identification of **credit risk deficiencies in underwriting practices**;
- the **resilience of banks' RRE portfolios** in the current macroeconomic environment.

Altre aree di miglioramento rischio di credito

1. The SSM supervisory priorities for 2022-24 call for banks to **pro-actively tackle the build-up of unmitigated risks and address any related deficiencies in their credit risk management frameworks.**
2. Supervisors addressed bank-specific concerns regarding credit risk by issuing a significant number of SREP qualitative measures, with 62 banks receiving such measures:
 - 34% of the qualitative measures pertain to **strategic and operational plans covering the level of NPEs, NPE coverage expectations and the related reporting;**
 - 44% of the qualitative measures relate to **shortcomings in the area of credit risk management frameworks** (all credit risk management categories other than NPEs, C&E risks, Internal models/ICAAP and Other) and to the implementation of the EBA's Guidelines on loan origination and monitoring.
3. Credit risk management concerns stemming from C&E risks account for the second highest share of measures (for more details, please refer to Section 5.5.3). The increased number of measures also reflects greater focus of supervisory actions in this risk area.

Terzo elemento: 2 blocco: adeguatezza del capitale



Aree di miglioramento adeguatezza del capitale

In the 2022 SREP cycle, supervisors focused especially on assessing institutions' capital planning:

1. frameworks;
2. processes;
3. capacity
4. quality;

against the background of political and macroeconomic uncertainties. These factors have an impact on the **reliability and timeliness of updates to banks' capital projections** and underline **the importance of significant institutions having prudent, forward-looking capital plans** at their disposal.

ECB Banking Supervision expressed ongoing concerns about the **reliability of banks' capital planning frameworks** and their ability to produce reliable capital projections under baseline and adverse scenarios as part of their overall ICAAP assessments. Consequently, 35% of ICAAP-related recommendations issued in the 2022 SREP cycle require institutions to improve the relevant frameworks, processes, capacities and quality.

Moreover, 20% of the ICAAP-related recommendations focus on **risk aggregation** and the **quantification and measurement process**. As outlined in the ECB Guide to the internal capital adequacy process (ICAAP), institutions are expected **to continuously improve their ICAAP and practices, as these constitute key success factors in their effective risk management.**

Market risk and interest rate risk in the banking book

The tightening of financing conditions and the normalisation of the ECB's monetary policy have put pressure on positions exposed to credit spread risk and interest rate risk. Consequently, these areas were a priority for ECB Banking Supervision in 2022. In parallel with the SREP process, the ECB carried out a **targeted review of interest rate risk and credit spread risk** in order to assess banks' exposures and risk appetite as well as the robustness of their risk management systems. The outcomes of the reviews of both interest rate risk and credit spread risk will be factored into next year's SREP and taken into account when planning further supervisory activities.

In terms of **credit spread risk**, supervisors noted that market fluctuations only have a limited sensitivity on banks' capital and cautioned that this effect could be put to the test in stressed market conditions. There are risks remaining to a sudden repricing of credit spreads, due to changes in market participants' expectations for the sustainability of debt issuers.

Despite the limited sensitivity on capital, supervisors are encouraging banks to remain vigilant and properly measure and manage credit spread risk exposures. More precisely, focusing on the significant stock of positions in the banking book with credit spread risk exposure, supervisors noted that banks should carefully consider the impact from credit spread fluctuations irrespective of their accounting classification, in order to (i) be prepared for possible situations that require a market valuation through sale, or (ii) prevent potential loss of confidence in the institution's medium-term viability that could affect its funding conditions due to lack of transparency.

In the same vein, banks should avoid reclassifying exposures from fair value to amortised cost accounting when episodes of market volatility become apparent, with the aim of artificially containing the fluctuation of regulatory metrics. Instead, they should periodically stress exposures to credit spread risk using adverse scenarios that are aligned with historical experience of financial stress.

Market risk and interest rate risk in the banking book

In terms of **interest rate risk**, supervisors concluded that, while most banks have a balanced positioning to cope with monetary policy normalisation, modelling of expected impacts should be strengthened. Although banks are supported by their profitability from the earnings channel, they should also carefully monitor and measure the impact of rising interest rates on their economic value of equity, which in several cases could be materially negative.

Specifically, banks' expectations in this regard are shaped by their modelling of customer behaviour in terms of deposit balances and early loan repayments; ECB Banking Supervision has expressed concerns about the ability of these models to perform in an environment of rapidly rising interest rates due to deficiencies in model calibration, model validation and back-testing practices.

Operational risk

Over the past few years, operational risk has consistently been the SREP element with the worst average scores. The main deficiencies in the operational resilience framework include:

- the management of **risks related to IT outsourcing** and reliance on **third-party service providers for critical functions and services**;
- **IT security and cyber risk management**, including cyber hygiene measures and cyber resilience.

More specifically, operational risk (including IT and cyber risk) has increased recently as a consequence of:

1. accelerated digitalisation triggered by the pandemic;
2. changes in consumer preferences;
3. competition from fintechs;
4. increased reliance on IT outsourcing;
5. stronger headwinds stemming from the current geopolitical situation.

During the 2022 SREP cycle, banks remained resilient to operational risk overall. Both the total number of operational loss events and loss volumes during the first half of 2022 remained similar in size to previous years. The only exception can be found in **external fraud**, where gross operational losses were up by almost 60% year on year, albeit still to contained levels.

Looking ahead, key challenges for banks are:

1. **increasing reputational and legal risks, especially for cross-border banking groups**, as compliance with the growing number of **swiftly adopted sanctions against Russia might prove challenging**;
2. increasing cyber risk;
3. increasing IT outsourcing risk.

Climate-related and environmental risk (C&E)

Noteworthy supervisory work in 2022 included *incorporating the thematic review on C&E risk and climate stress test results in the SREP*. **More than 40 qualitative measures were issued to 30 significant institutions in the 2022 SREP cycle.**

The qualitative integration of C&E risks had an impact on the SREP scores of a small number of institutions, although this did not translate into higher overall capital requirements. The C&E SREP measures were issued primarily in the areas of governance (26%), credit risk (14%) and business model (17%). 19% of the measures (“Multiple SREP risks”) include combinations of the three risk areas and, in a few instances, market risk and operational risk. The vast majority of qualitative measures were concentrated in topics related to **strategic and operational plans**, indicating that supervisors consider this area to be a key enabler for better management of C&E risks.

The supervisors’ observations covered a wide variety of topics aimed at ensuring **that C&E risks are properly integrated into strategy-setting processes and risk management frameworks**. Among other things, specific examples relate to:

- 1. enhancing materiality assessments across relevant risks (credit, market, liquidity, operational, etc.);**
2. improving internal stress tests;
3. expanding scenario analyses to ensure that appropriate key risk indicators are determined, set and monitored at a deeper strategic level;
4. widening management reporting scope and frequency;
5. embedding further crucial elements in the risk appetite framework.

Risk of excessive leverage (REL)

The risk of excessive leverage (REL) **was assessed for the first time in the 2022 SREP cycle** with a view to identifying banks that may be subject to qualitative measures or P2Rs for the leverage ratio.

REL assessments cover the contingent leverage originating from the extensive use of:

- derivatives;
- securities financing transactions;
- off-balance-sheet items;
- regulatory arbitrage;
- institution-specific risks in items excluded from leverage ratio Pillar 1 requirement.

According to the methodology, an REL assessment is only performed if any of the risk drivers of the contingent leverage are identified as material, based on pre-defined indicators. **In the 2022 SREP cycle, such assessments were performed for 36 institutions**, with 18 resulting in low risk and the remaining **18 in moderate or higher risk**. Following the assessments, qualitative measures were issued for four institutions.

Elevated REL was identified mostly in relation to **step-in risk** and **symptoms of window-dressing activities**, for which a more comprehensive analysis is envisaged over the coming years.

3. Eventi formativi primo semestre 2023



SAPIENZA
UNIVERSITÀ DI ROMA

Convegno di studi

**“IL PROBLEMA DELL’ANATOCISMO NEI PIANI DI
AMMORTAMENTO TRADIZIONALI:
IL RAPPORTO SCIENTIFICO A.M.A.S.E.S.”**

21 febbraio 2023 ore 9.30 – 12.30

I° SESSIONE

INTRODUCE E MODERA

PROF. DOMENICO SICLARI

*Professore Ordinario di Diritto dell’Economia e dei
Mercati Finanziari - Sapienza Università di Roma*

NE DISCUTONO

PROF. LORENZO PECCATI

*Professore Emerito di Matematica Finanziaria -
Università Bocconi*

PROF. FABRIZIO CACCIAFESTA

*Professore Emerito di Matematica Finanziaria -
Università di Roma “Tor Vergata”*

DOTT. VITTORIO CARLOMAGNO

Magistrato Ordinario del Tribunale Civile di Roma

COFFEE BREAK

II° SESSIONE

INTRODUCE E MODERA

DOTT. ROBERTO CAPRA

*Membro della Commissione Banche, Intermediari
Finanziari e Assicurazioni – ODCEC Milano*

NE DISCUTONO

PROF.SSA LAURA ZIANI

*Professoressa di Matematica Finanziaria e Attuariale –
Università degli Studi di Udine*

PROF. DOMENICO SICLARI

*Professore Ordinario di Diritto dell’Economia e dei
Mercati Finanziari - Sapienza Università di Roma*

DOTT. ROBERTO CAPRA

*Membro della Commissione Banche, Intermediari
Finanziari e Assicurazioni – ODCEC Milano*

PROF. FLAVIO PRESSACCO

*Professore Emerito di Matematica Finanziaria e
Attuariale – Università degli Studi di Udine*

UNIVERSITÀ DEGLI STUDI DI ROMA “LA SAPIENZA” - FACOLTÀ DI ECONOMIA

“SALA DELLE LAUREE” (SECONDO PIANO) - VIA DEL CASTRO LAURENZIANO 9

link per il collegamento da remoto (EVENTUALE):

Convegno Accreditato per ... Ordine degli Avvocati di Roma e Ordine dei Commercialisti di Roma/Milano

Comitato Scientifico ed Organizzativo:

Prof. Domenico Siclari (domenico.siclari@uniroma1.it) - Dott. Roberto Capra - Dott.ssa Roberta Lo Conte -

Dott. Gianluca Briganti

Il progetto
formativo

Il progetto formativo

1. Martedì 21 febbraio 2023, ore 9,30 – 12,30 – «IL PROBLEMA DELL'ANATOCISMO NEI PIANI DI AMMORTAMENTO TRADIZIONALI: IL RAPPORTO SCIENTIFICO A.M.A.S.E.S.»
2. Martedì 7 marzo, ore 14,00-18,00 – “Commercialisti e Consulenti Finanziari: aree di intervento professionale e riserve di legge” - In presenza e su MS Teams.
3. Martedì 4 aprile, ore 14,30-18,30 – “Il ruolo del sindaco nelle SGR, nelle Sim e nelle 106” – In presenza e su MS Teams.
4. Maggio: evento su ESG, banche ed intermediari finanziari;
5. Martedì 9 maggio, ore 14,30-18,30 – Macro Micro – MS Teams.
6. Martedì 6 giugno, ore 14,30-18,30 – “Commercialisti e Mediatori Creditizi: aree di intervento professionale e riserve di legge” – MS Teams.

4. Riunioni 2023

Riunioni programmate per il 2023

- ~~1. Martedì 17 gennaio, ore 18,00 – MS Teams~~
- ~~2. Giovedì 16 febbraio, ore 18,00 – MS Teams~~
- 3. Martedì 21 marzo, ore 18,00 – In presenza**
4. Martedì 18 aprile, ore 18,00 – MS Teams
5. Martedì 16 maggio, ore 18,00 – MS Teams
6. Martedì 20 giugno, ore 18,00 – In presenza
7. Martedì 12 settembre, ore 18,00 – MS Teams
8. Martedì 17 ottobre, ore 18,00 – MS Teams
9. Martedì 14 novembre, ore 18,00 – MS Teams
10. Martedì 12 dicembre, ore 18,00 – In presenza

5. Varie ed eventuali