

MMCG Bank's Risk Management Practices Survey

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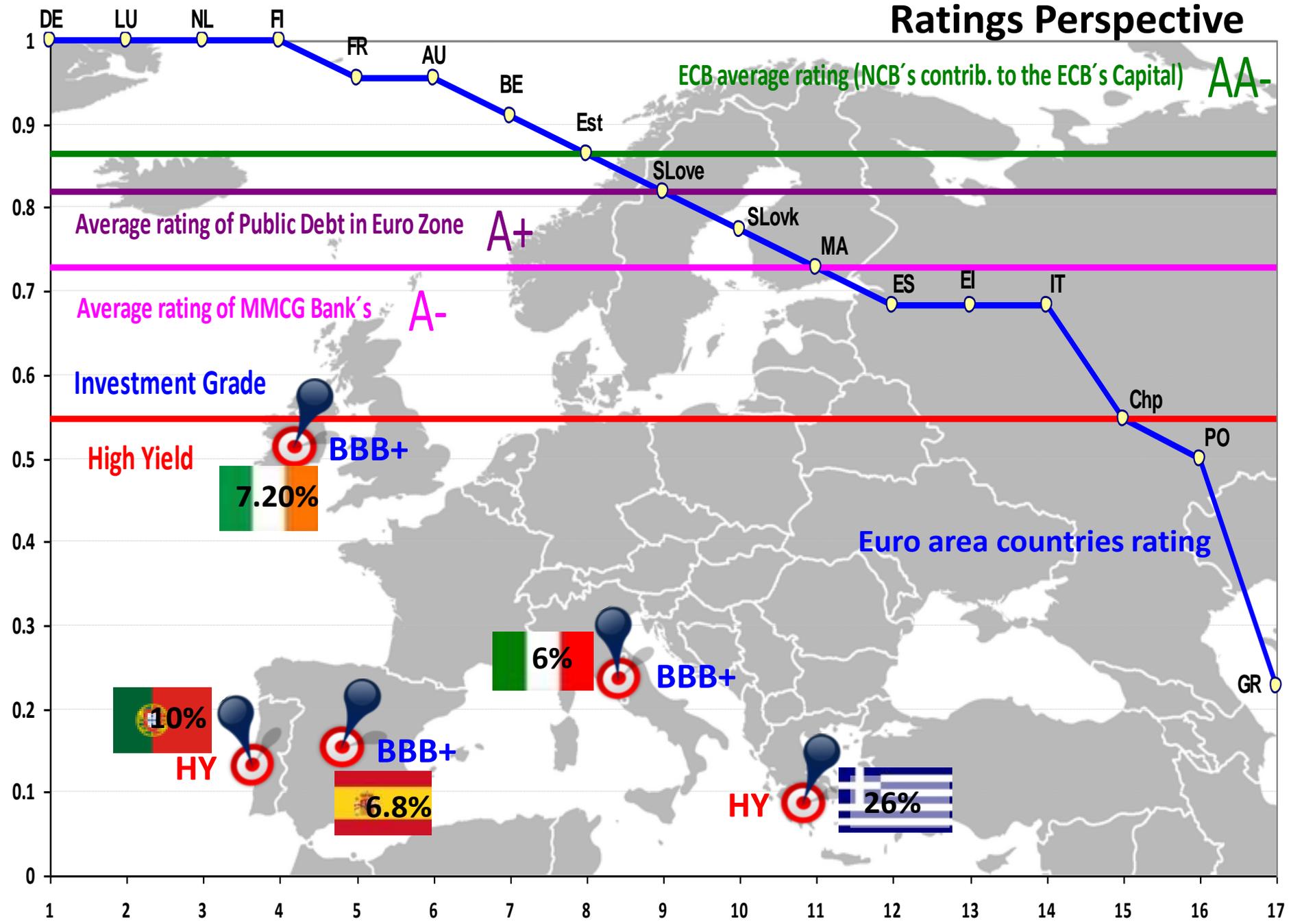


25 of June 2012



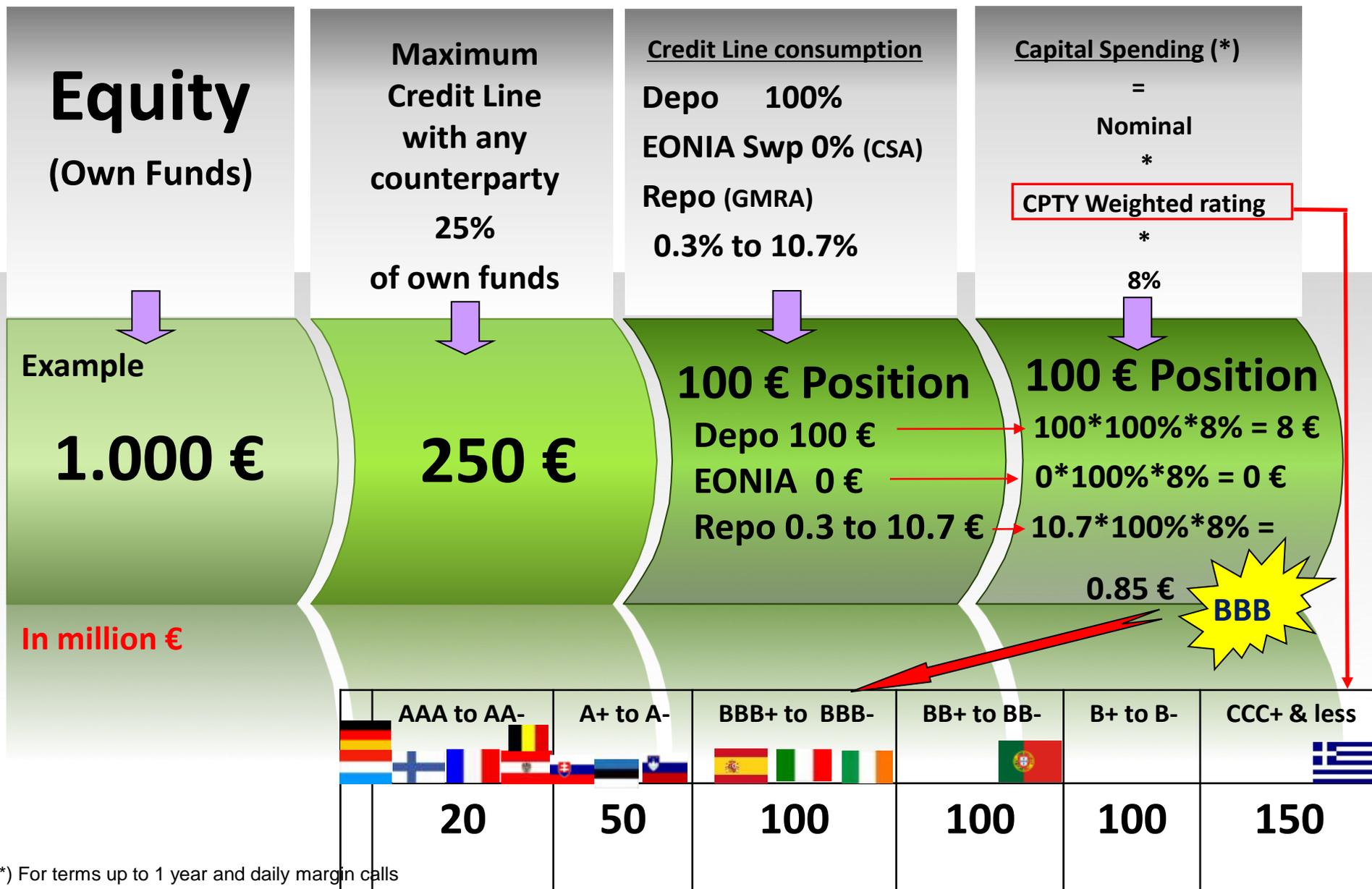
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Ratings Perspective

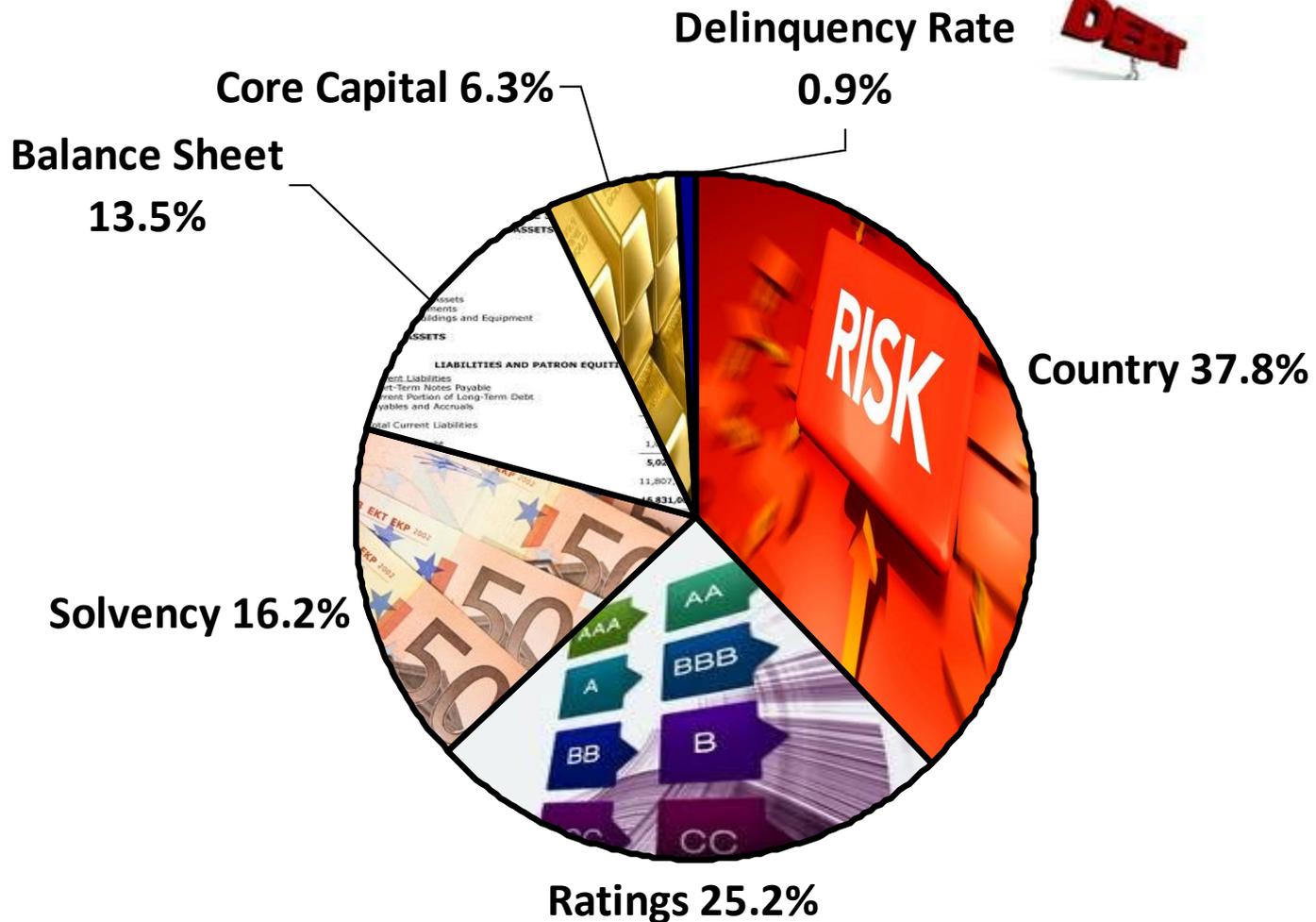


S&P ratings and values at 15/06/2012

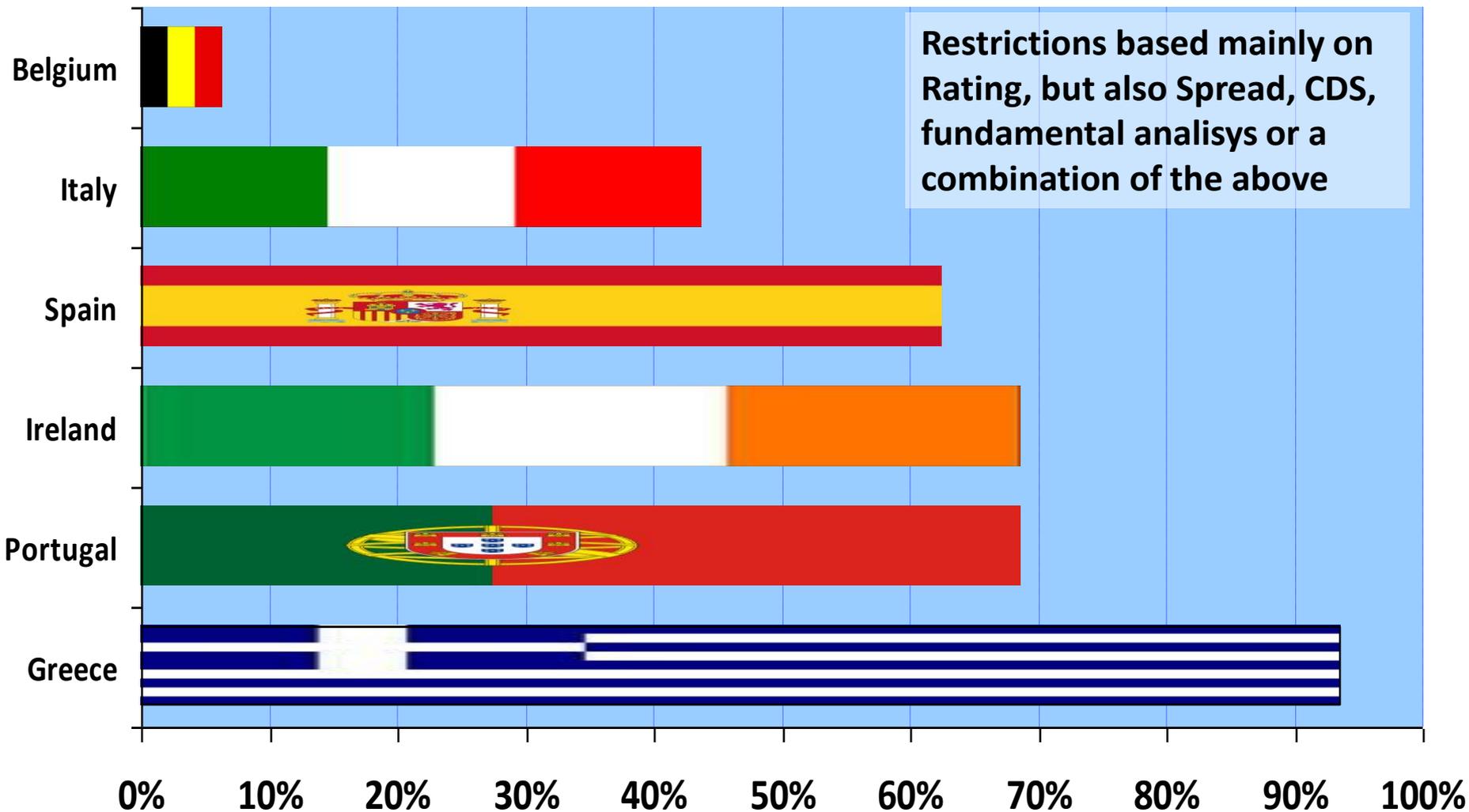
Credit Risk Framework: DIR 2006/48/CE and DIR 2006/49/CE



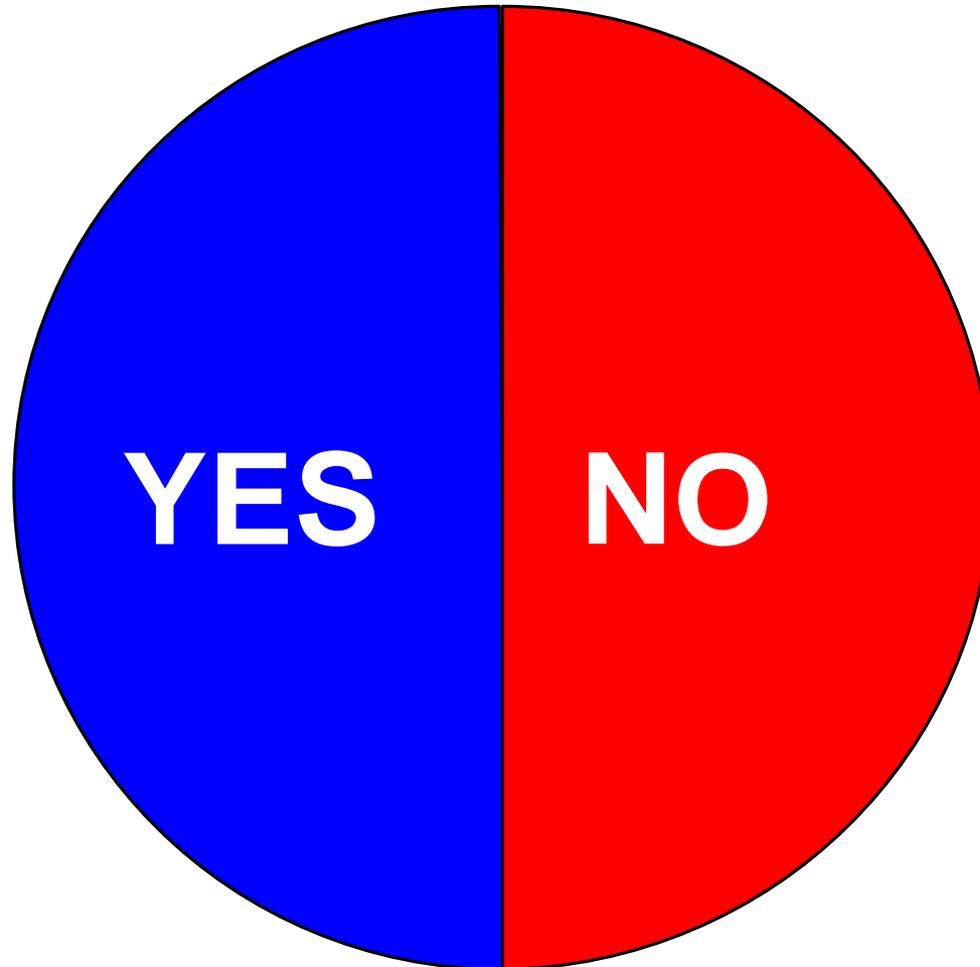
1. In your opinion, which do you think are the three main aspects in assigning a counterparty credit line to a credit institution?



2. Do you happen to have operative restrictions on countries within the Eurozone?



4. Are there different limits depending on the portfolio, i.e. whether it is trading or investment?



5. What is the role of liquidity regulations in your setting of limits and country exposures?

Limited role

The liquidity regulations are considered in the setting of limits and country exposures

Only minor role because of limited transparency

Limited at the current time

Not obliged at moment but it will impact in the behaviour by deleveraging the balance sheet and looking only for liquid assets

Liquidity regulations not direct relationship with country exposures

MM Limits predominantly <1 month. More focus on geographical assets & liability management within the same ccy union due to liquidity transferability constraints imposed by local, national regulators

Country limits not impacted by current liquidity regulations. The group maintains its own liquidity metrics.

To obtain secured funding (repo's) breaches are possible

Has more and more influence to the most type of limits

Local regulation must be adhered to and is thus considered part of the process of setting of limits

Key input of our internal ratings model

Basel III (LCR and NSFR) are taken into account for each new investment decision and monitored monthly. The risk appetite of the bank will be expressed according to these new indicators.

Impact is very limited, as overall limits are based on Ratings and outlook

Liquidity limits are applied by baskets of country depending on the liquidity of the underlying repo mkt.

None

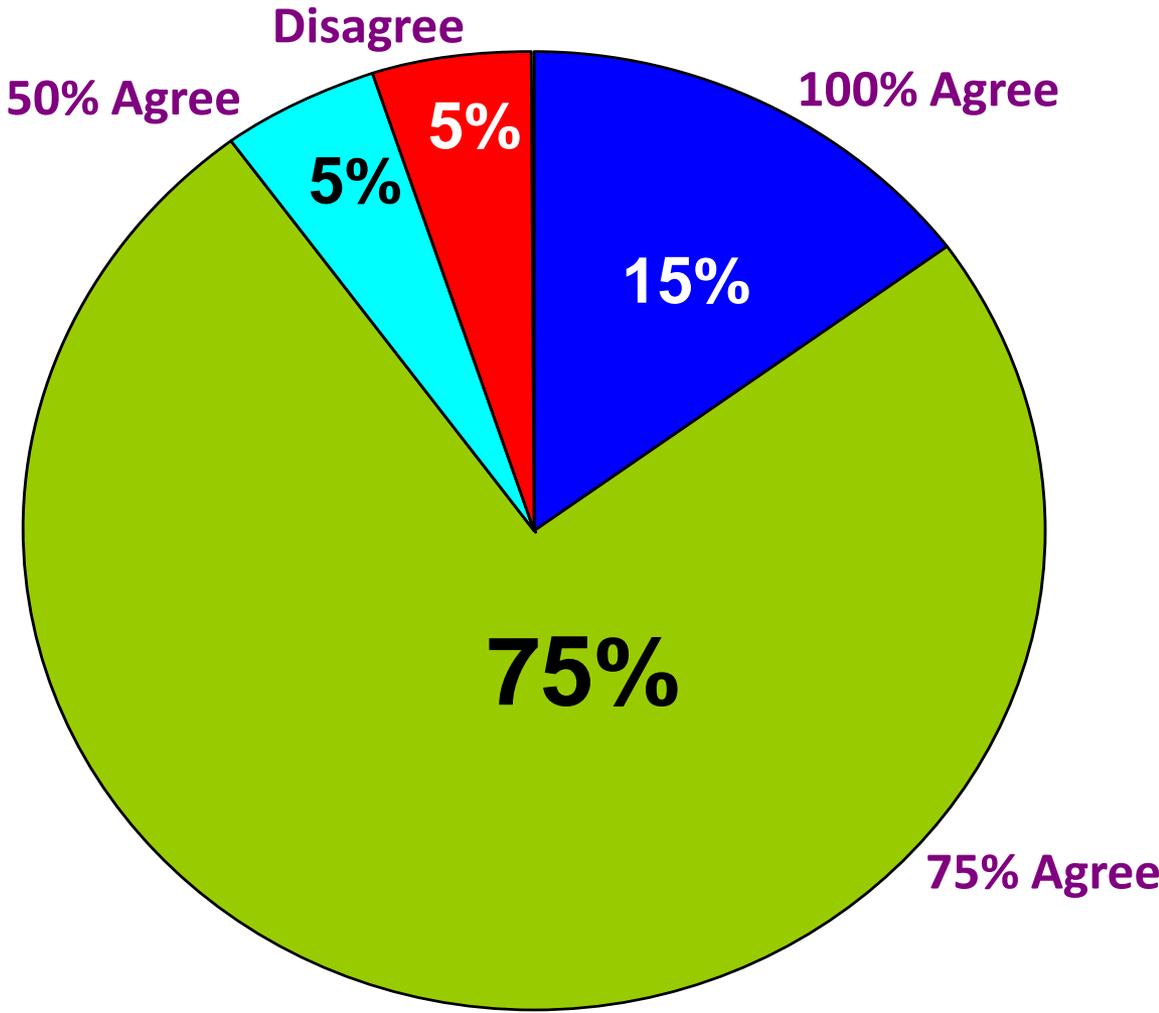
Considered as part of the financial sophistication index factor used in iliquid stress methodology

Country caps are implemented for most of the non AAA countries.

LCR limits at the level of fixed income department, ie. May impact our repo activity

Regulations will always need to be adhered to hence will local refinancing and funding mixes be tailed to ensure regulatory compliance.

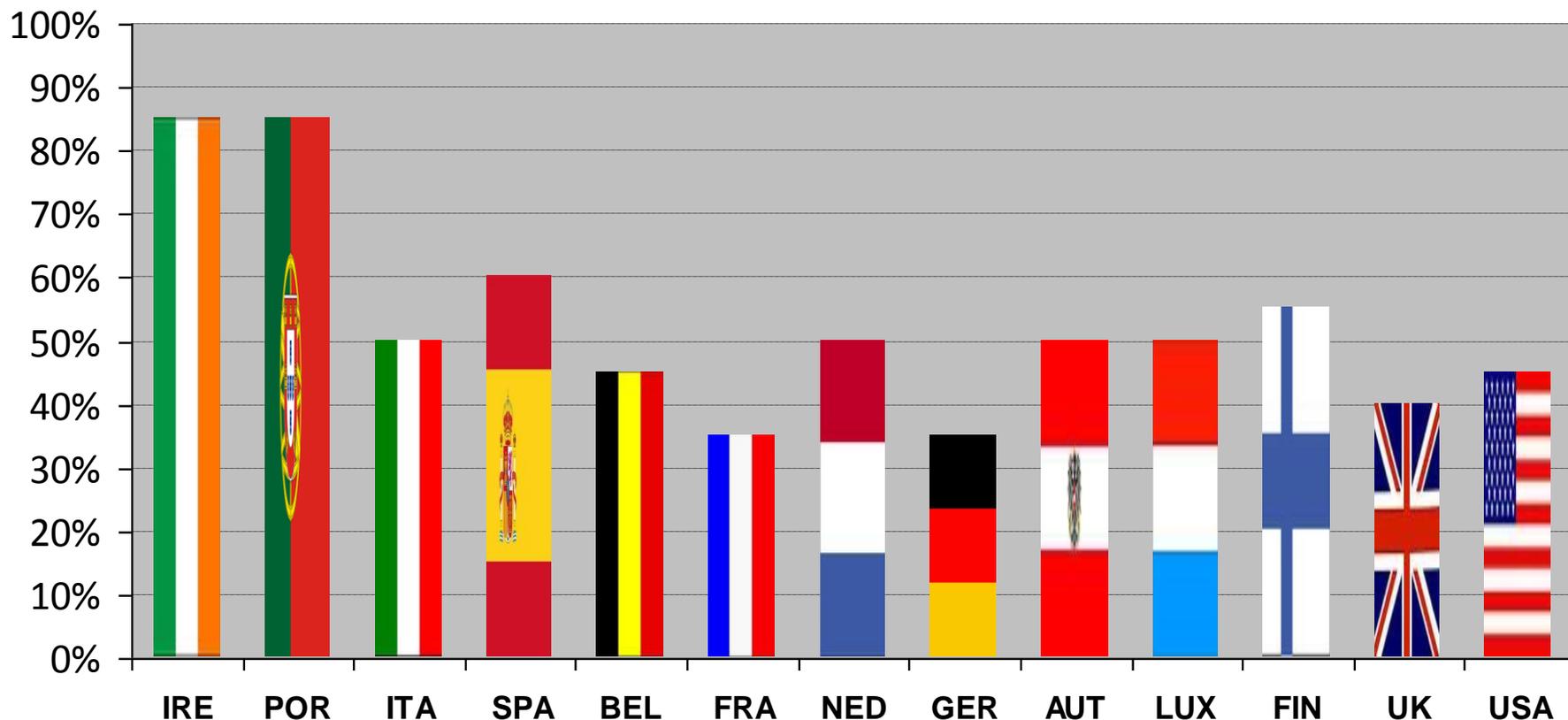
6. Do you think that the framework contracts, like GMRA, CSA, GMSLA, are still good enough to mitigate the risk effects and protect your entity?



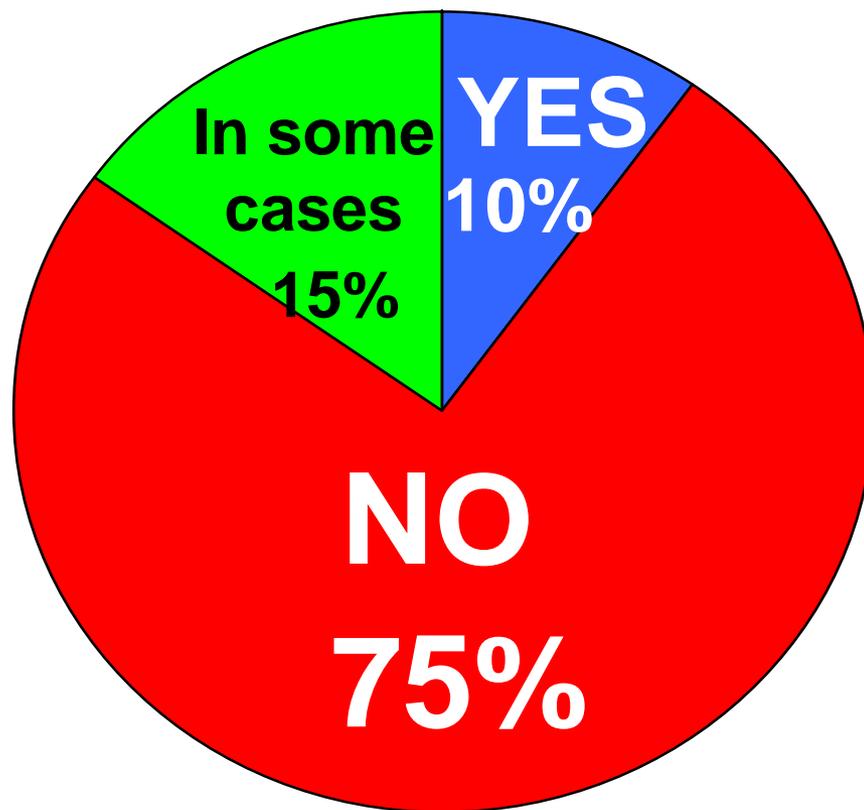
Someone said: 75% agree, but disagree in case of double risk

7. Do you effect at present, deposit operations, EUR, USD, with financial institutions other than your own branches or international branches or other? (i.e. local institutions).

% of MMCG Banks with no lending activity with the countries
(Not able to lend, or no lending activity)

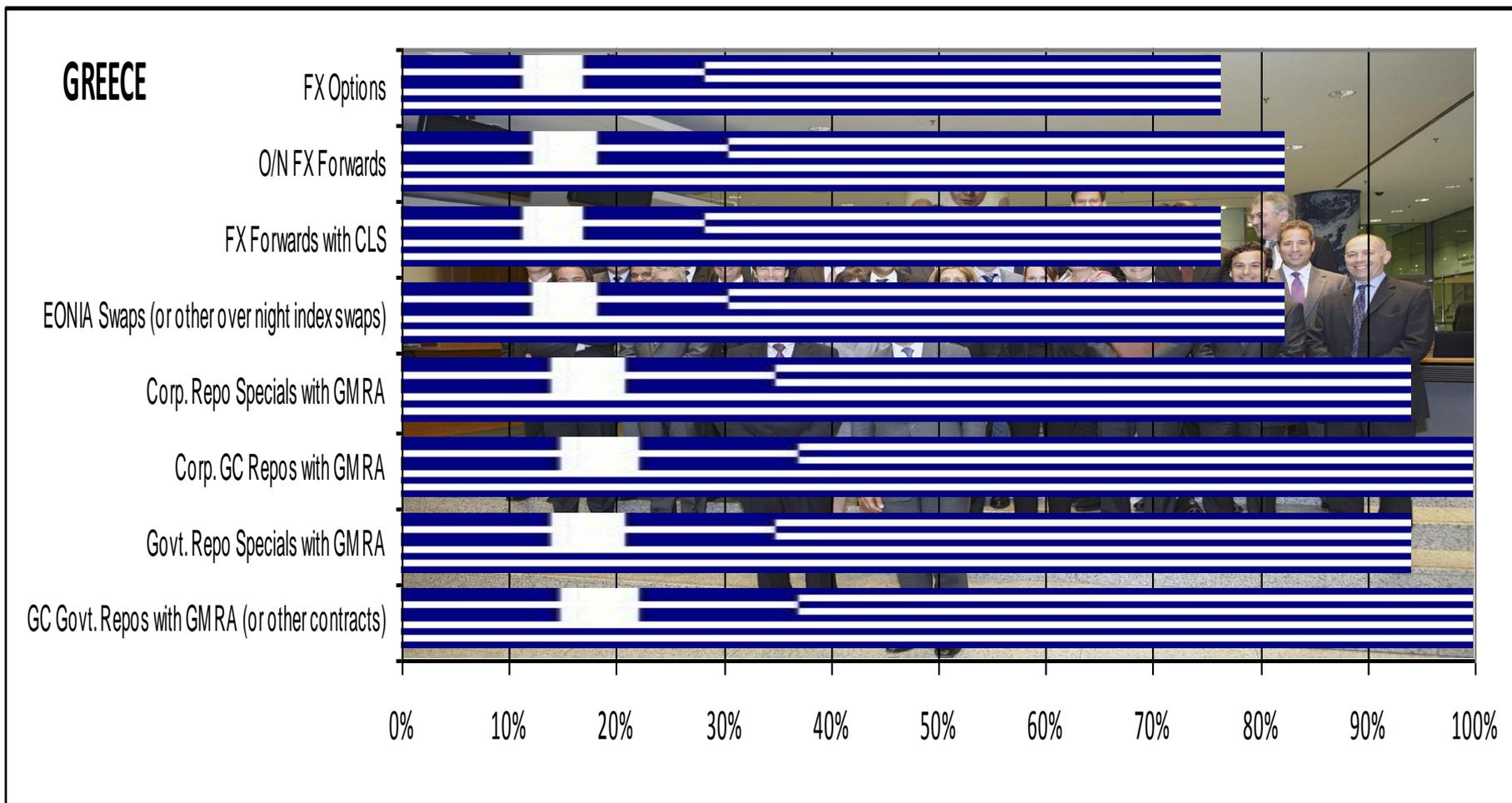


8. Would you somehow change your behaviour and so start offering deposits in case the deposit facility was 0%, or even if there were negative interest rates?

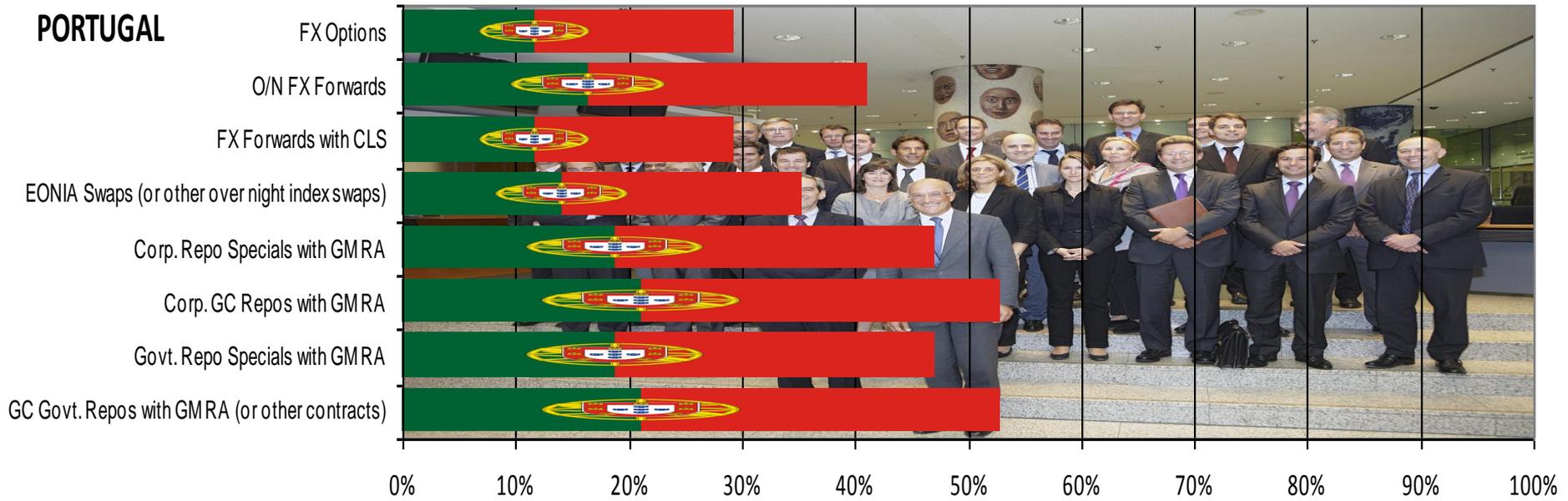


Someone said: “credit decisions are limited depending on yield income”

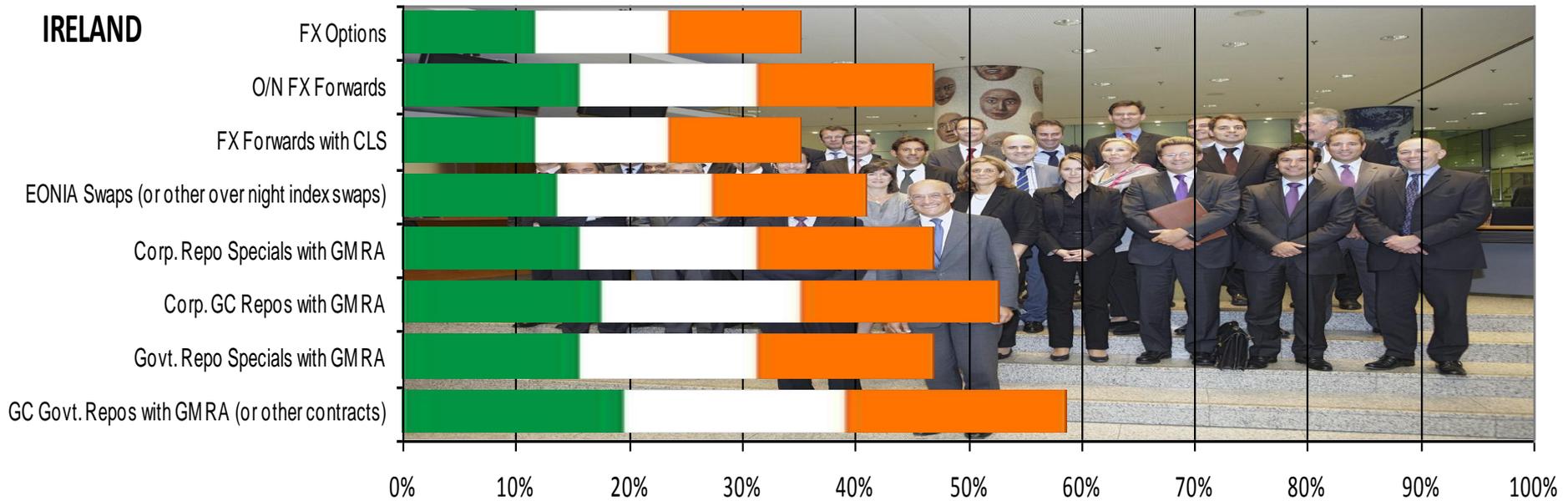
9. As per the domestic institutions from those countries in which restrictions apply, please indicate if these restrictions affect the following markets.



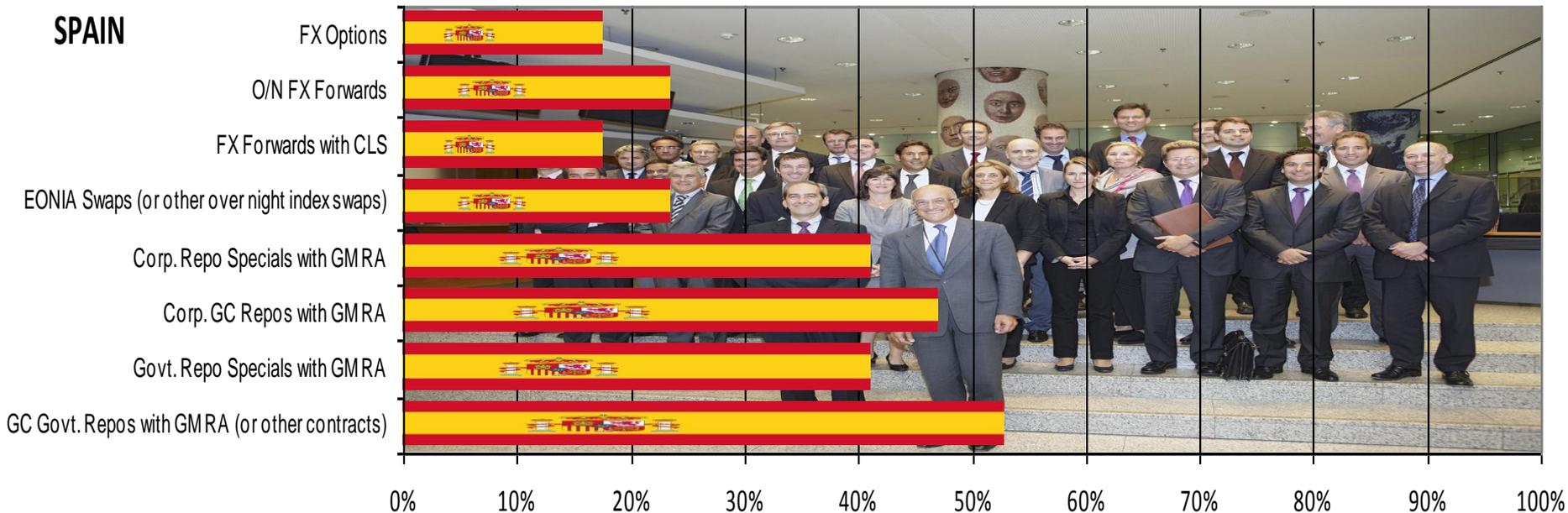
PORTUGAL



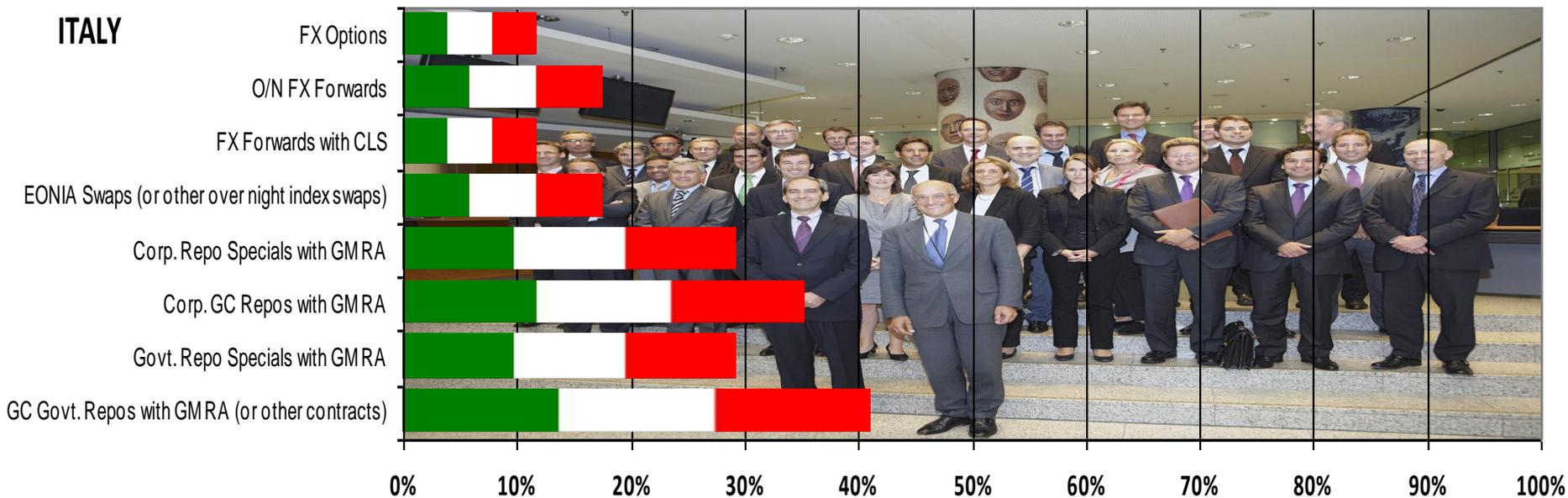
IRELAND



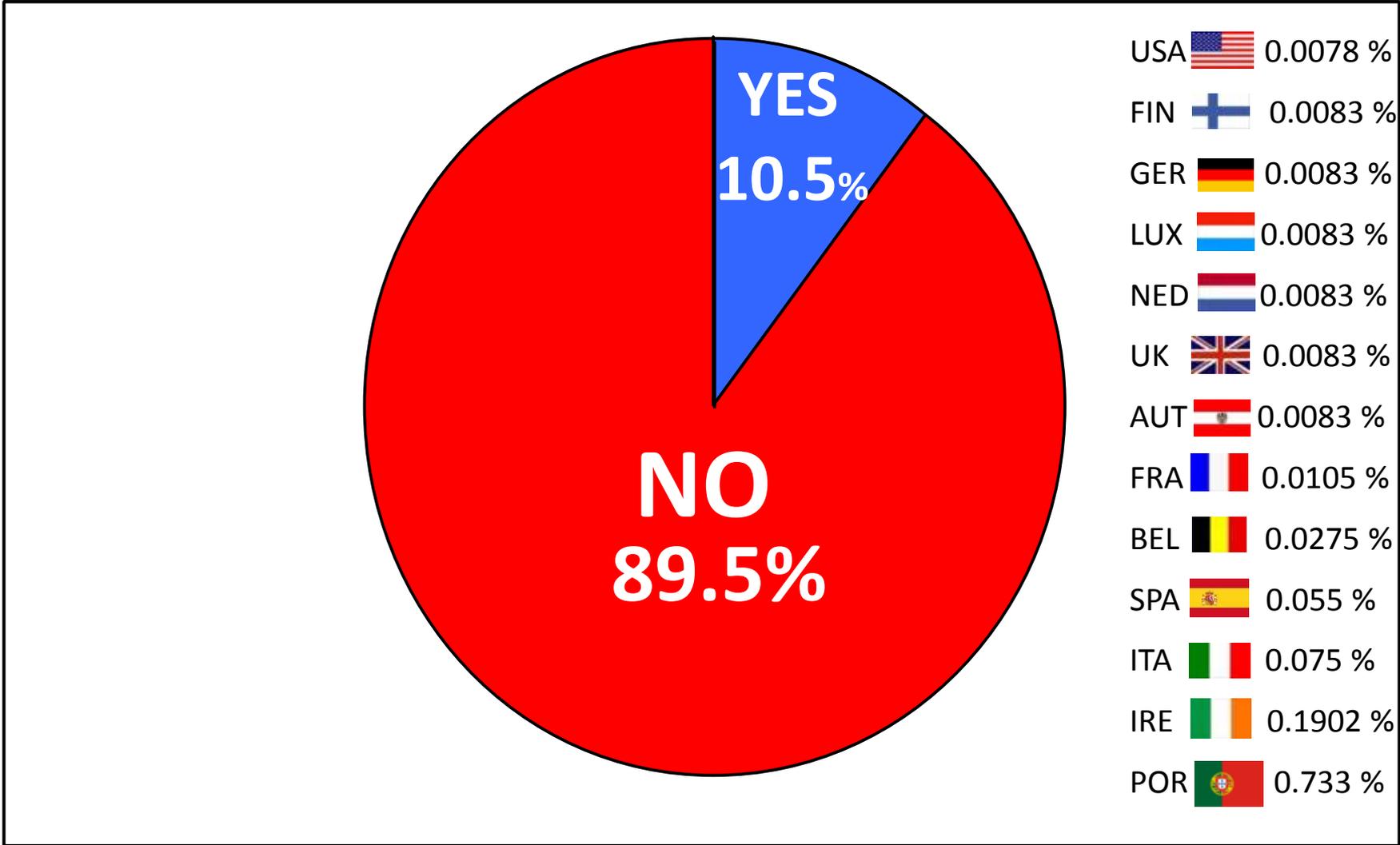
SPAIN



ITALY

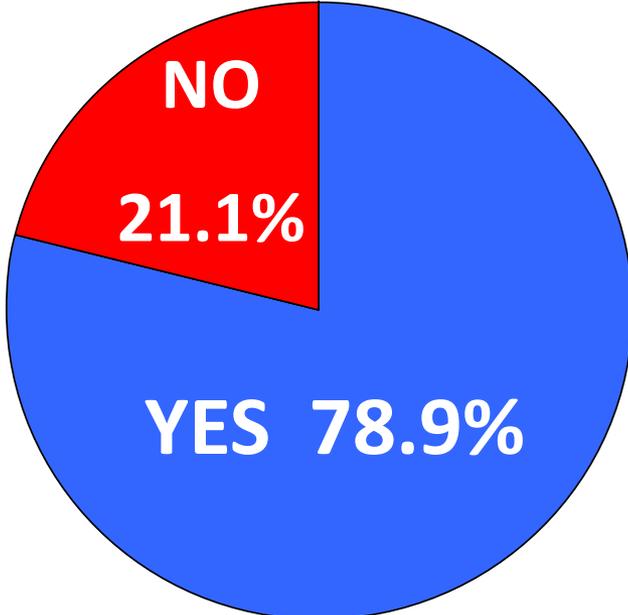
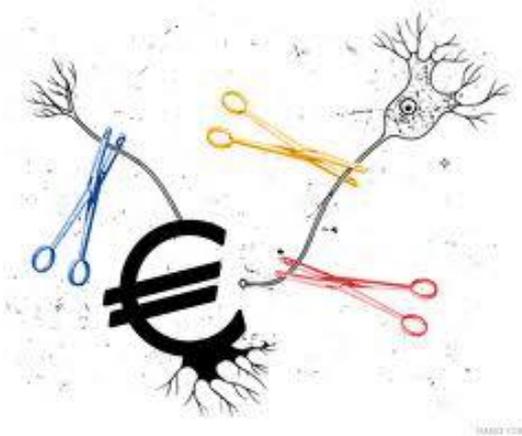


10. Does your Credit Department have an estimate of a country's "jump to default" value

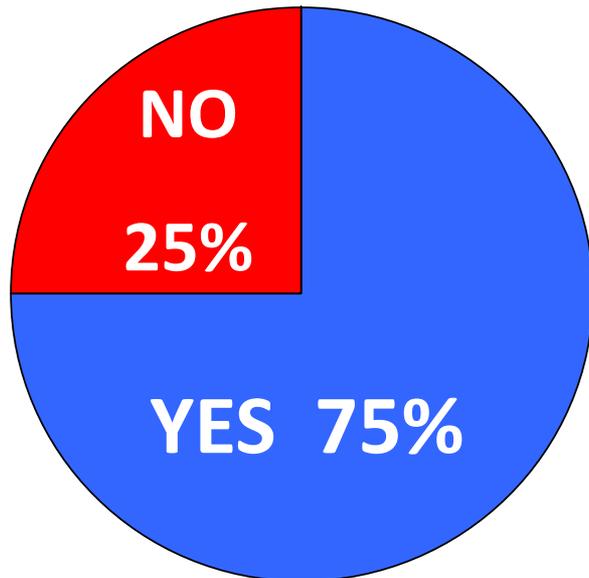


Someone said: prefer not to disclose

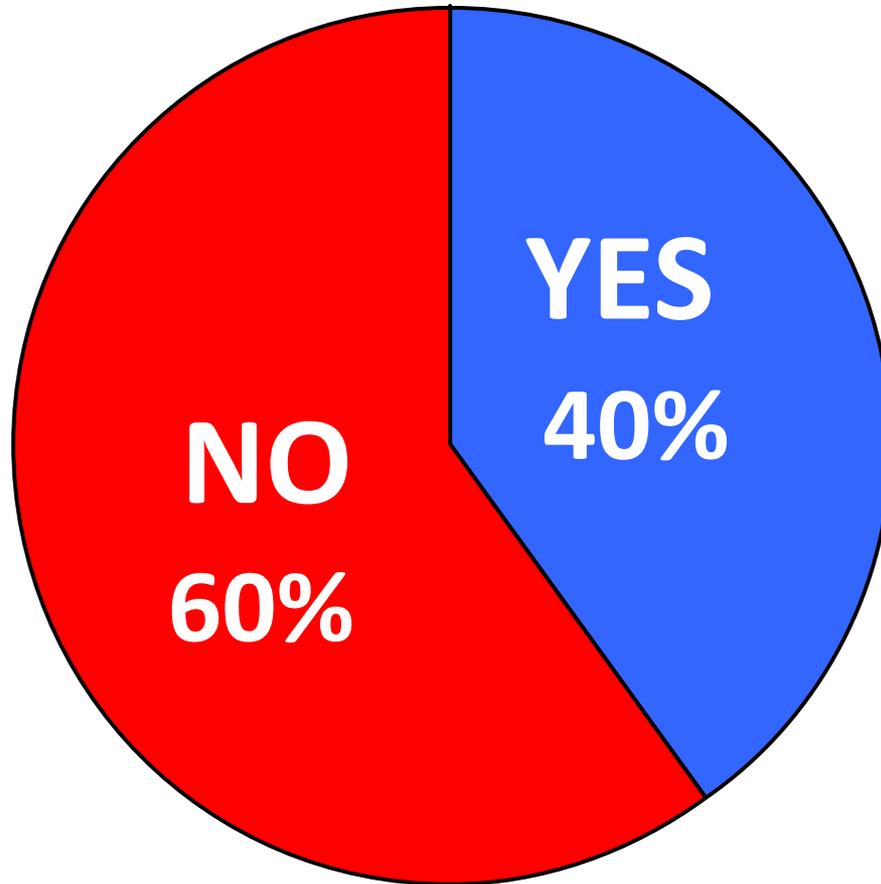
11. Do you apply different haircuts to the ECB's, on Repo operations, for the ECB eligible assets?



12. Do you apply different haircuts to the assets, on Repo operations depending on the counterparty's country of origin?



13. Do you think ECB should accept government debt of the euro area countries as collateral with no restrictions at all?



14. Please indicate from the list below the two main items that you think would help solving the problem of the present Sovereign Debt crisis, helping to recover confidence.



Some other pills: **36.8%**

Confidence would come back by motivating private initiatives to recover market activities

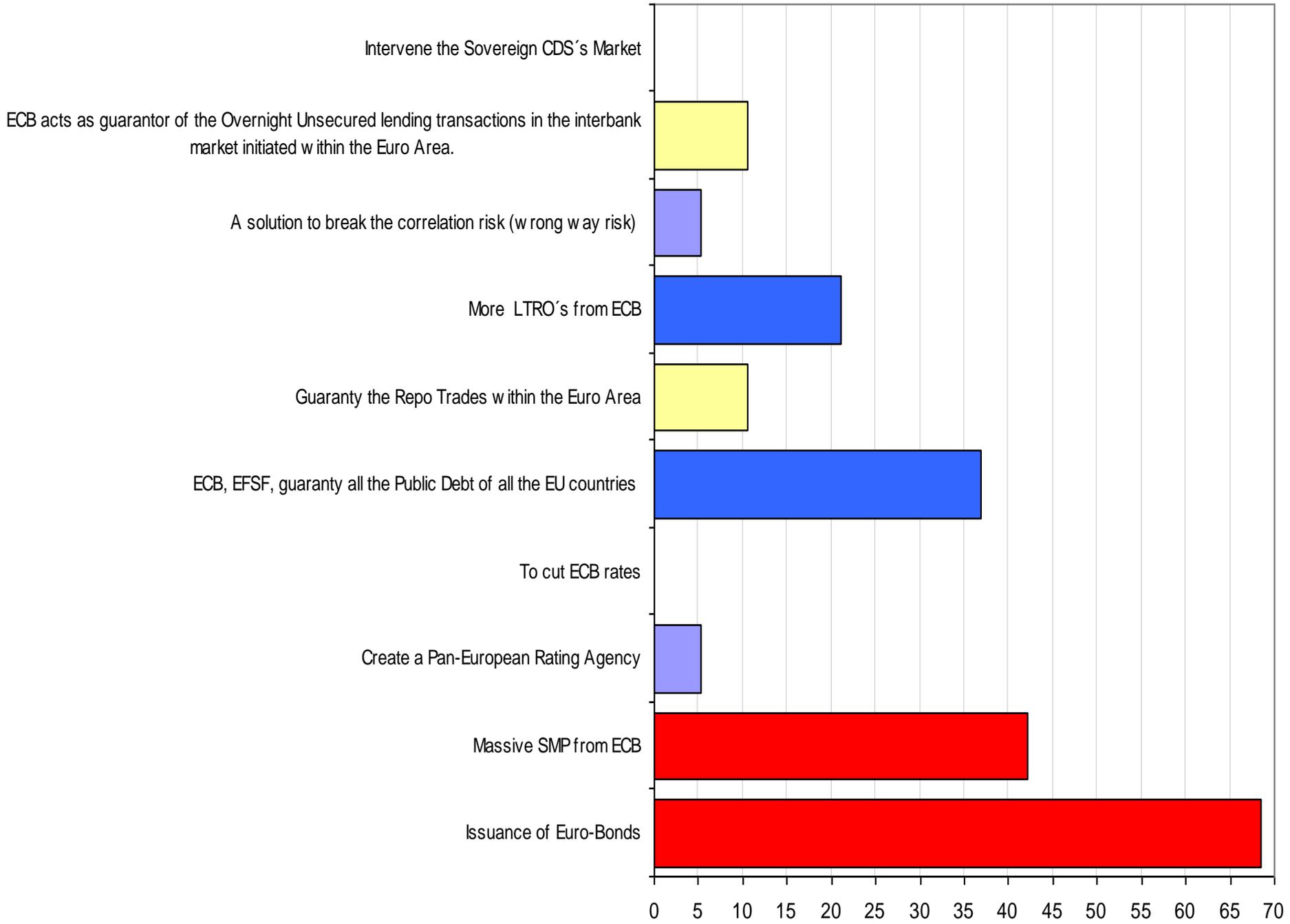
42.1%

Recapitalization of EU Banks

We don't know

68.4%

None of these measures, most of it would aggravate the situation (moral hazard). 3rd LTRO may be helpful



Thank you for your attention

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