



Doing business during Corona Virus outbreak: questions a CEO should ask

March 2020



Checklist for CEO and....

CEO

- How safe are my employees? Are we doing everything is required?
- How big is the P&L impact for Q1 and Q2?
- How do I engage the Board? What story do I communicate?
- What changes of strategy do I need to undertake? Which tweaks? Should I adopt a “through the crisis” stance?
- What do I communicate to the analysts? Should I go for an early earning warning? Do I have the full picture? What do I miss?
- Should I position the Bank as a core player to sustain the Economy? Should I make transparent how commitment? Will I do visible moves (e.g.: UK Banks, Intesa, etc.)?
- Should I undertake major non-HR cost / investment reduction to cope with the earning reduction?
- Should we take advantage of the new ECB QE initiative?

...Checklist to mobilise your organization in dealing with CoronaVirus emergency -1

Chief HR
Officer

- ❑ Are we giving widespread communication about how CoronaVirus is affecting the Bank and our resiliency plans?
- ❑ What are our branch servicing policies for given pandemic scenarios?
- ❑ Are we providing our people with timely information about status of colleagues?
- ❑ Do we have specific contingency plans (e.g.: closures) for given pandemic scenarios?
- ❑ Are we providing full support to our employees with ad hoc solutions (e.g.: stranded abroad, additional insurance coverages, special family leaves, temporary part-time, etc.)?
- ❑ Can we accelerate “smart working” in crucial areas non-customer facing like Call Centre, Credit Department, Dealing Rooms, Risk, etc.? What is required to accelerate it?
- ❑ What is the additional cost that we are going to bear for the above mentioned measures?
- ❑ What is going to be our stance on bonuses?
- ❑ What are our recruitment plans? Can we procrastinate non-crucial positions?

Checklist to mobilise your organization in dealing with CoronaVirus emergency - 2

COO

- How resilient are our operations?
 - Is our Business Continuity Approach robust enough to ensure customer interactions across all channels in case of emergency?
 - How do we ensure minimum level of service in all (or most) branches in case of pandemic scenario?
 - Can we manage Call Centre through “smart working” in case of infection and closure of premises? Can we bear significant peaks due to panic?
 - Is our digital platform able to bear significantly increased activity?
 - Is our IT infrastructure robust enough and backed up enough? What levels of infections are foreseeing in terms of % of workforce? Are our suppliers adopting the same approach?
 - To what extent the Business Continuity Approach is dependant from our providers (e.g.: outsourcers, ATM servicing, software maintenance, facility management, etc.)? Did we assess the risk of their fault due to rapid infection spread (e.g.: service continuity on-site vs remote)?
- How do we “protect” IT implementations with very stringent deadlines (e.g.: regulation-driven, etc.)? Can we reprioritise projects?
- Is the effectiveness of AML, KYC, and other controls (e.g.: Cybersecurity for us and for customers) at risk in case of significant spread of the infection?
- Are we ready to cope with potential massive cash withdrawals due to panic?
- What is the “meltdown level” (in terms of % of workforce infected)? How close are we and are we ensuring a tight monitoring / workforce planning?
- What costs can be reduced, contracts renegotiated (“partners in crisis”), investments postponed? What is the expected impact?

Checklist to mobilise your organization in dealing with CoronaVirus emergency - 3

CFO

- How is the liquidity position of the Bank under different level of pandemic scenarios (whereby each scenario has different level of arrears in repayments)? In particular how is the potential impact on the Assets and Liability gap coming from repayment arrears of:
 - SMEs (especially of most impacted segments like Retail, Auto, T&L, Oil,)
 - Consumer Finance
 - Mortgages
- Can we draw from the ECB new TLTRO? How much?
- How big is the expected economic impact of the increased asset and liabilities gap with existing IR levels by quarter?
- What is the overall P&L forecast for Q1 and Q2? Can we estimate a credible EoY forecast given different level of NPLs / Provisioning?
- What is a potential amount of cost to be reduced / investment to be postponed in order to offset / reduce the revenue slump and maintaining promised expectation to shareholders (obviously not impacting HR)?

Checklist to mobilise your organization in dealing with CoronaVirus emergency - 4

CRO

- How large is our exposure to most beleaguered industries (T&L, Retail, Luxury, Auto, Oil, etc.)?
- How big is the impact of provisioning coming from repayment arrears by segment and sector? What is our forward looking view?
- Are we thinking to proactively reschedule repayments to avoid arrears? Under which policies and for which risk grade?
- Are we able to estimate different scenario of NPLs for the most impacted industries? Are we updating our risk models?
- Overall how big is the NPLs and provisioning impact for Q1/Q2?
- What is our collection / securitisation / collateralisation strategy for the key impacted sectors?
- Is it worth considering NPLs sale?

Checklist to mobilise your organization in dealing with CoronaVirus emergency - 5

Chief Business Officers

- ❑ Which segments / territories will exhibit negative or no growth? What impact on the overall growth of Assets and Liabilities? What the estimated impact on P&L for Q1 and Q2?
- ❑ How can we leverage additional BCE funding to visibly support the economy (e.g.: dedicated lines, communication, etc.). Which territories and / or customer segments?
- ❑ Are we creating specific products / value propositions for impacted territories / sectors?
- ❑ Are we promoting our digital services as support to “self quarantined” status of our customers?
- ❑ Are we proactively reaching out customer under financial stress with specific easing initiatives (e.g.: rescheduling of credit repayments, increase of lines for good credit rating customers, etc.)?
- ❑ Are we creating specific lines for SMEs to manage the new inventory build up?