

Risk Assessment Questionnaire – Summary of Results

Autumn 2021



EBA

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BANKING
AUTHORITY

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Introduction

The EBA conducts semi-annual Risk Assessment Questionnaires (RAQs) among banks and market analysts. This booklet presents a summary of the responses to the RAQs carried out in Autumn 2021, in which 59 banks¹ and 8 market analysts submitted their answers. Results of the survey were received by September 2021. The RAQ results are published together with the EBA's quarterly Risk Dashboard (Q3 2021).

The results of the survey are presented in an aggregated form. The survey questionnaires are available in the Appendices. Charts numbers correspond to the question numbers in the questionnaires. Where relevant, answers from former questionnaires may be presented. For questions for which only one answer was permitted, any potential difference between the sum of shown responses and 100% is due to respondents answering either "n/a" or "no opinion". In the summary of the main results, most figures are rounded.

Should you wish to provide your feedback on this booklet, please do so by contacting rast@eba.europa.eu

¹ Please see Annex for the list of banks participating in the survey.

Summary of main findings

The impact of the COVID-19 pandemic on the macroeconomic environment and the ongoing uncertainty continued to be a source of concern for banks and analysts in the Autumn 2021 Risk Assessment Questionnaire (RAQ). Other issues pointed to in the survey include low bank profitability, risk of increasing NPLs, rising operational and ESG related risks and Fintech challenges.

Business model, strategy, and profitability

- **The share of responding banks that reply they are covering their cost of equity (CoE) has increased to 50%, up from 35% in the previous RAQ.** More than 70% of them estimate their CoE at a range between 8% and 12%. Improvements in bank profitability are expected by 80% of banks (up from 75% in the previous RAQ) and 50% of market analysts (20% in the previous RAQ). Banks aim to increase the income from fees and commissions and to reduce operating expenses. More than 80% of banks consider rising market yields will affect their profitability positively. *(Question 3, 4, 5, 6, and 8 for banks and Question 1 for market analysts)*
- **Around 60% of banks consider, or have considered, mergers and acquisitions (M&A),** slightly more than in previous surveys. Banks primarily consider transactions involving domestic business units and/or portfolios (70%) but also domestic credit institutions, and credit institutions, business units and/or portfolios in other EU/EEA countries (55%). Market analysts consider complexity and regulatory requirements the main obstacles for banking consolidation while for banks the lack of business opportunities is the main deterrent factor. *(Question 1 for banks and Question 4 for market analysts)*

Funding and liquidity

- **The survey replies indicate that over the coming 12 months banks will focus their funding on senior non-preferred/senior HoldCo** (more than 50%) and preferred senior unsecured debt (35%). A smaller share of banks reports their intention to draw secured funding (covered bonds) (25% from 20% in Spring 2021 and 15% in Autumn 2020). **The share of banks intending to attain more central bank funding has sharply decreased** from 20% in the previous survey to just 5%. This contrasts with the analysts' views in which a growing share - 65% vs 40% in the previous RAQ - **expect banks to attain more central bank funding.** *(Question 11 for banks and Question 5 for market analysts)*

- **Around 40% of banks identify pricing as the main constraint when issuing MREL eligible instruments**, while 35% suggest there are no constraints. 20% of them consider they have already attained enough MREL, more than double compared to the previous survey. (*Question 12 for banks*)
- **The percentage of banks charging negative rates to non-financial corporations (NFCs) continued to rise** (60% vs 55% on the previous survey). In contrast, the share of them charging negative rates to households' deposits remains stable at comparatively low levels (15%). In parallel, an increasing share of banks report charging higher fees for NFC deposits or current accounts and related services, as reaction to the current low and negative interest rate environment. Nevertheless, the share of banks applying higher fees to households as response to this environment decreased slightly to 35%. (*Question 13 for banks*)

Asset volume trends and asset quality

- **Banks plan to increase both residential mortgage lending as well as lending to corporates and small and medium enterprises (SME)**. Market analysts point to an expected increase in consumer lending albeit with a lower percentage of agreement than in the previous RAQ (75% vs 80%, respectively). (*Question 15 for banks and Question 7 for market analysts*)
- **A lower share of banks expects a deterioration in asset quality**. SME and consumer credit are the portfolios for which banks are more pessimistic. Nonetheless, the percentage of banks pointing to a deterioration of these portfolios have declined steeply compared to the previous RAQ (from 70% to 35% for SME lending, and from 65% to 35% for consumer credit). Market analysts are particularly concerned about commercial real estate (CRE) lending (90% of them expect a deterioration of this portfolio). (*Question 16 for banks and Question 8 for market analysts*)
- **Banks have reduced their cost of risk (CoR) estimation for the current financial year**. While in the previous RAQ 35% of banks expected a CoR below 50 bps, this percentage has doubled to 70% in the latest survey. At the same time, the share of banks that expect their CoR to exceed 100 bps has decreased compared to the previous survey (15% from 25% in Spring 2021). In addition, the COVID-19 overlay applied by 75% of the banks (45% in the previous RAQ) does not exceed 25% of the total CoR. (*Question 17 and 18 for banks*)

Conduct, reputation, and operational risk

- **A significant share of banks expects an increase in operational risk (55%), in line with previous surveys**. Banks consider cyber risk and data security issues as the reasons for the expected increase in operational risk (90%). This is followed by conduct and legal risk (42%). In relation to money laundering and terrorist financing (ML/TF) risk, banks see payment settlements and retail banking as the business lines where this risk is expected to increase the most in the next 6 to 12 months. (*Question 22 and 23 for banks*)

Fintech

- **Regarding the adoption of innovative technologies, 70% of banks declared that they are already using digital wallets, cloud computing, big data analytics and artificial intelligence (AI), including biometrics.** However, the adoption of newly emerging technologies, such as smart contracts and distributed ledger technology, is limited. While more than 30% of banks are using DLT solutions, exploration of smart contracts continues with 15% of banks already using them. As a result of COVID-19, the majority (60%) plans to increase their investment in IT upgrades and maintenance, and digital innovation. A smaller proportion of them (20%) aim to increase investments in non-bank FinTech firms/start-ups. *(Questions 25 and 26 for banks)*

ESG

- **Banks reported that ESG factors are widely considered in their risk management.** 80% of banks are taking them into account in credit risk, while more than 70% of banks consider them for reputational and operational risks. Far fewer institutions consider ESG factors in other risk categories. *(Question 27 for banks)*
- **Common methodologies to assess ESG risks include the exposure method using ESG scores or ratings,** adopted by 55% of banks, the risk framework method (including scenario analysis or stress testing) (50%), and the portfolio alignment method (45%). *(Question 28 for banks)*
- **The metrics most used by banks to assess their exposures to climate-related risks are carbon or greenhouse gas (GHG) financed emissions and environmental scores/ratings of counterparties** (both indicated by 45% of banks). They are followed by the share of green exposures (40%) and the share of environmentally harmful exposures (30%). *(Question 29 for banks)*

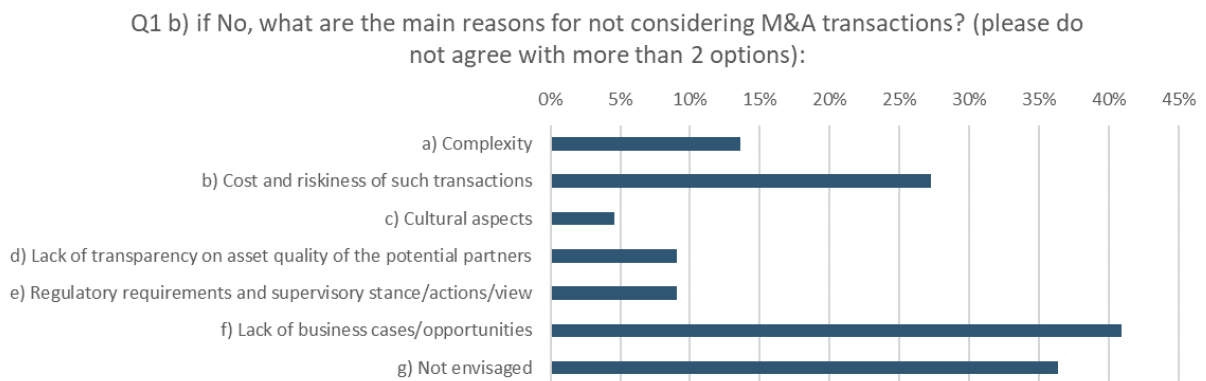
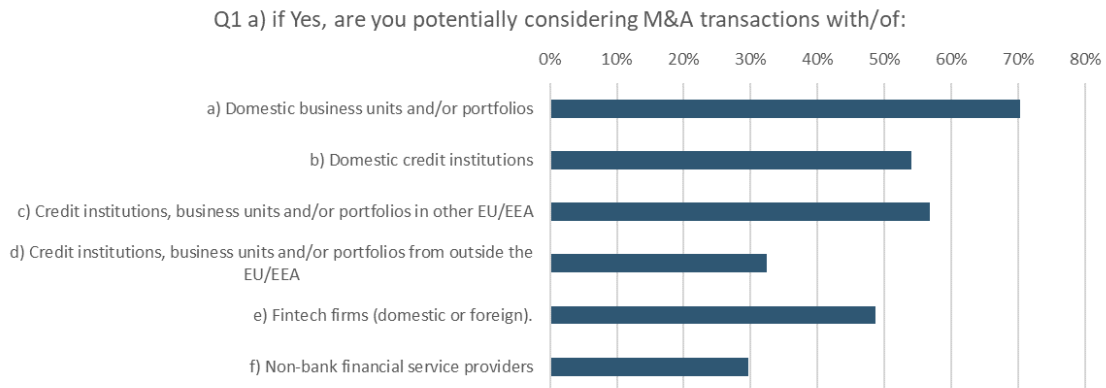
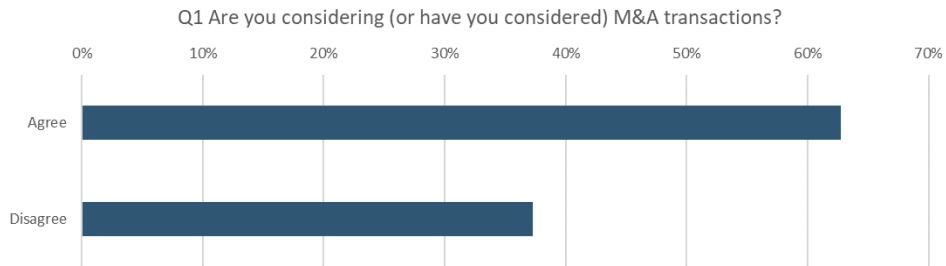
General open question

- Risks stemming from the ongoing **Covid-19 pandemic and its impact on economic activities as well as the uncertainty over its evolution continue to be source of concern for banks.** Banks also point to concerns about increasing cyber risks and the broader macroeconomic situation, including a potential slowdown in economic growth. Several banks also mentioned the low interest rate environment and climate risk. *(Question 31 for banks)*

Banks' questionnaire

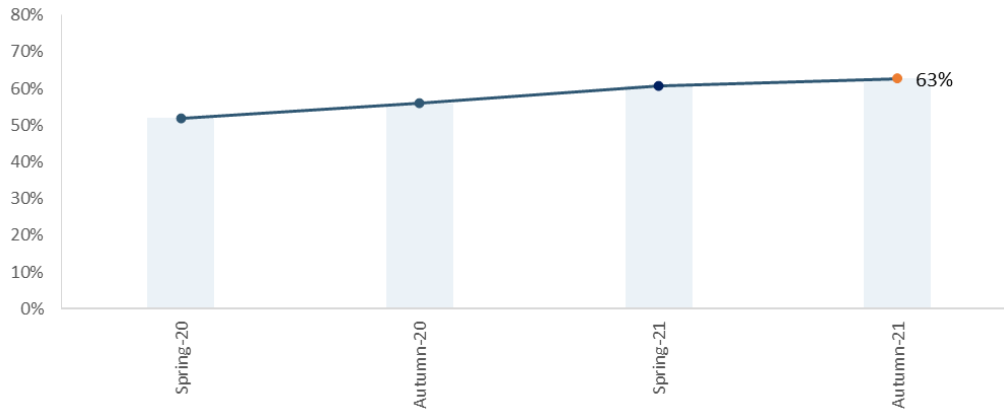
1. Business model / strategy / profitability

Question 1: Autumn 2021 results

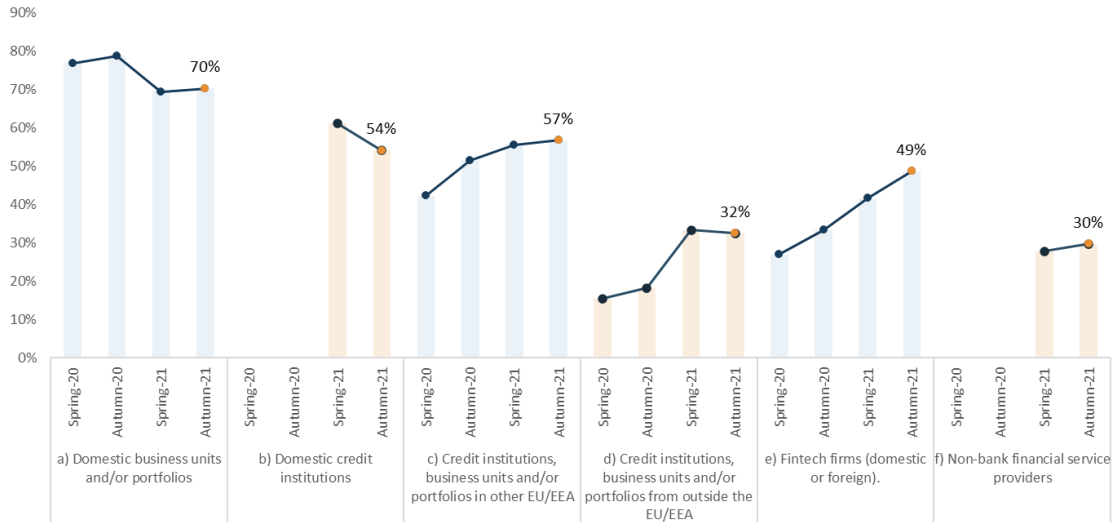


Question 1: Comparison with earlier results

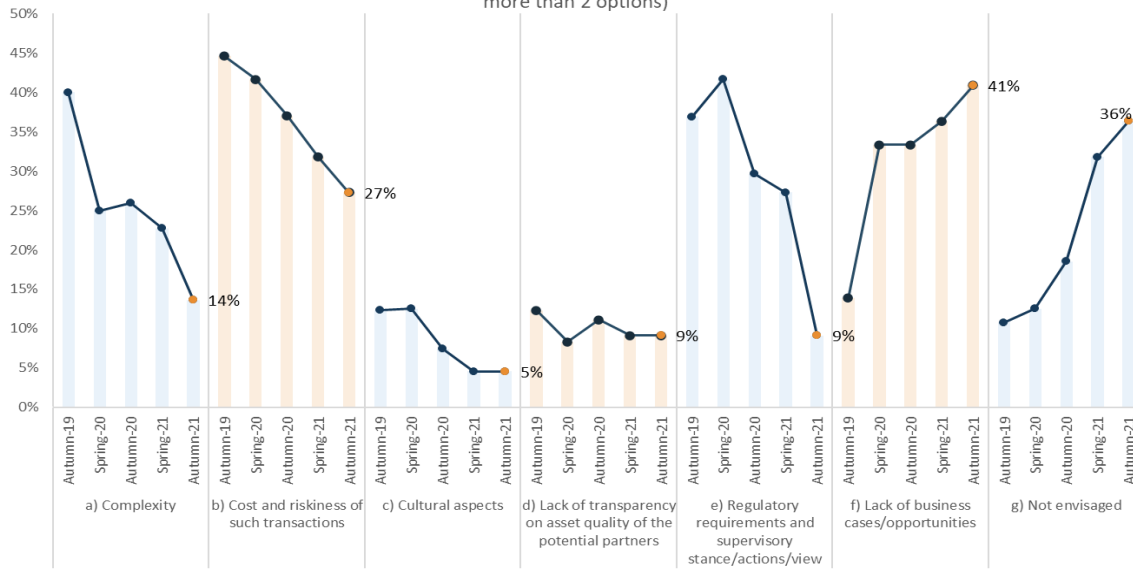
Q1 Are you considering (or have you considered) M&A transactions?



Q1.1 if Yes, are you potentially considering M&A transactions with/of?

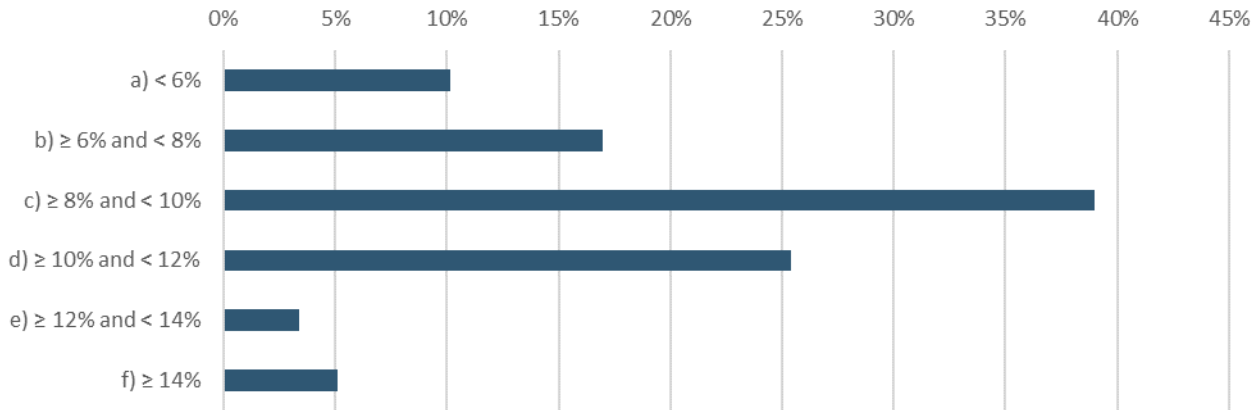


Q1.2 if No, what are the main reasons for not considering M&A transactions? (please do not agree with more than 2 options)



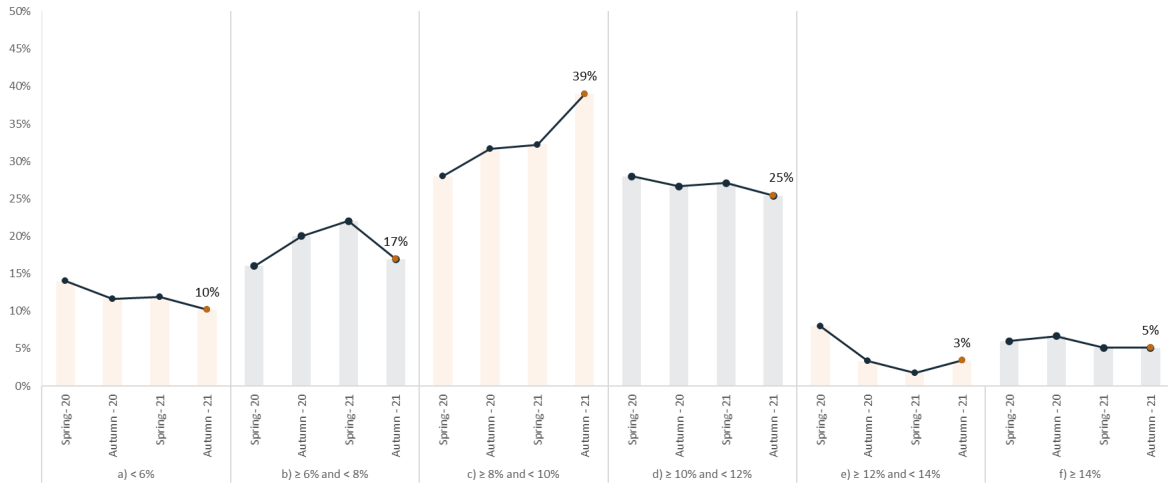
Question 2: Autumn 2021 results

Q2 Your bank can operate on a longer-term basis with a return on equity (ROE):

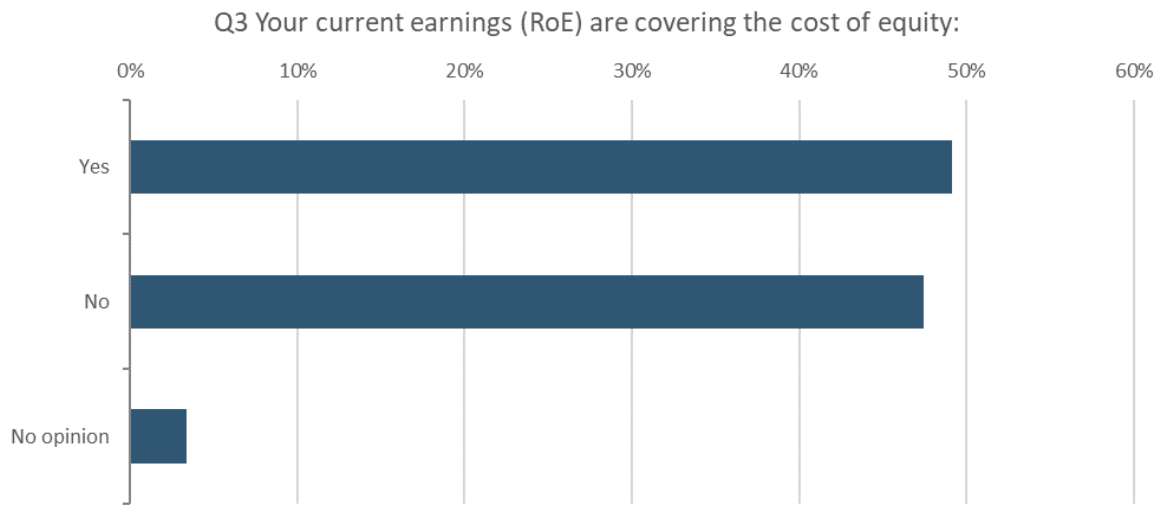


Question 2: Comparison with earlier results

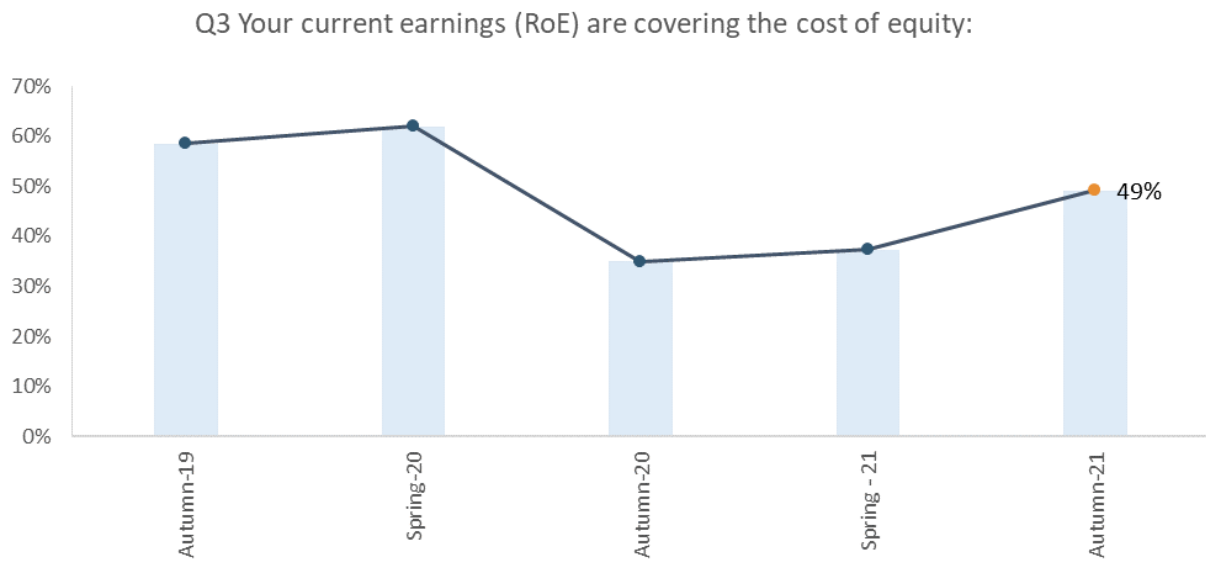
Q2 Your bank can operate on a longer-term basis with a return on equity (ROE):



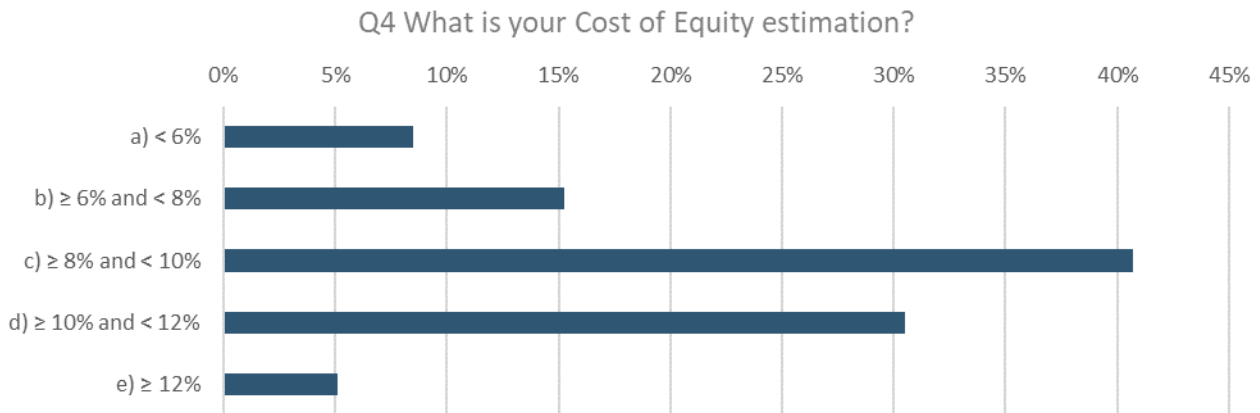
Question 3: Autumn 2021 results



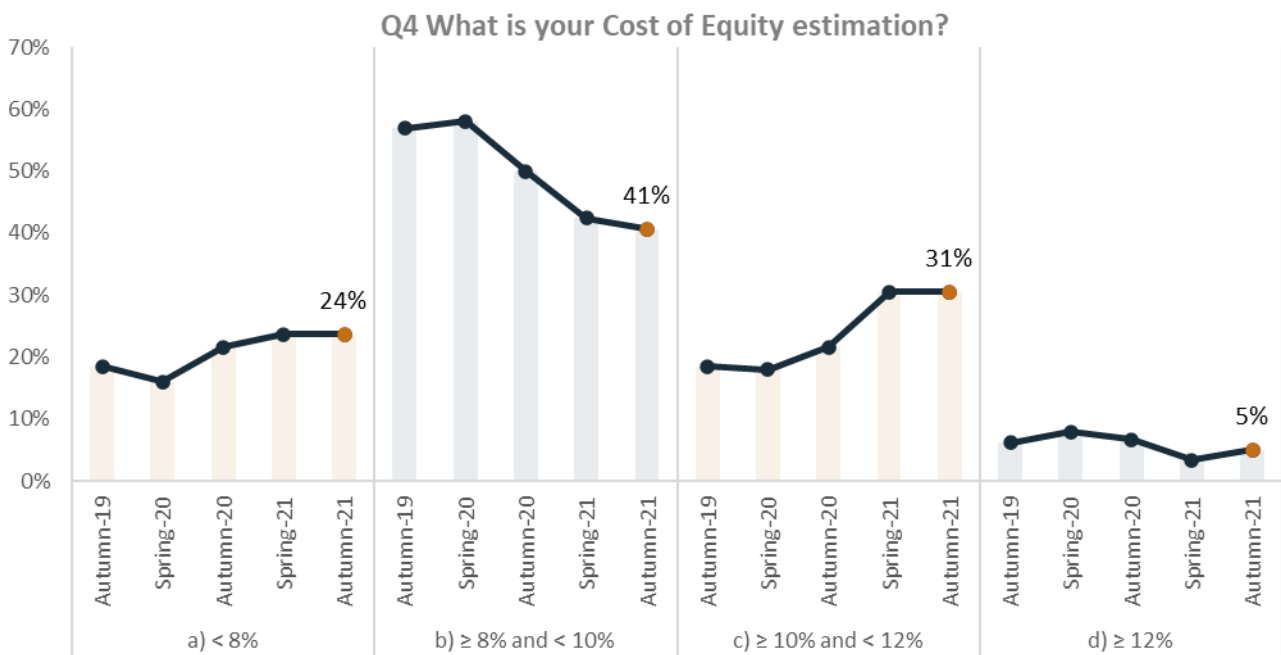
Question 3: Comparison with earlier results



Question 4: Autumn 2021 results

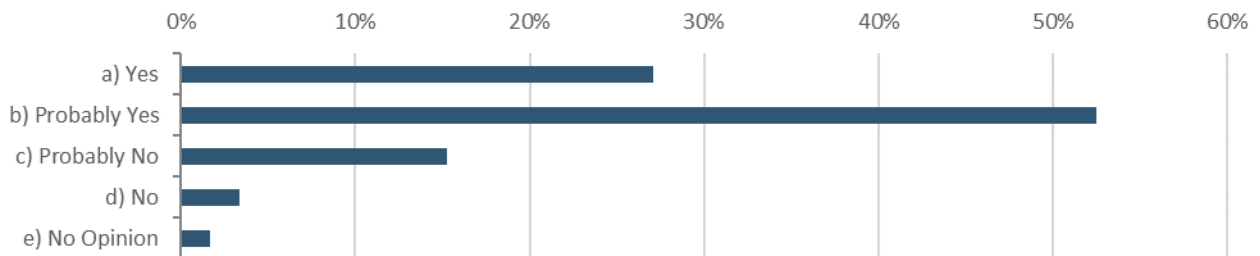


Question 4: Comparison with earlier results



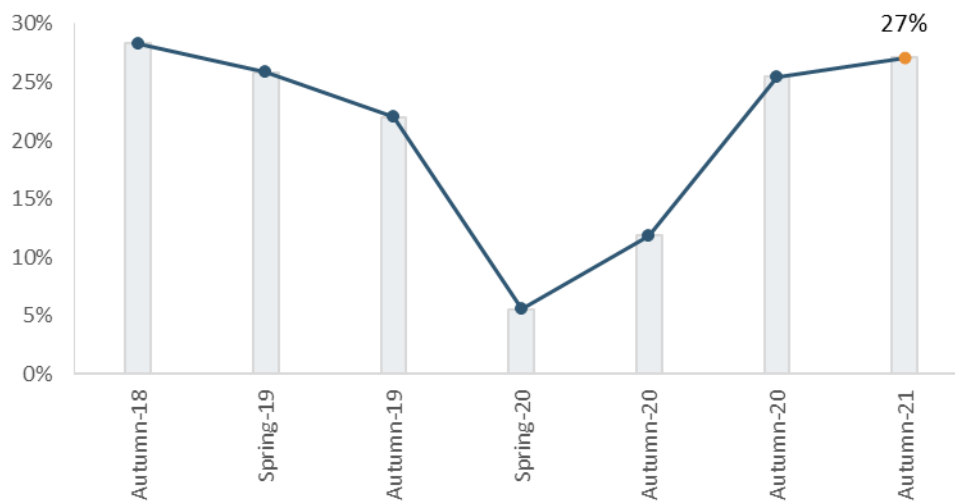
Question 5: Autumn 2021 results

Q5 Do you expect an overall increase in your bank's profitability in the next 6 to 12 months?



Question 5: Comparison with earlier results

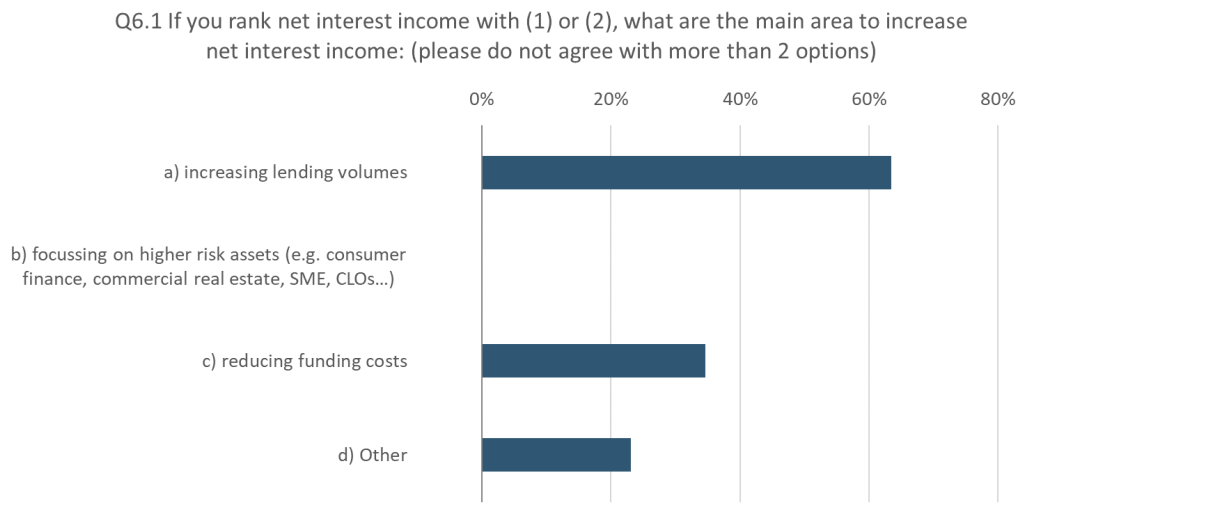
Q5 You expect an overall increase in your bank's profitability in the next 6-12 months:



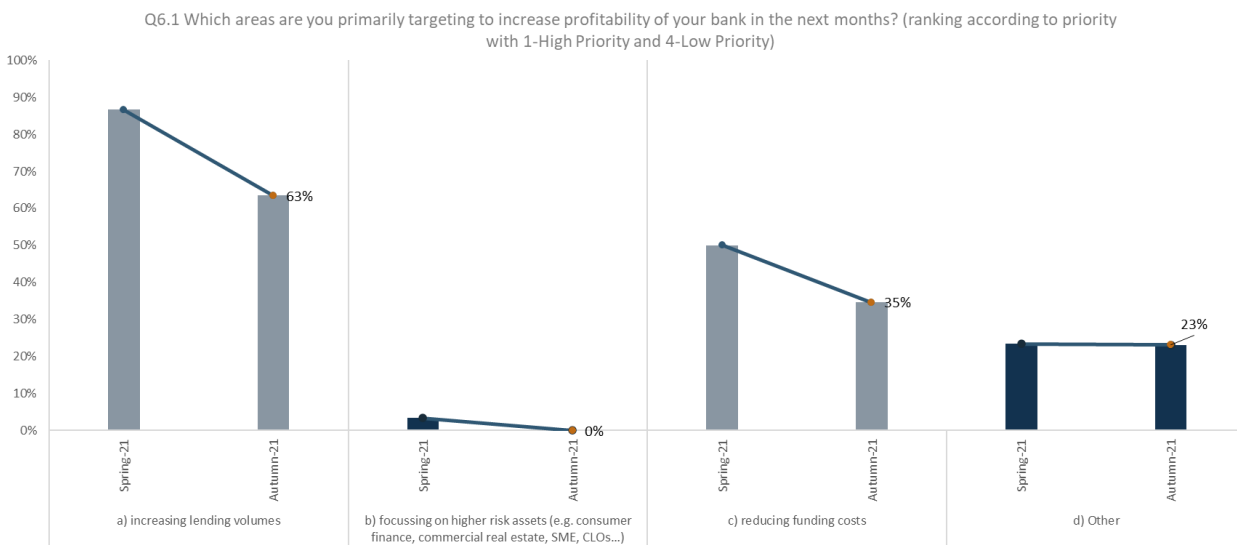
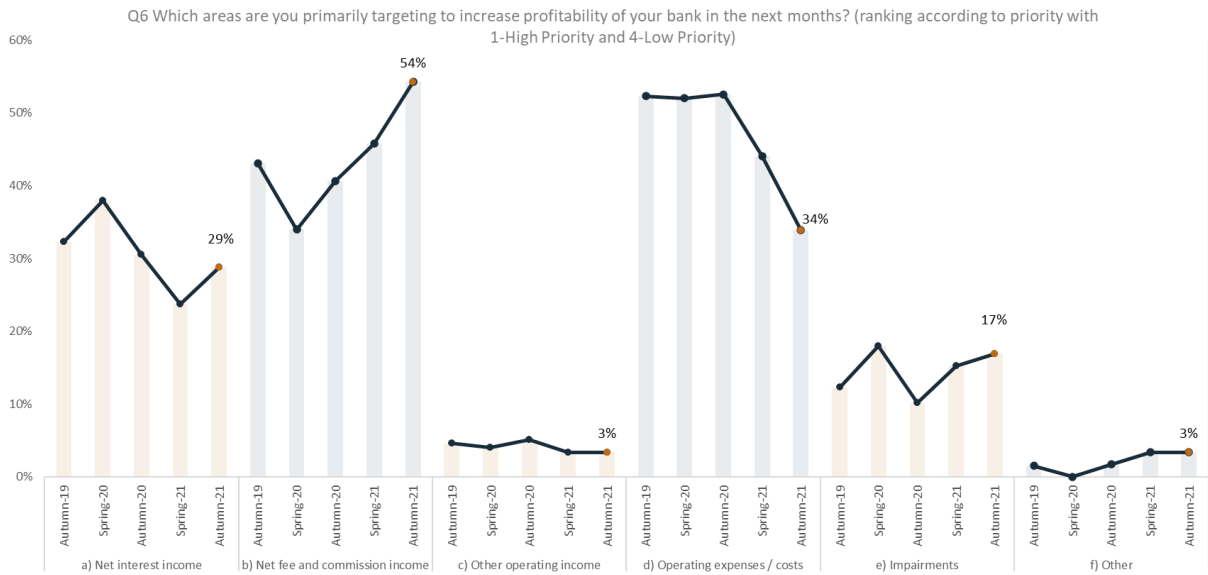
Question 6: Autumn 2021 results



Question 6.1: Autumn 2021 results

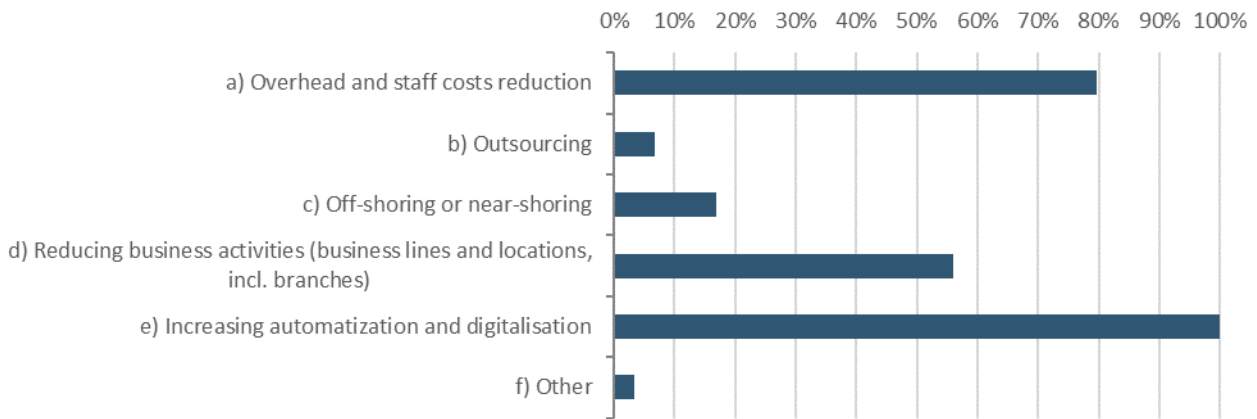


Question 6: comparison with earlier results



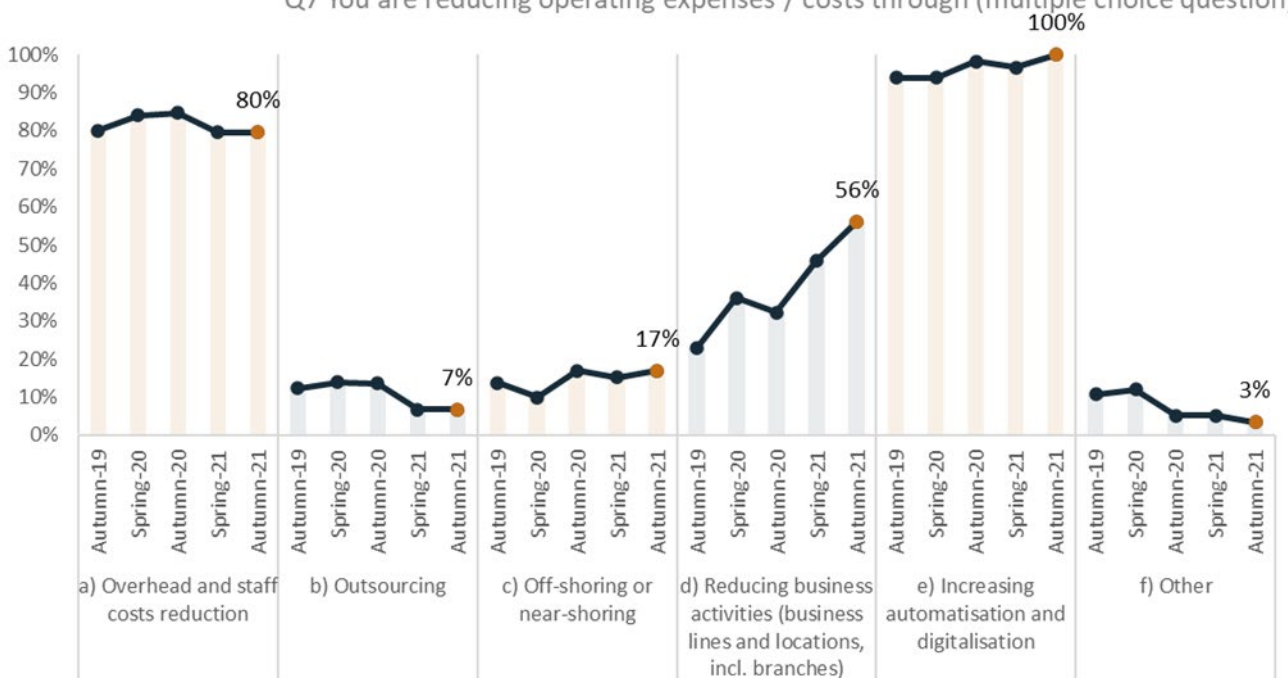
Question 7: Autumn 2021 results

Q7 Which measures are you primarily taking to reduce operating expenses / costs through? (please do not agree with more than 3 options):



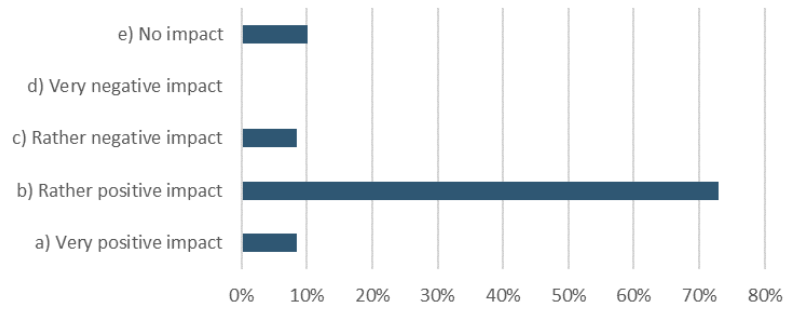
Question 7: comparison with earlier results

Q7 You are reducing operating expenses / costs through (multiple choice question)



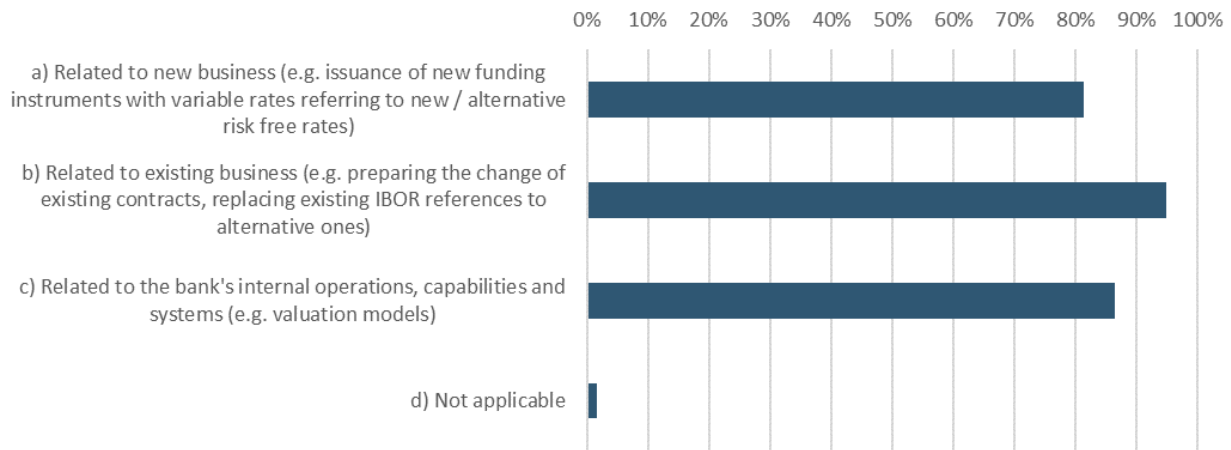
Question 8: Autumn 2021 results

Q8 How do you expect rising market yields to affect your bank's profitability in the next 6 to 12 months?



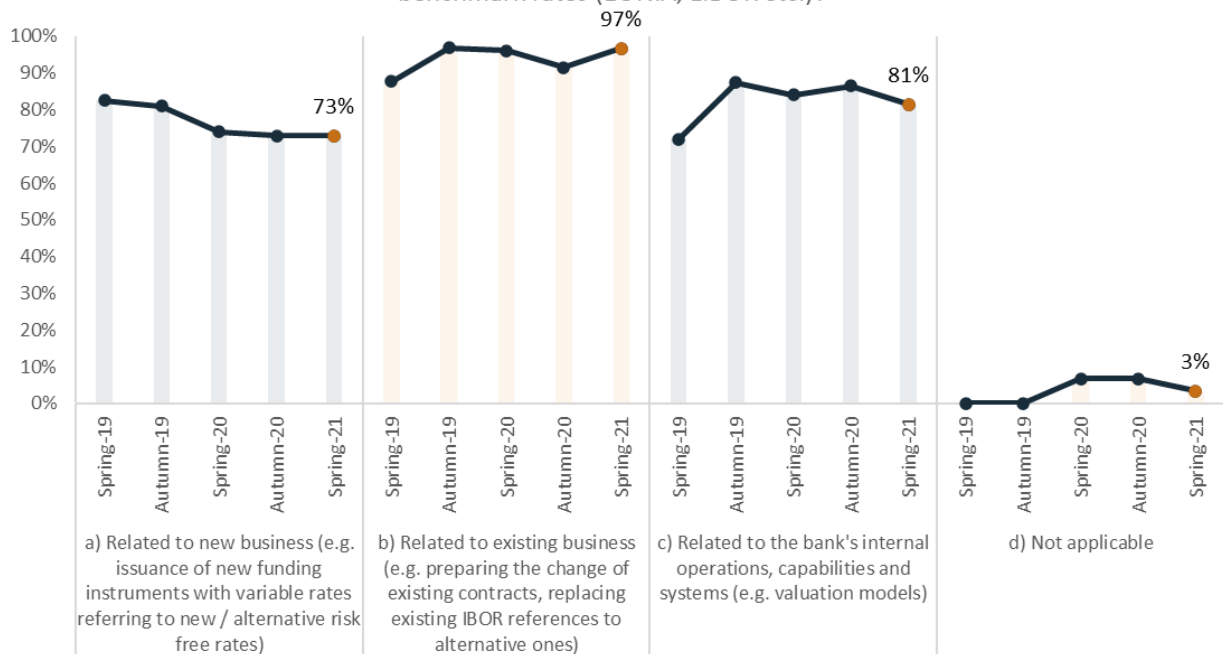
Question 9: Autumn 2021 results

Q9 In which areas is your bank working on solutions for the replacement of IBOR benchmark rates (EONIA, LIBOR etc.)?



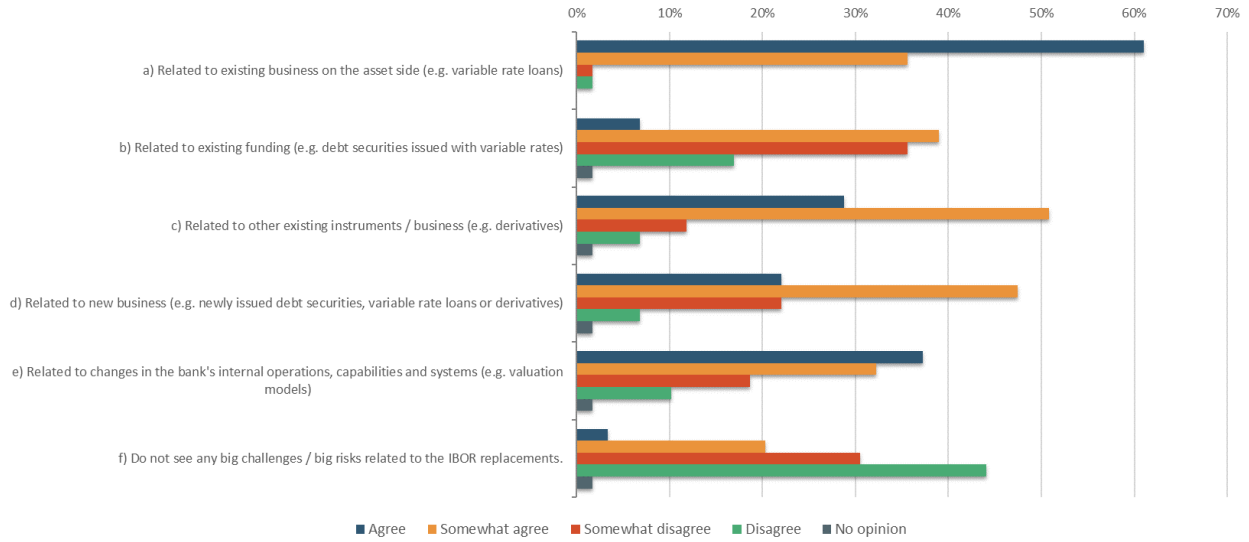
Question 9: comparison with earlier results

Q9 In which areas is your bank working on solutions for the replacement of IBOR benchmark rates (EONIA, LIBOR etc.)?



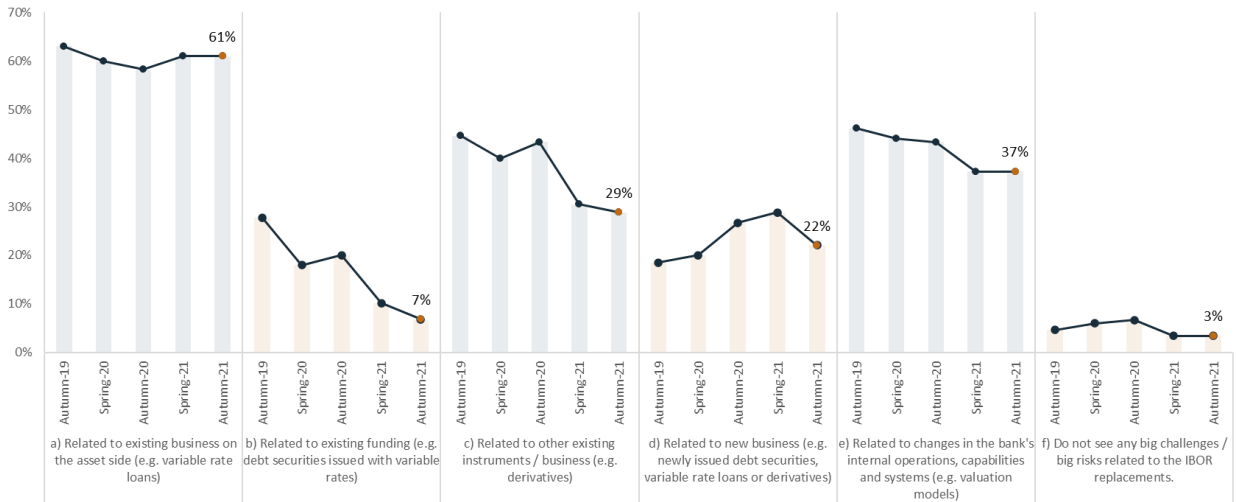
Question 10: Autumn 2021 results

Q10 In which area would you currently see the biggest challenges and potentially the biggest risks in your preparations in view of the IBOR replacements?:



Question 10: comparison with earlier results

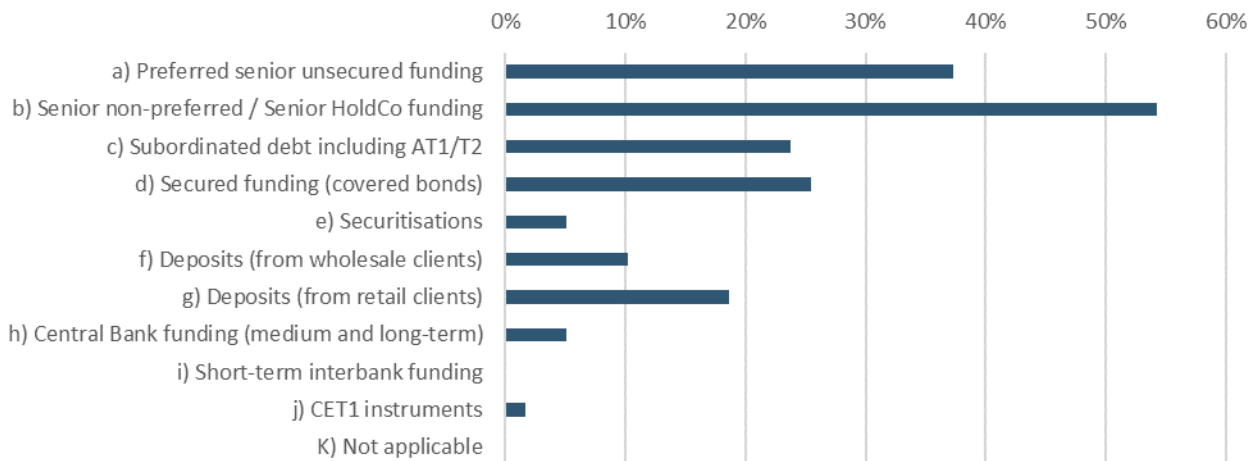
Q10 In which area would you currently see the biggest challenges and potentially the biggest risks in your preparations in view of the IBOR replacements?:



2. Funding / liquidity

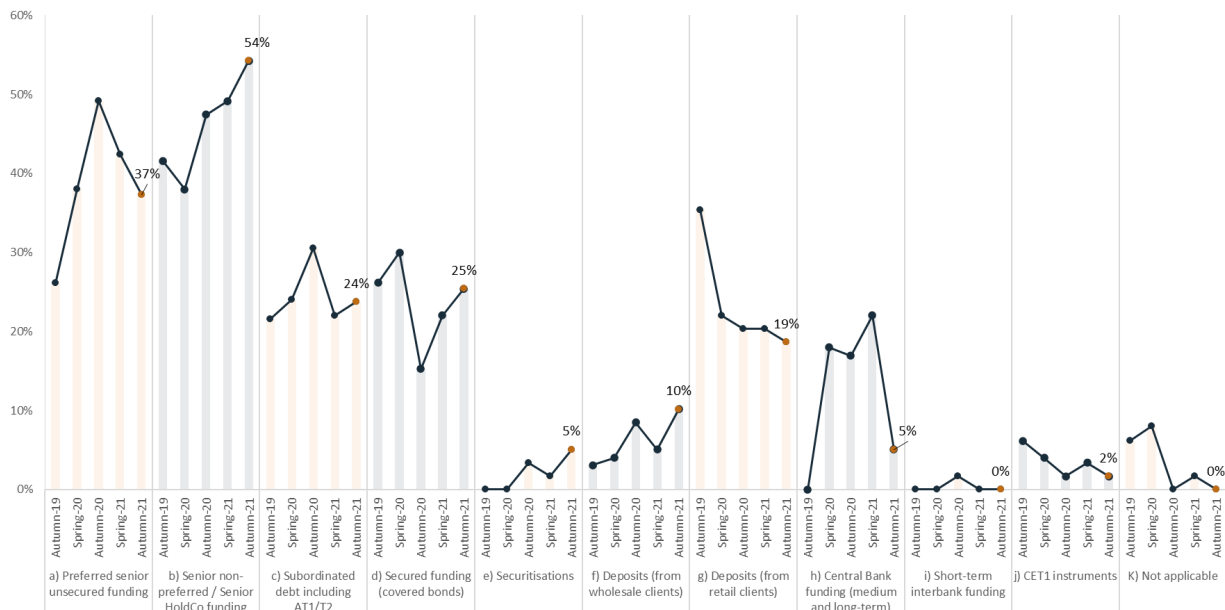
Question 11: Autumn 2021 results

Q11 In the next 12 months, which funding instruments do you intend to focus on? (please do not agree with more than 2 options)



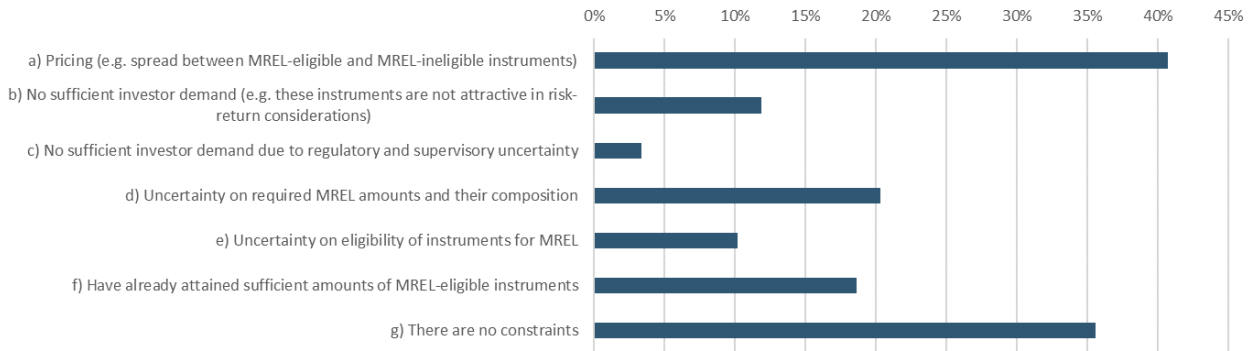
Question 11: comparison with earlier results

Q11 In the next 12 months, which funding instruments do you intend to focus on? (please do not agree with more than 2 options)



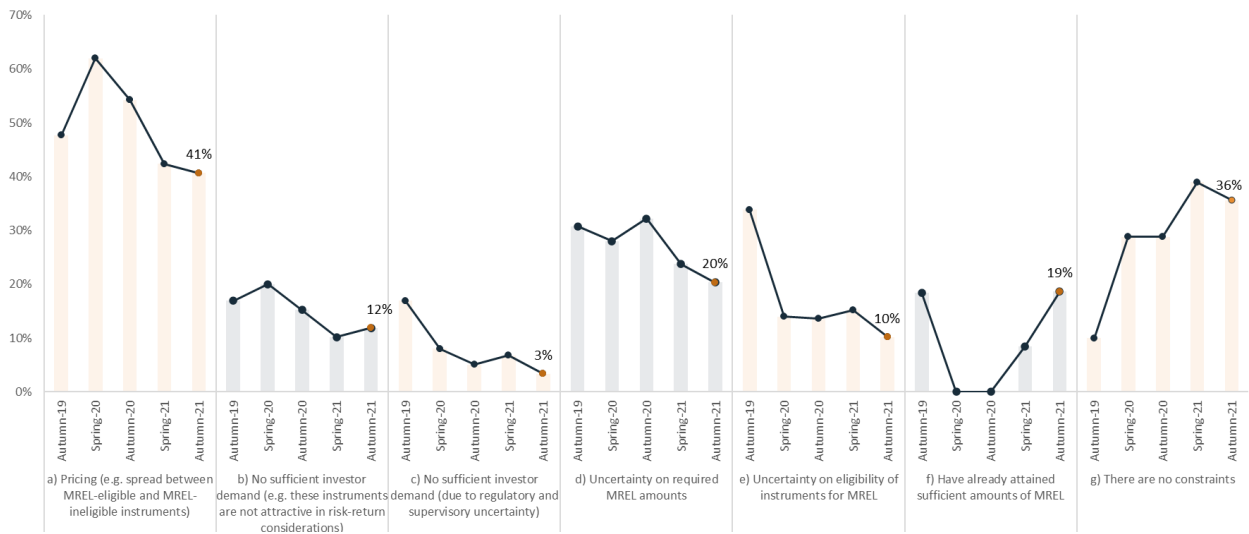
Question 12: Autumn 2021 results

Q12 Which are the main constraints to issue instruments eligible for MREL? (please do not agree with more than 2 options)



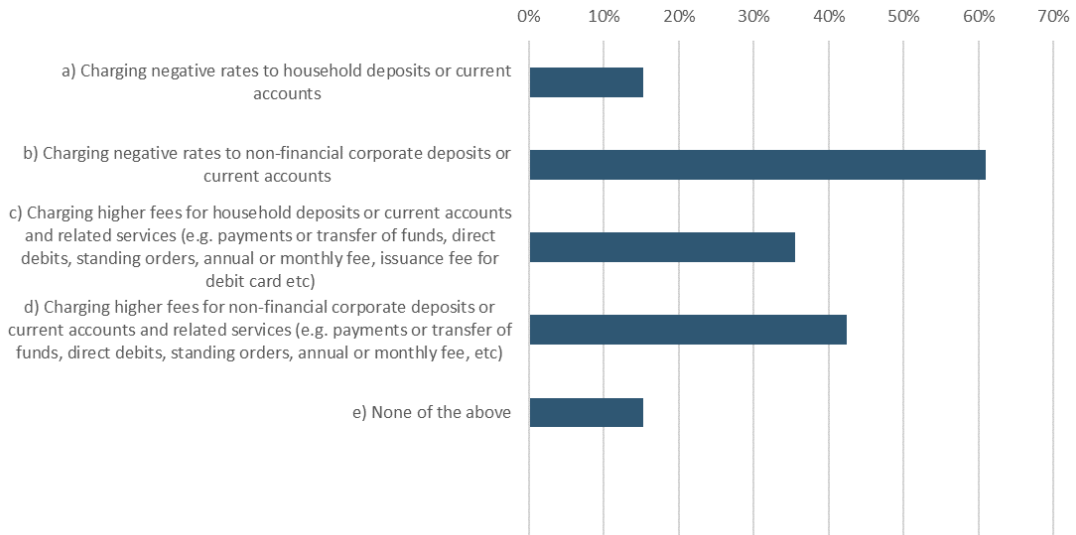
Question 12: comparison with earlier results

Q12 Which are the main constraints to issue instruments eligible for MREL? (please do not agree with more than 2 options)



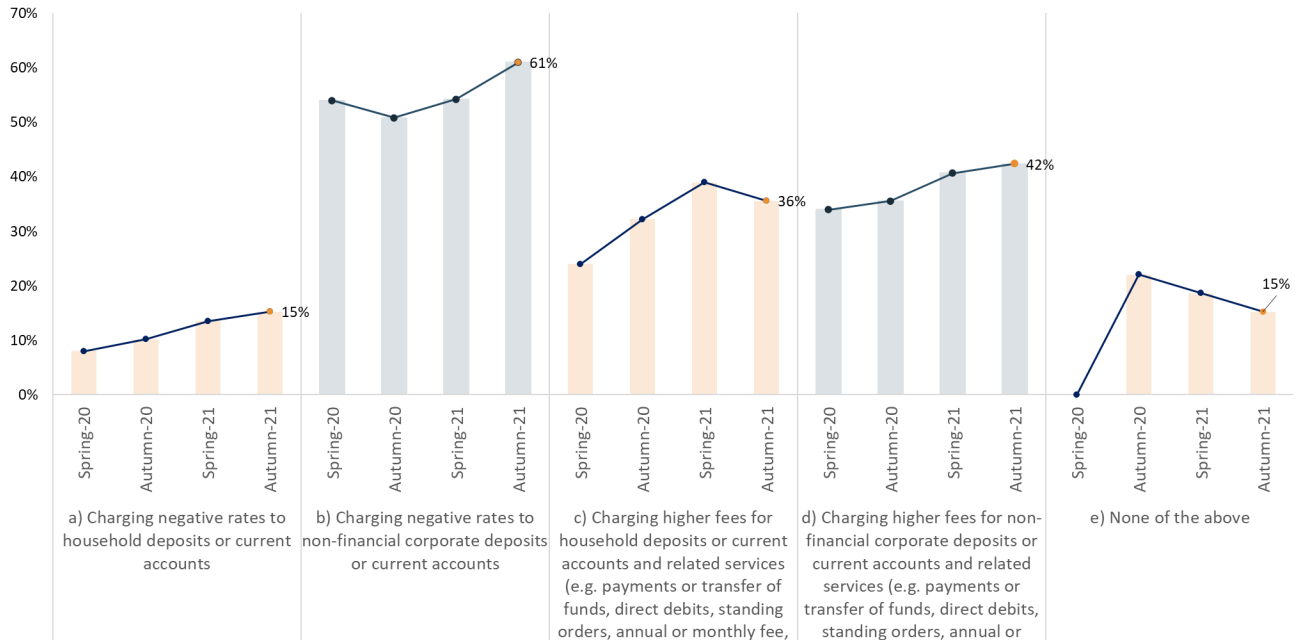
Question 13: Autumn 2021 results

Q13 In the current low and negative interest rate environment, which of the following actions have you taken in relation to deposits?



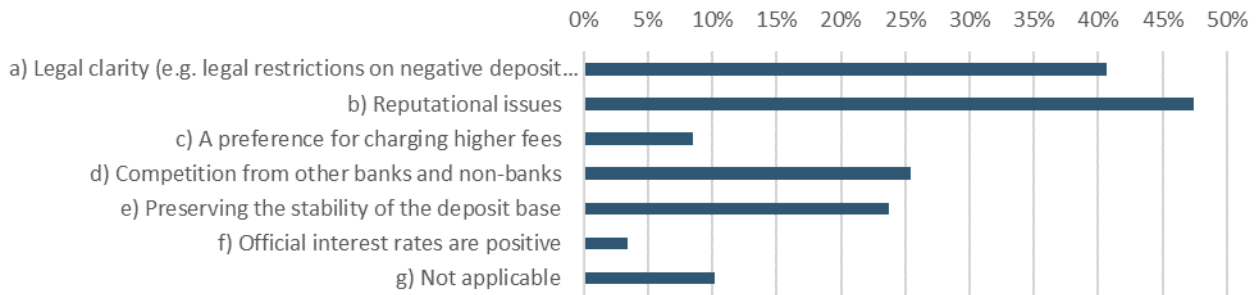
Question 13: Comparison with earlier results

Q13 In the current low and negative interest rate environment, which of the following actions have you taken in relation to deposits?

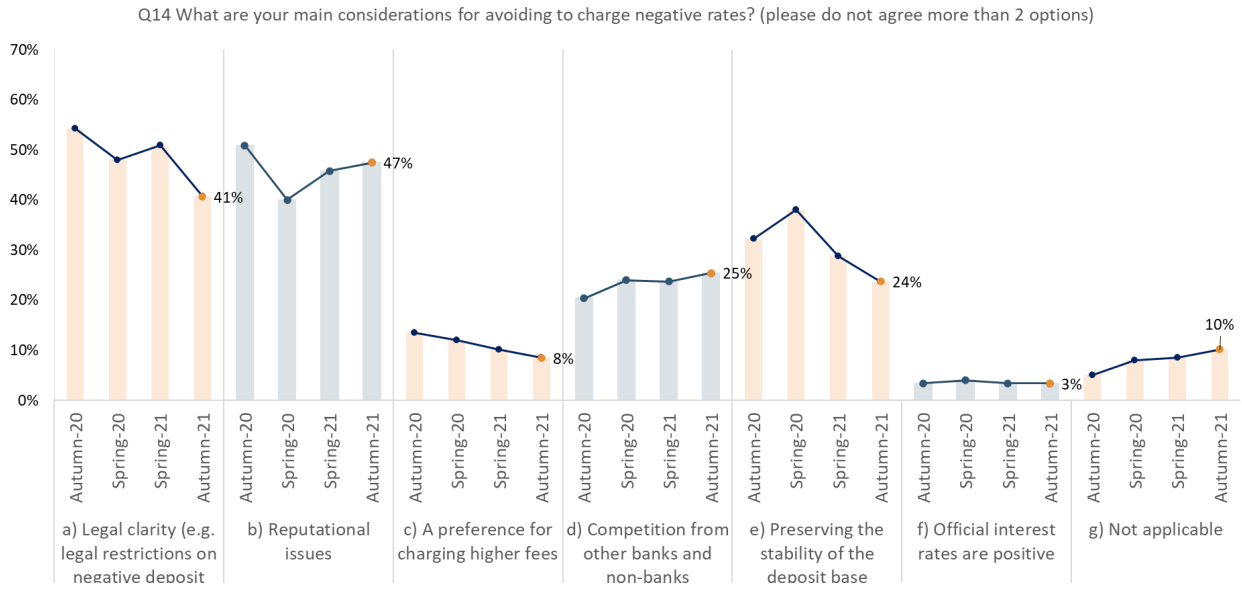


Question 14: Autumn 2021 results

Q14 What are your main considerations for avoiding to charge negative rates? (please do not agree more than 2 options)



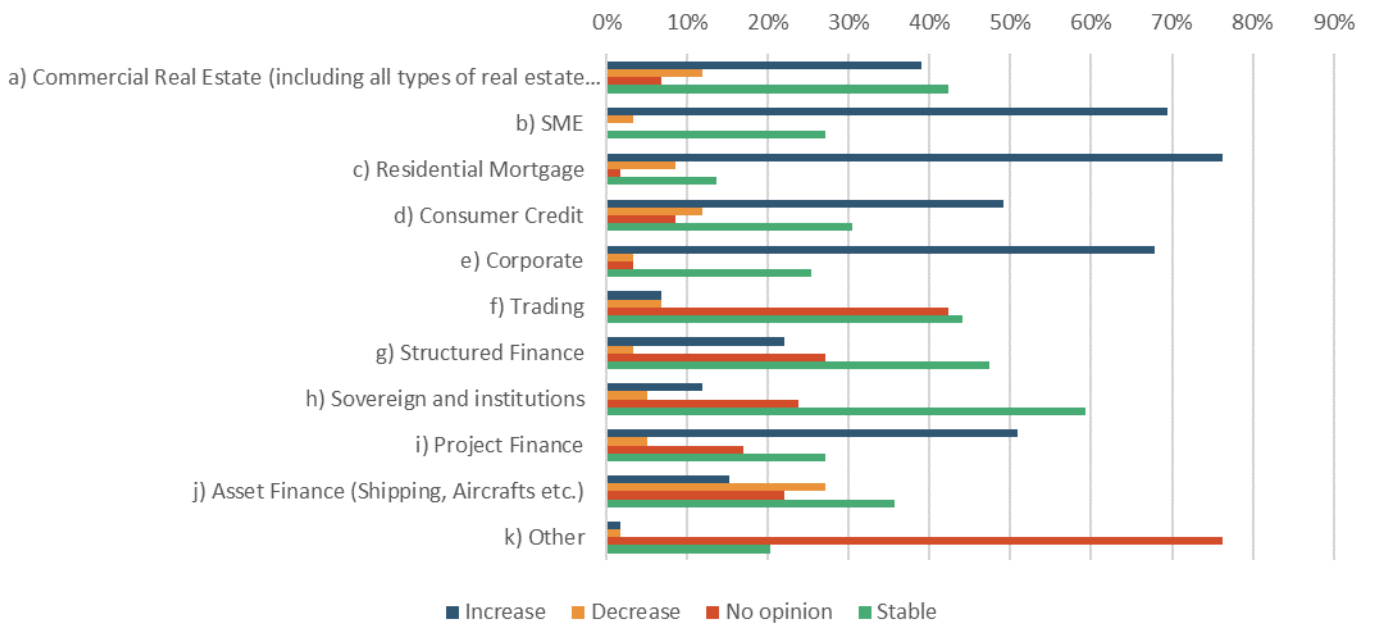
Question 14: comparison with earlier results



3. Asset composition & quality

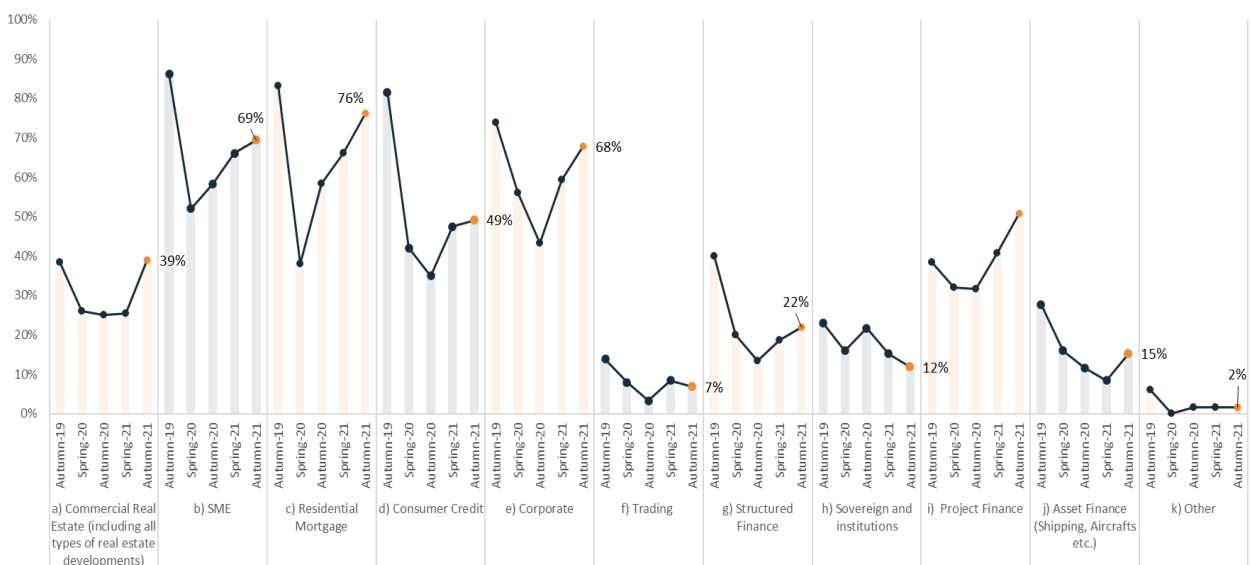
Question 15: Autumn 2021 results

Q15 Which portfolios do you plan to increase/decrease in volume during the next 12 months (on a net basis)?:



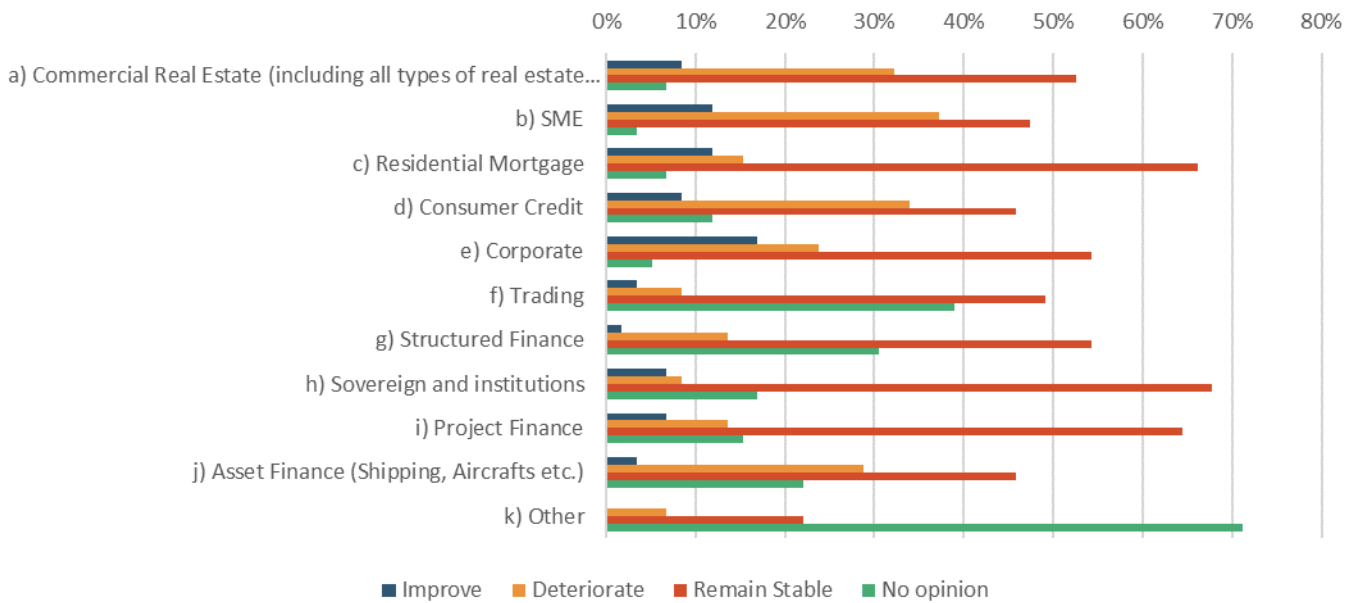
Question 15: comparison with earlier results

Q15 Which portfolios do you plan to increase in volume during the next 12 months?



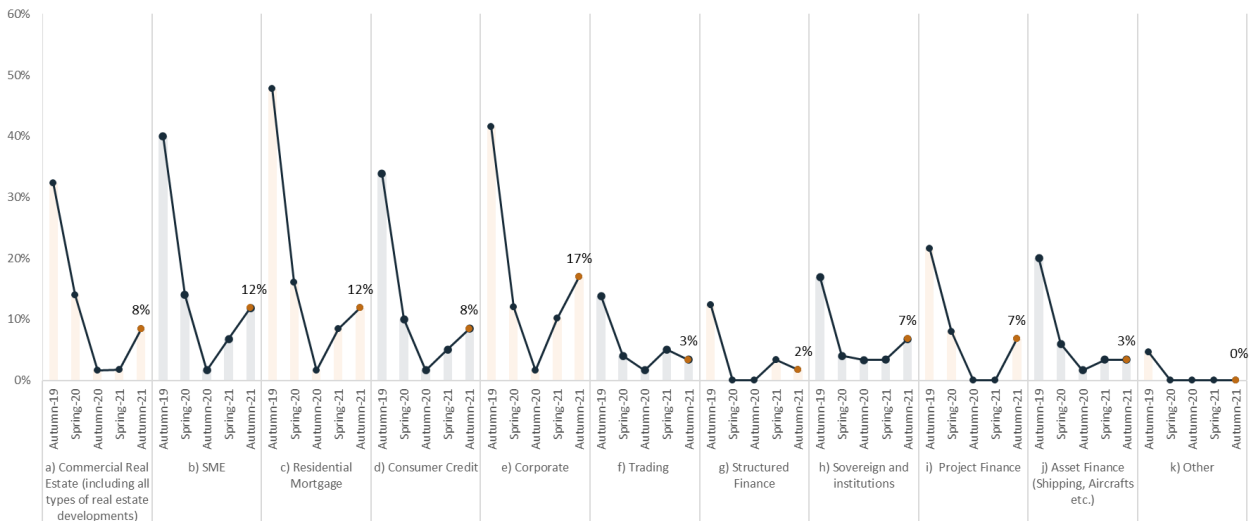
Question 16: Autumn 2021 results

Q16 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?:



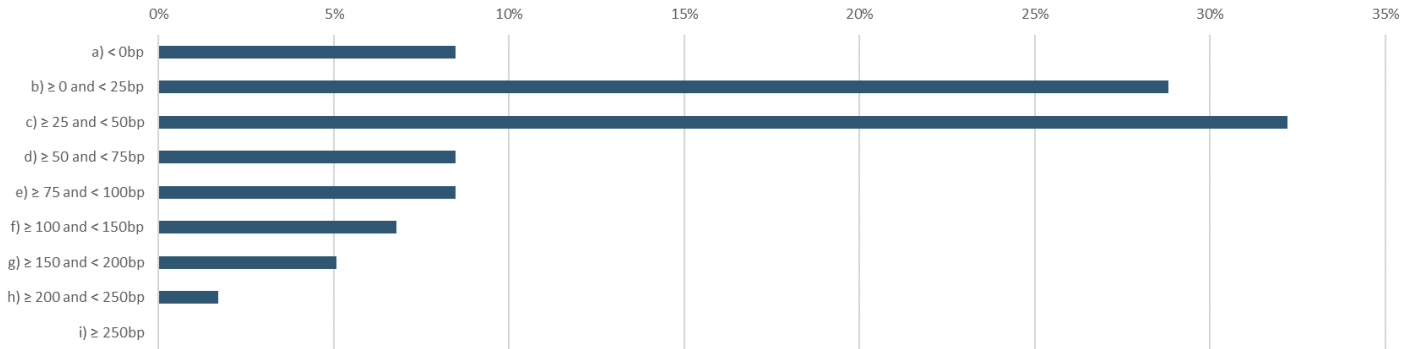
Question 16: comparison with earlier results

Q16 Which portfolios do you expect to improve in asset quality in the next 12 months?:



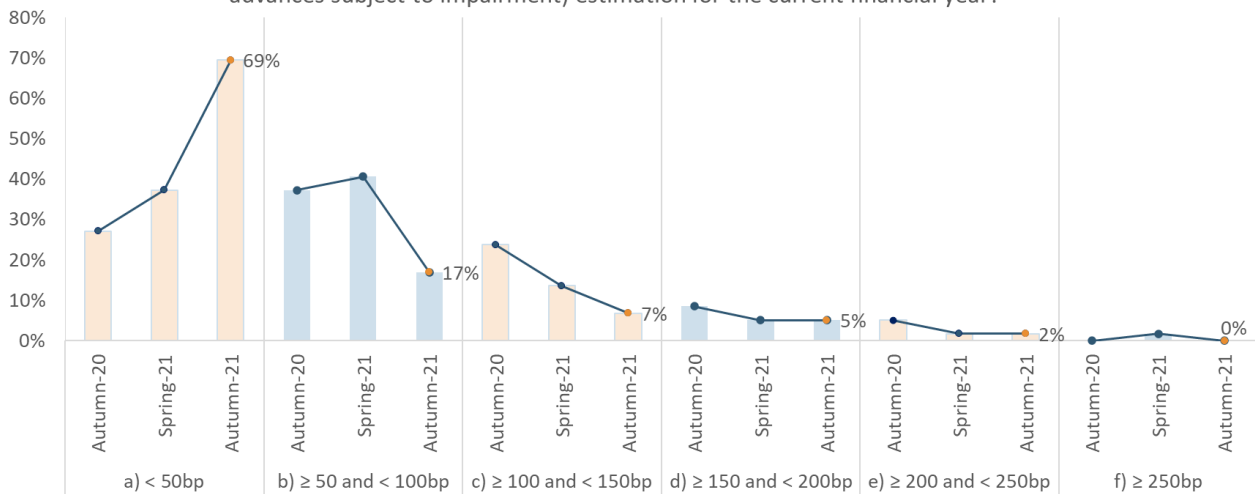
Question 17: Autumn 2021 results

Q17 What is your Cost of Risk (change in allowances and provisions as a ratio of total loans and advances subject to impairment) estimation for the current financial year?



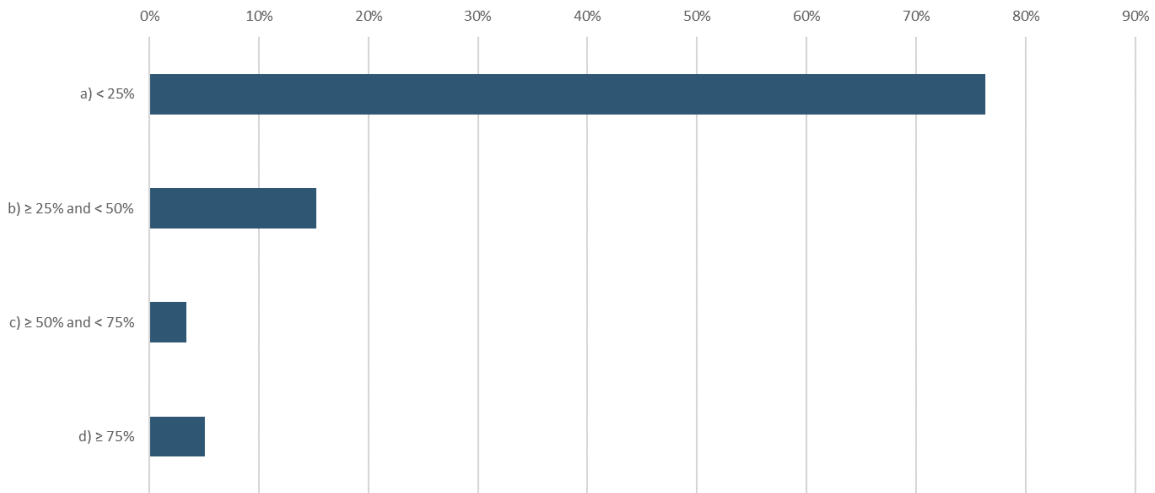
Question 17: comparison with earlier results

Q17 What is your Cost of Risk (change in allowances and provisions as a ratio of total loans and advances subject to impairment) estimation for the current financial year?



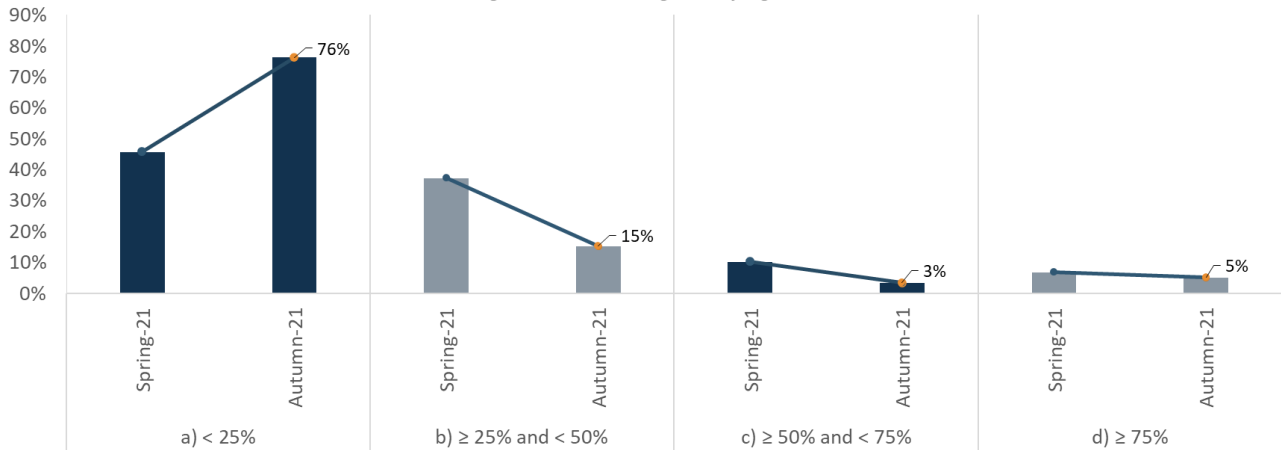
Question 18: Autumn 2021 results

Q18 Of the above amount, how much is estimated due to the COVID-19 overlay, i.e. the part of the 2021 cost of risk which will be considered through additional management judgement and is due to COVID-19?



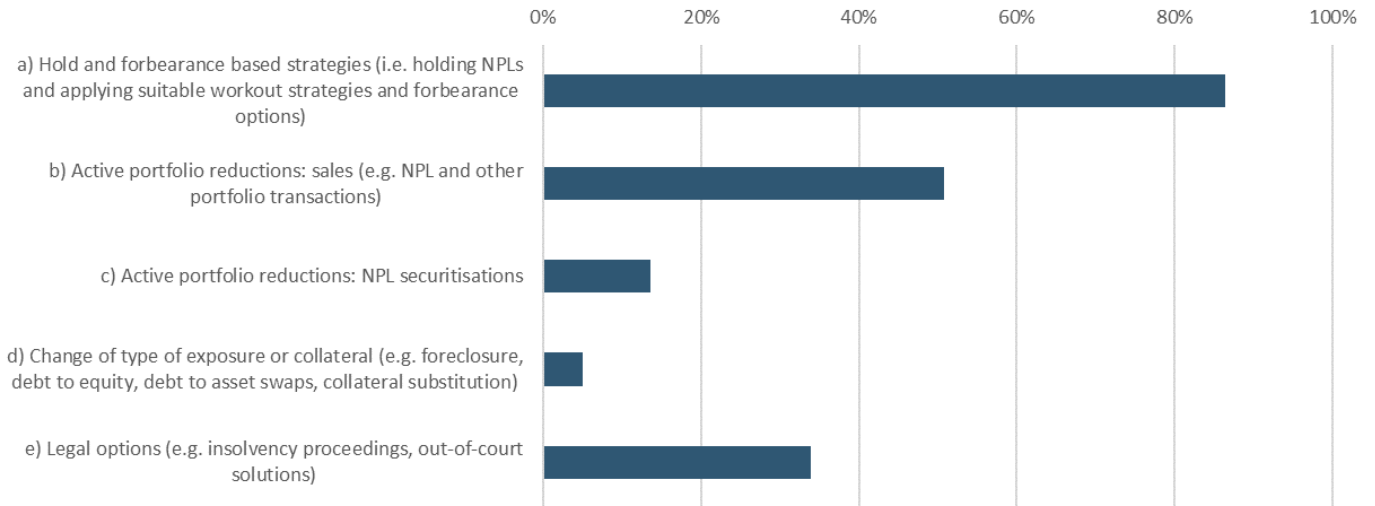
Question 18: comparison with earlier results

Q18 Of the above amount, how much is estimated due to the COVID-19 overlay, i.e. the part of the 2021 cost of risk which will be considered through additional management judgement and is due to COVID-19?



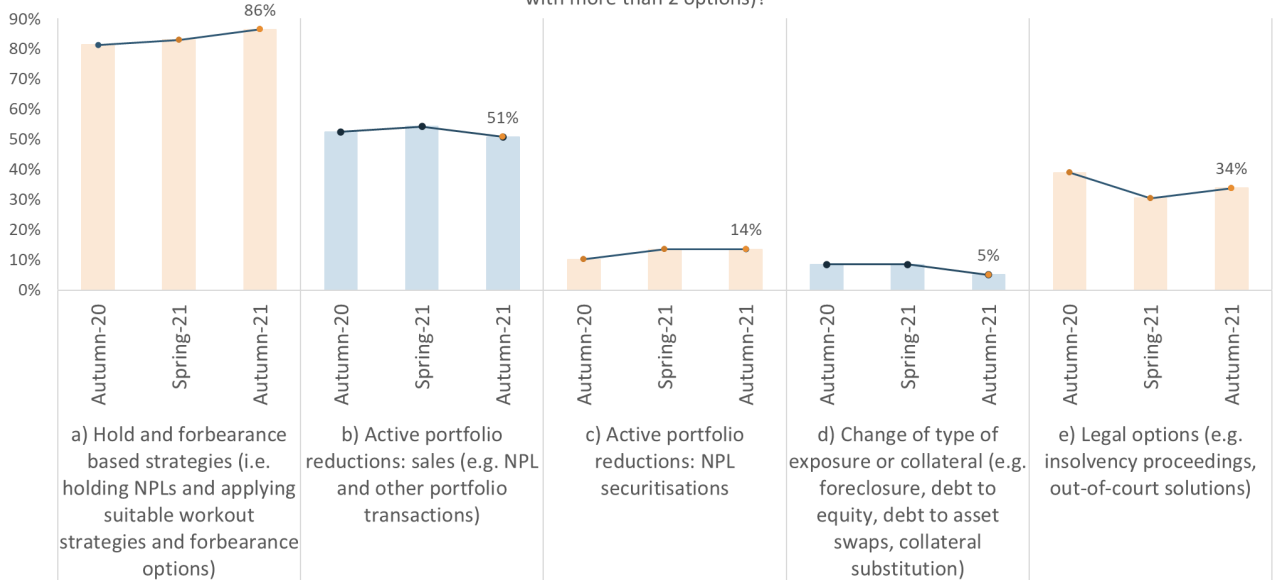
Question 19: Autumn 2021 results

Q19 What are your most common strategies for NPL reduction and to prevent built-up of NPL (please do not agree with more than 2 options)?

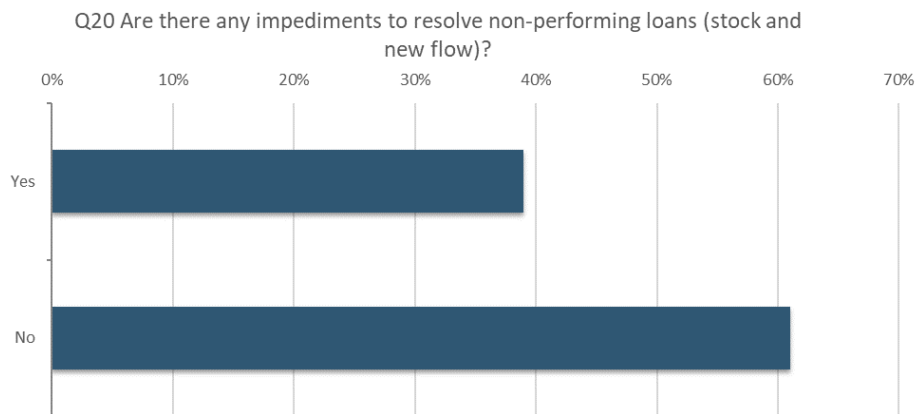


Question 19: comparison with earlier results

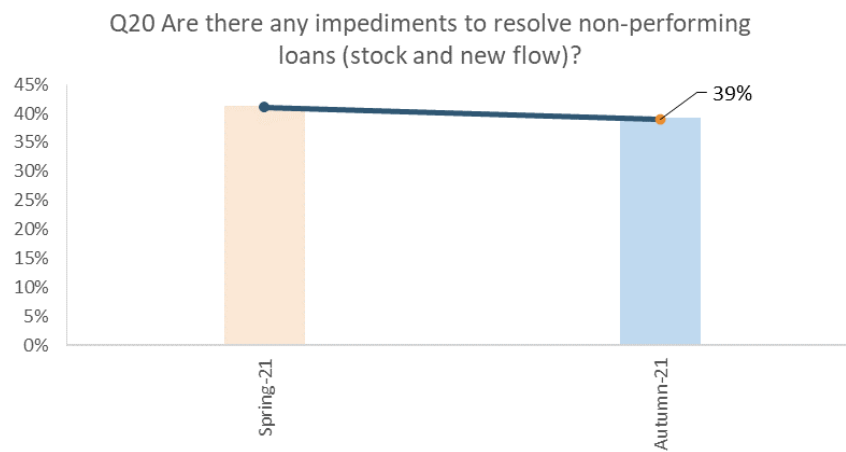
Q19 What are your most common strategies for NPL reduction and to prevent built-up of NPL (please do not agree with more than 2 options)?



Question 20: Autumn 2021 results

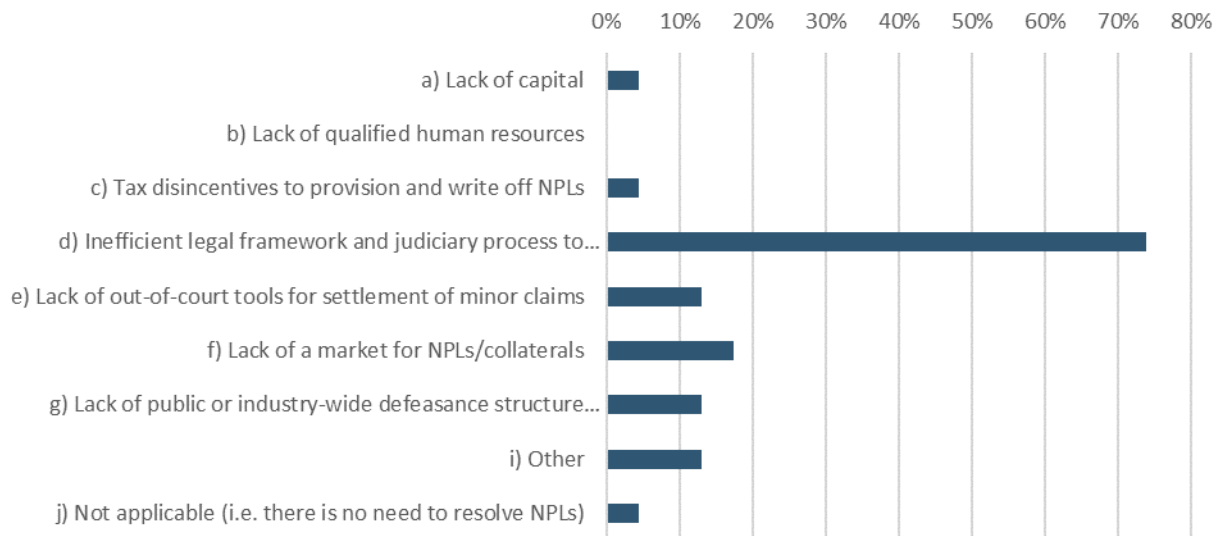


Question 20: comparison with earlier results



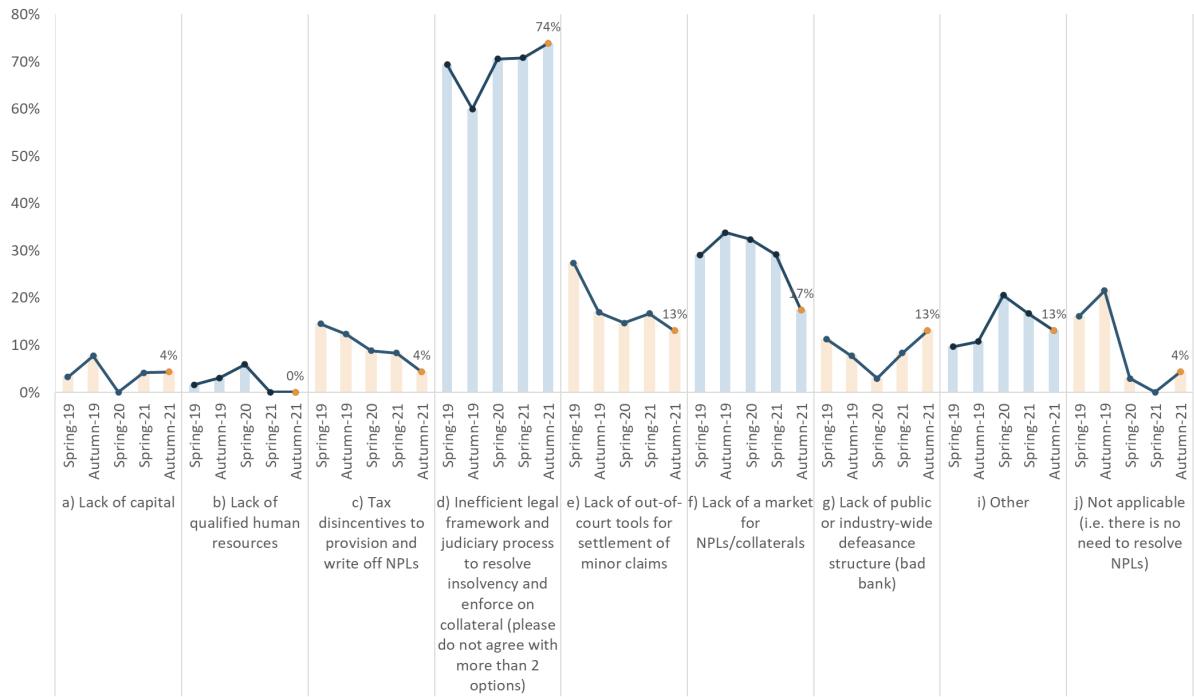
Question 20.1: Autumn 2021 results

Q20.1 If Yes, what are the main impediments for your institution to resolve non-performing loans? (please do not agree with more than 2 options)



Question 20.1: comparison with earlier results

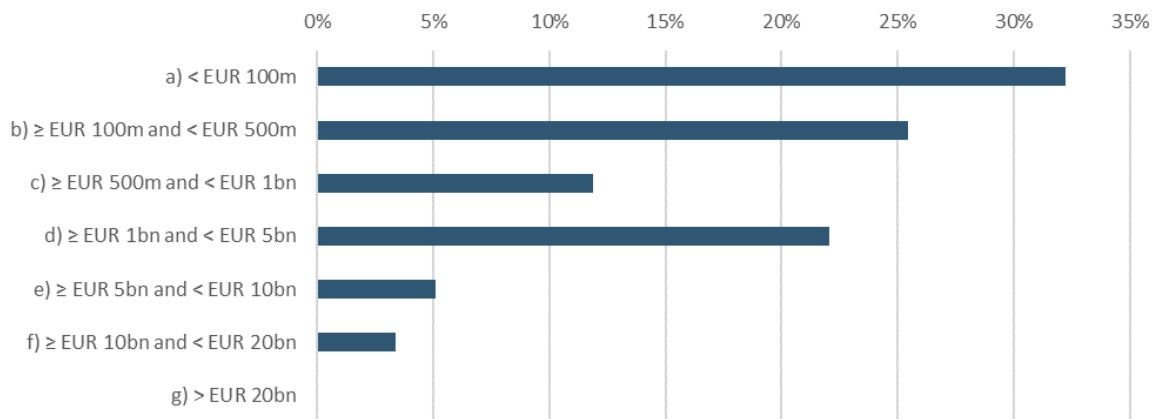
Q20.1 If Yes, what are the main impediments for your institution to resolve non-performing loans? (please do not agree with more than 2 options)



4. Conduct, reputation, and operational risk

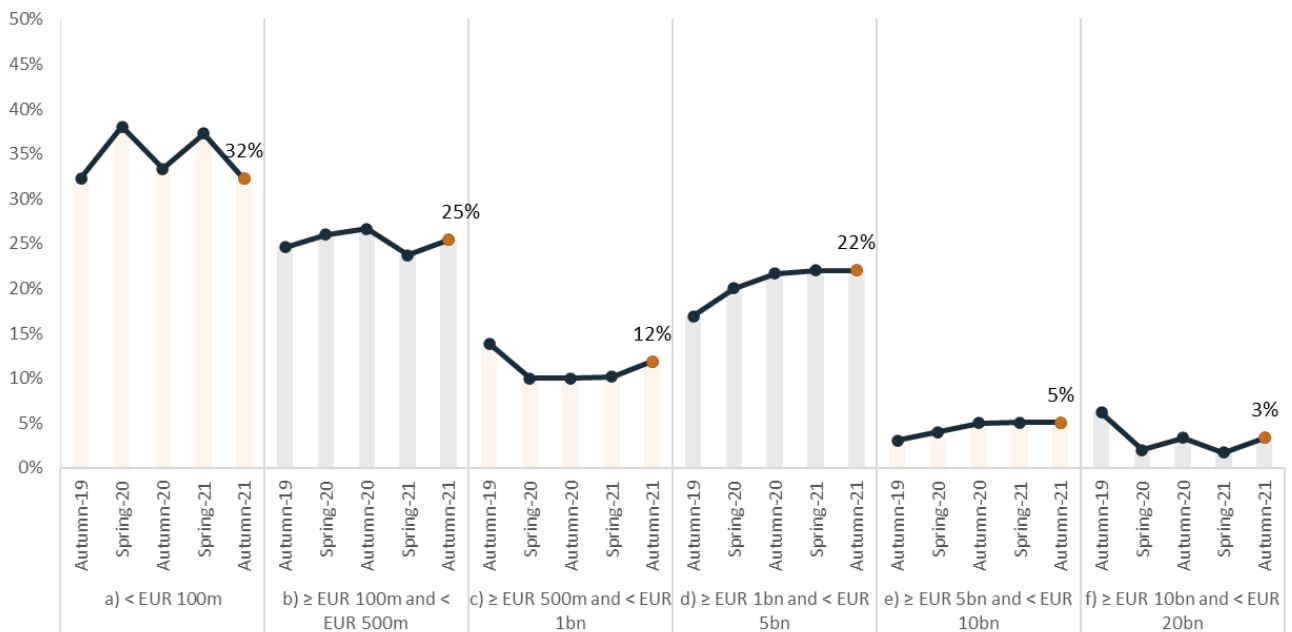
Question 21: Autumn 2021 results

Q21 Since the end of your Financial Year 2007/8, how much has your firm paid out in the form of compensation, redress, litigation and similar payments [converted to EUR, aggregate amount]?

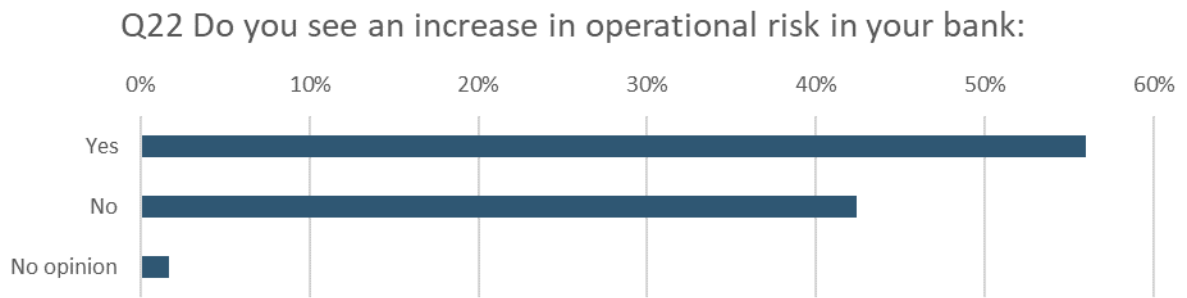


Question 21: comparison with earlier results

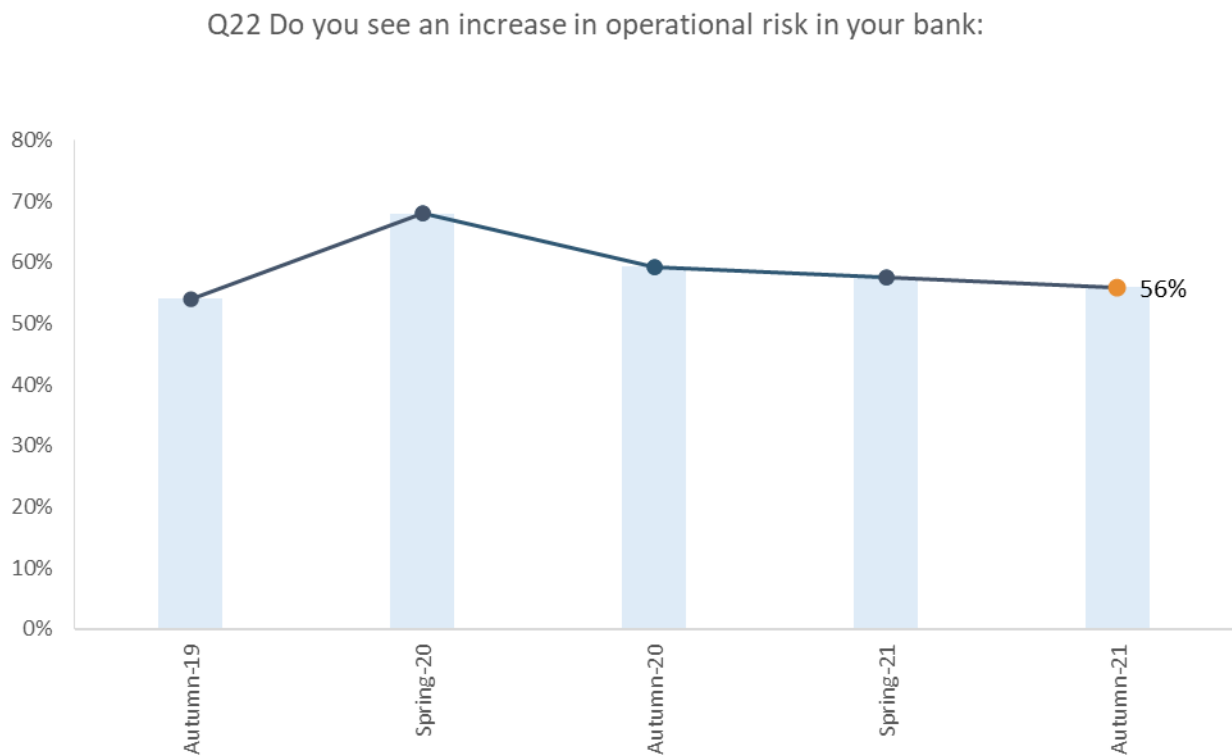
Q21 Since the end of your Financial Year 2007/8, how much has your firm paid out in the form of compensation, redress, litigation and similar payments [converted to EUR, aggregate amount]?



Question 22: Autumn 2021 results

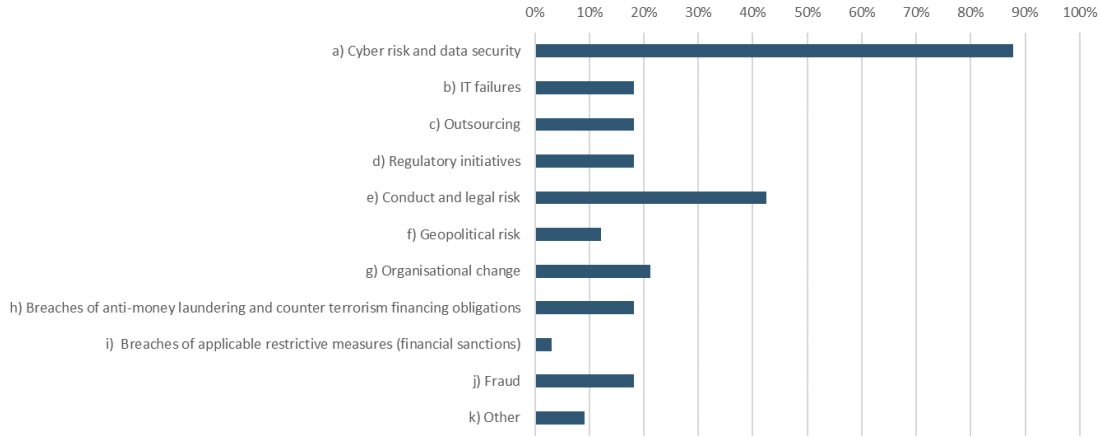


Question 22: comparison with earlier results



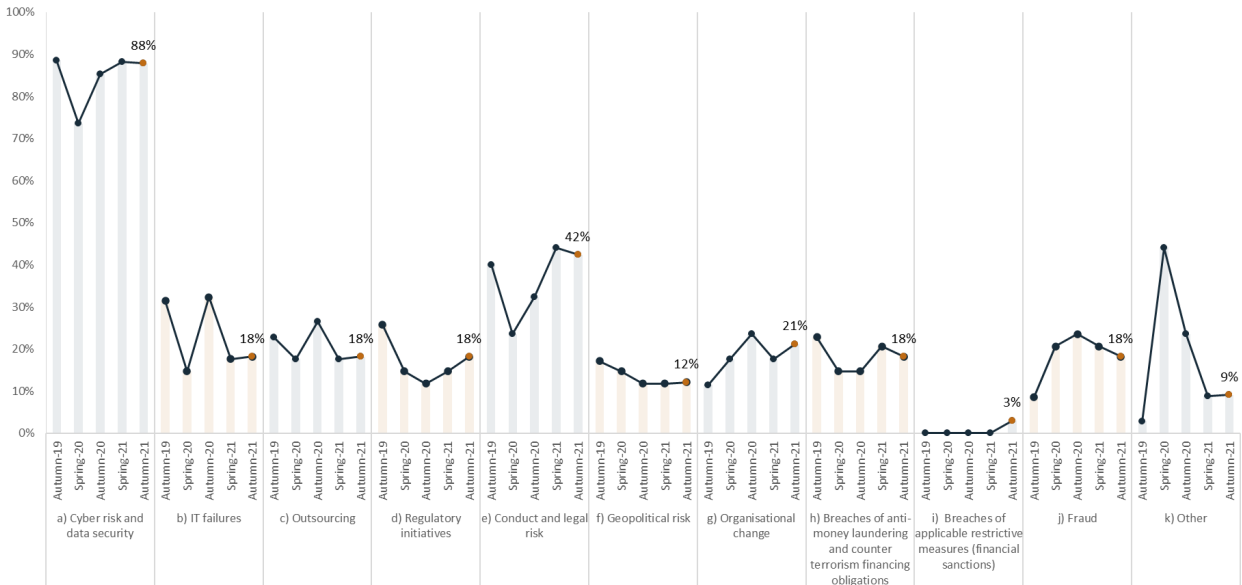
Question 22.1: Autumn 2021 results

Q22.1 If applicable, what are the main drivers for increasing operational risk is (please do not agree with more than 3 options):



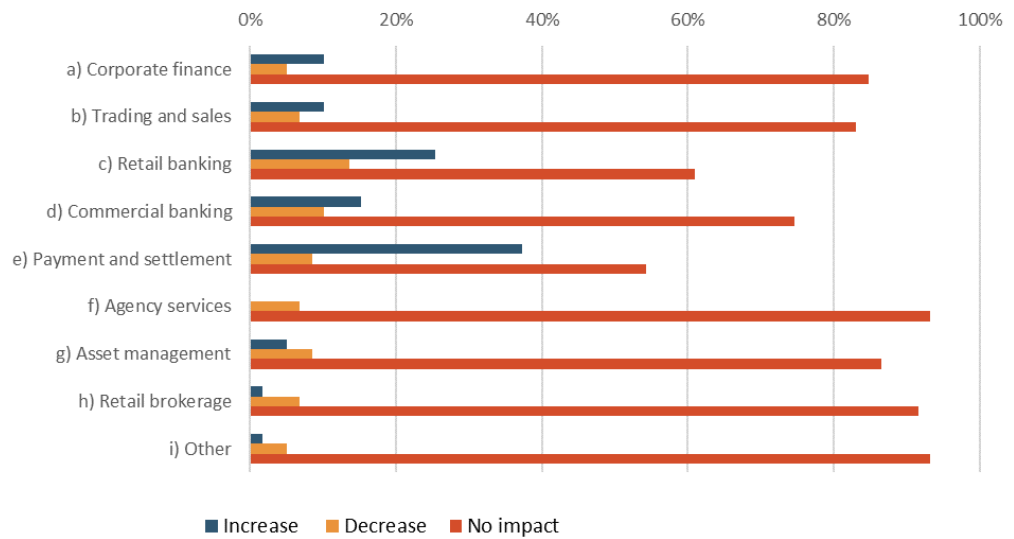
Question 22.1: comparison with earlier results

Q22.1 If applicable, what are the main drivers for increasing operational risk is (please do not agree with more than 3 options):

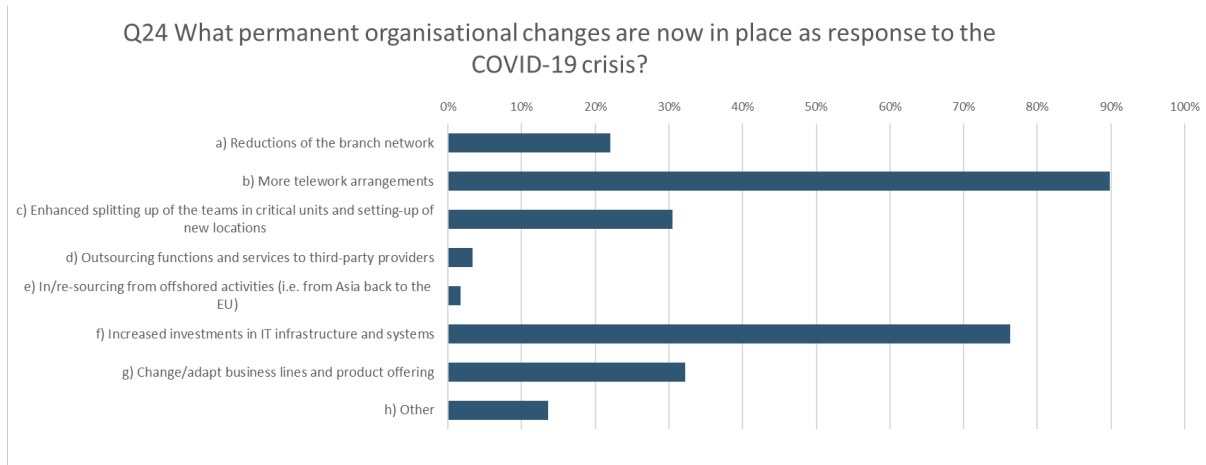


Question 23: Autumn 2021 results

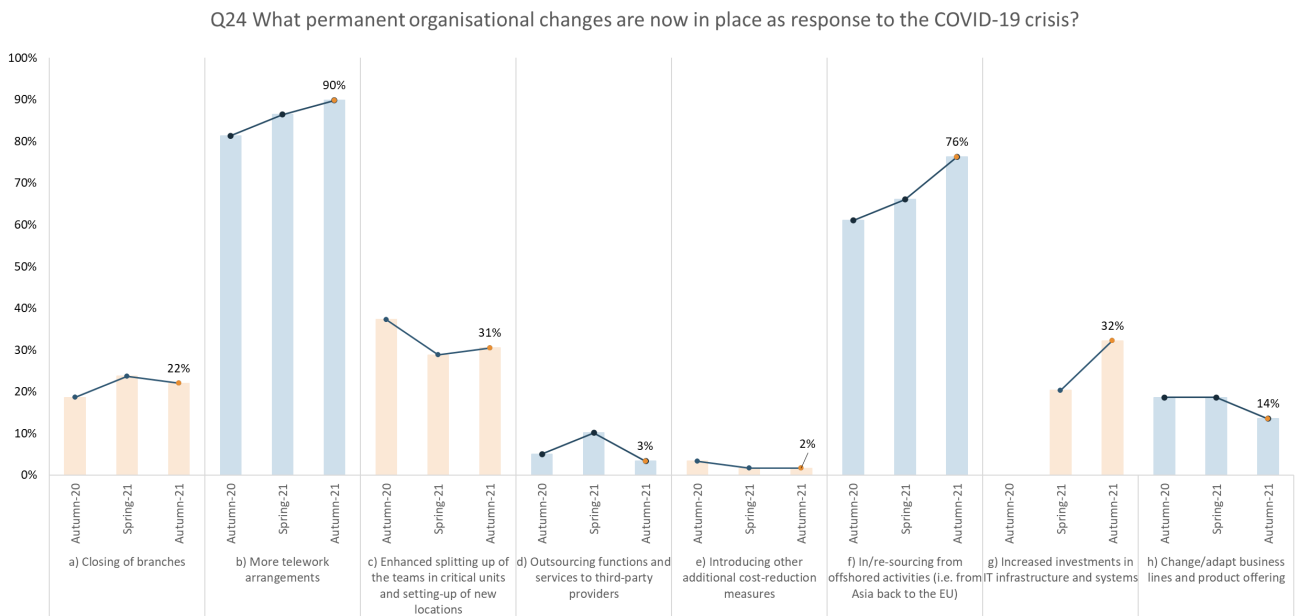
Q23 How do you expect your ML/TF risk exposure related to the following products / business lines to evolve in the next 6 to 12 months?:



Question 24: Autumn 2021 results



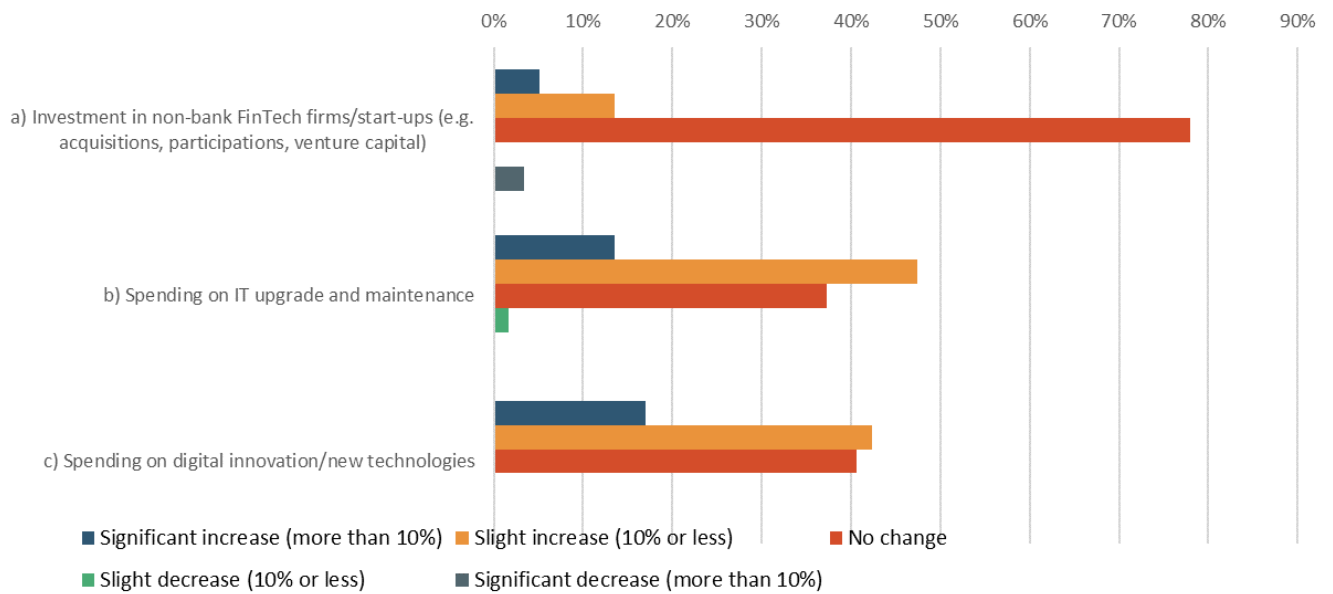
Question 24: comparison with earlier results



5. FinTech

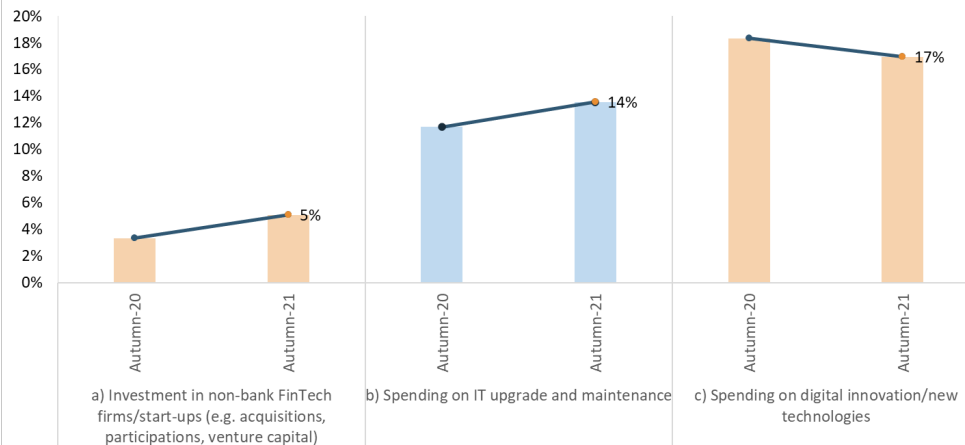
Question 25: Autumn 2021 results

Q25 What budgetary changes are you planning from Q2 2021 onwards as a result of COVID-19?:



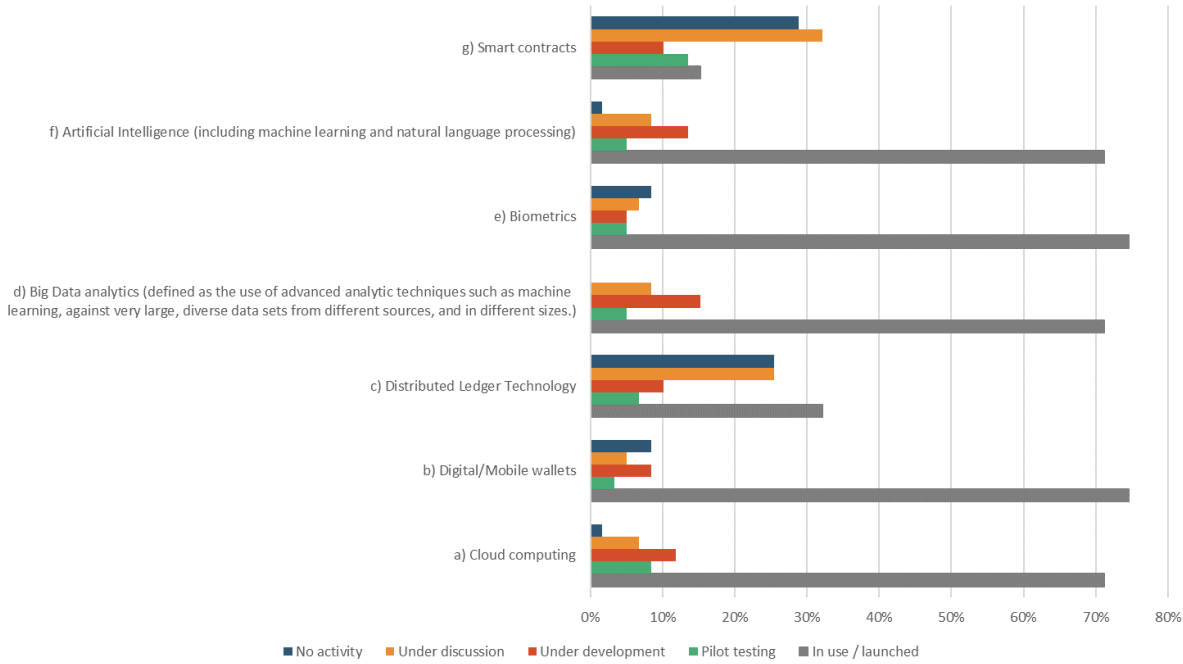
Question 25: comparison with earlier results

Q25 What budgetary changes are you planning from Q2 2021 onwards as a result of COVID-19?:



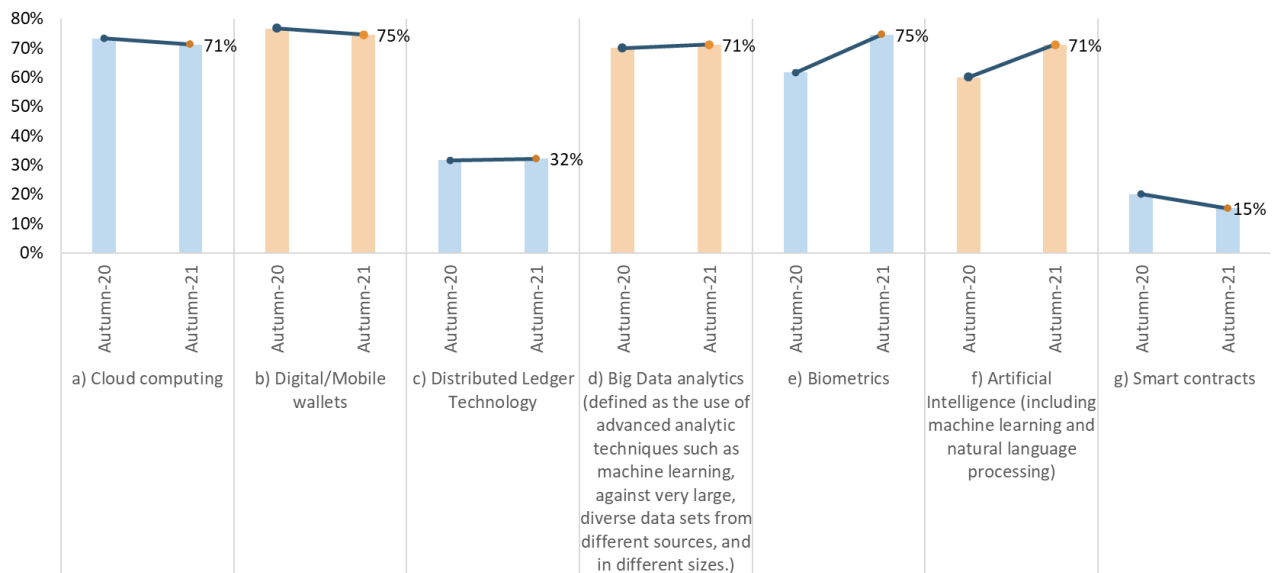
Question 26: Autumn 2021 results

Q26 What is the level of involvement of your institution with the application of the following technologies?:



Question 26: comparison with earlier results

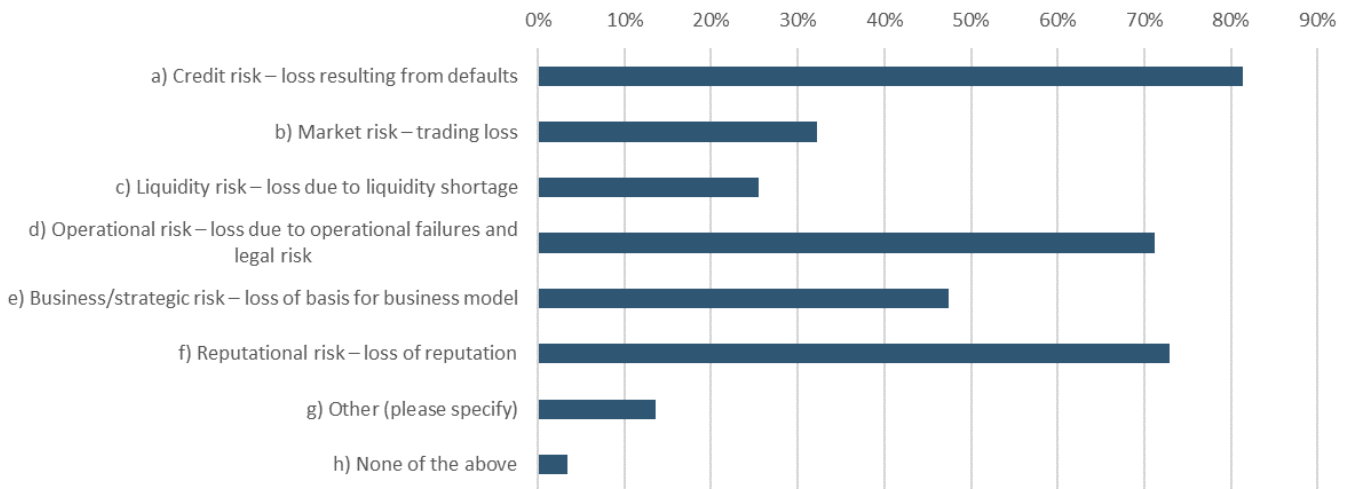
Q26 What is the level of involvement of your institution with the application of the following technologies?:



6. ESG

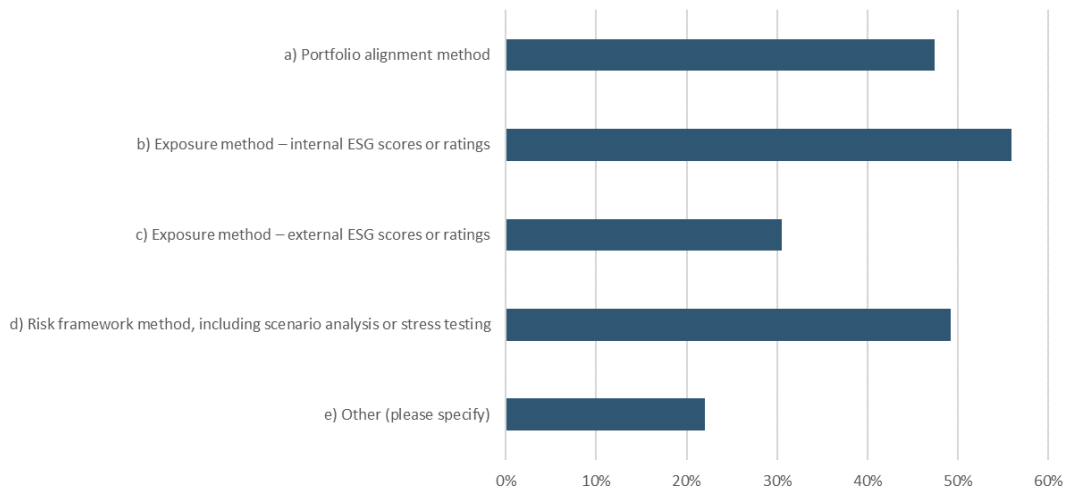
Question 27: Autumn 2021 results

Q27 For which of the following financial risk categories do you consider ESG factors in your risk management?



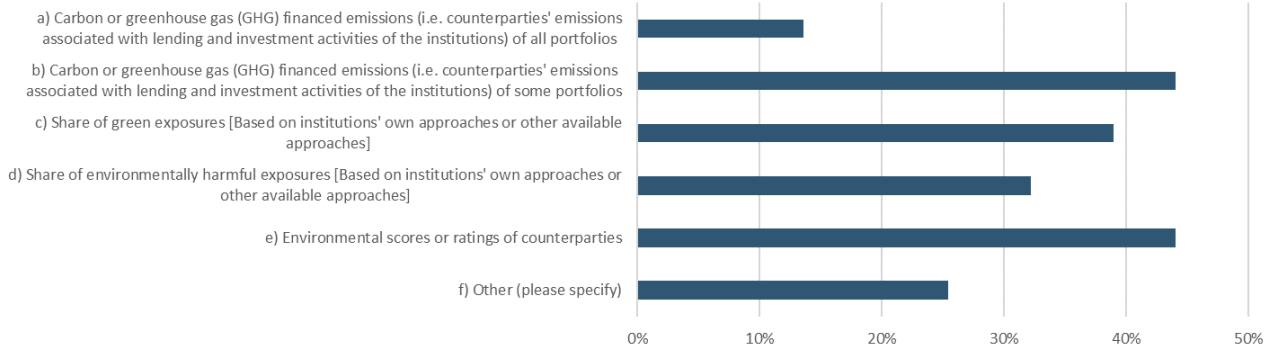
Question 28: Autumn 2021 results

Q28 What methodologies do you use to assess or measure your ESG risks[1]? [1] For additional information please see section 3 of EBA Report on management and supervision of ESG risks for credit institutions and investment firms (EBA/REP/2021/18)



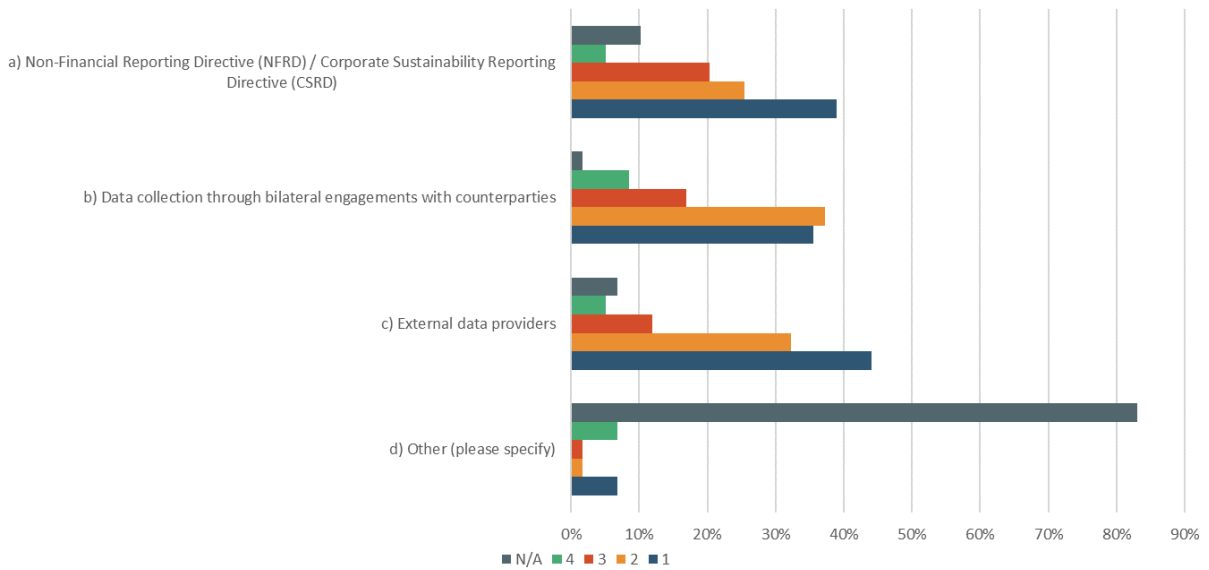
Question 29: comparison with earlier results

Q29 What metrics do you use to assess your balance sheet’s exposure to environmental, including climate-related, risks (e.g. the risks stemming from the impact of environmental factors on your counterparties or asset invested)?



Question 30: Autumn 2021 results

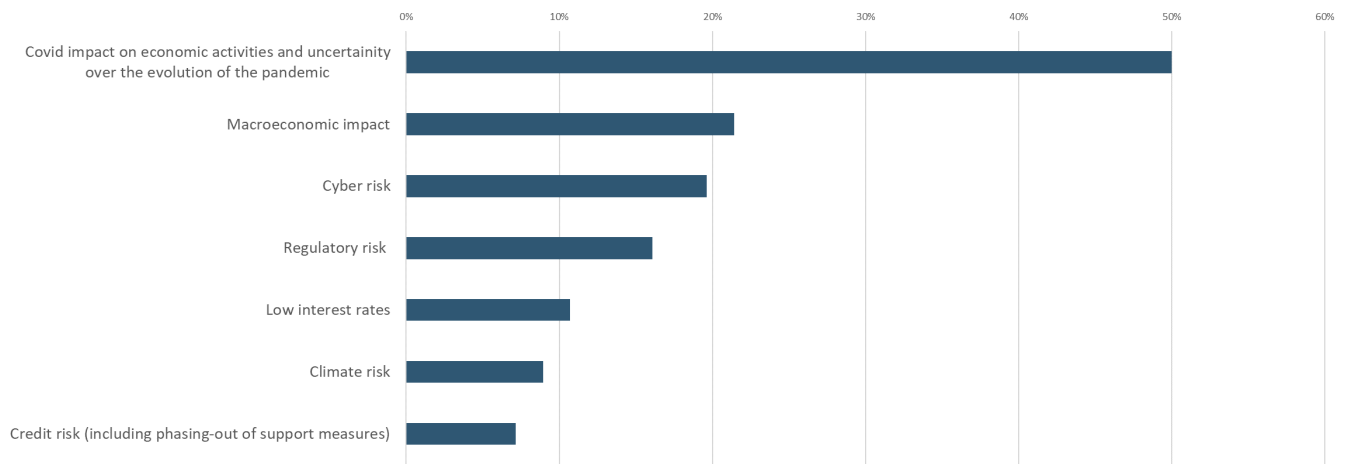
Q30 What are the main data sources you are expecting to rely on in the short-term for the purposes of ESG risk assessment and monitoring? (ranking according to priority with 1-High Priority and 4-Low Priority):



7. General open question

Question 31: Autumn 2021 results

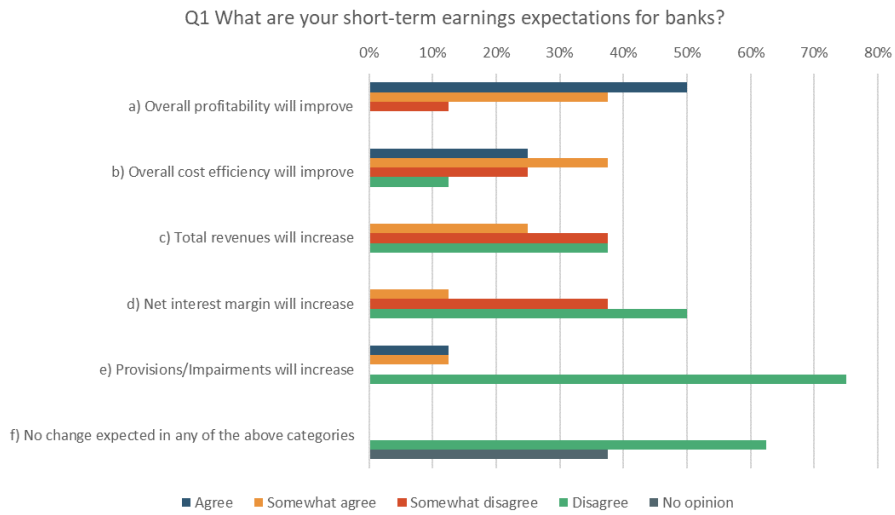
Q31 Looking at the EU banking sector, you expect other sources of risk or vulnerabilities to increase further in the next 6 to 12 months. Please indicate possible additional sources of risks and vulnerabilities.



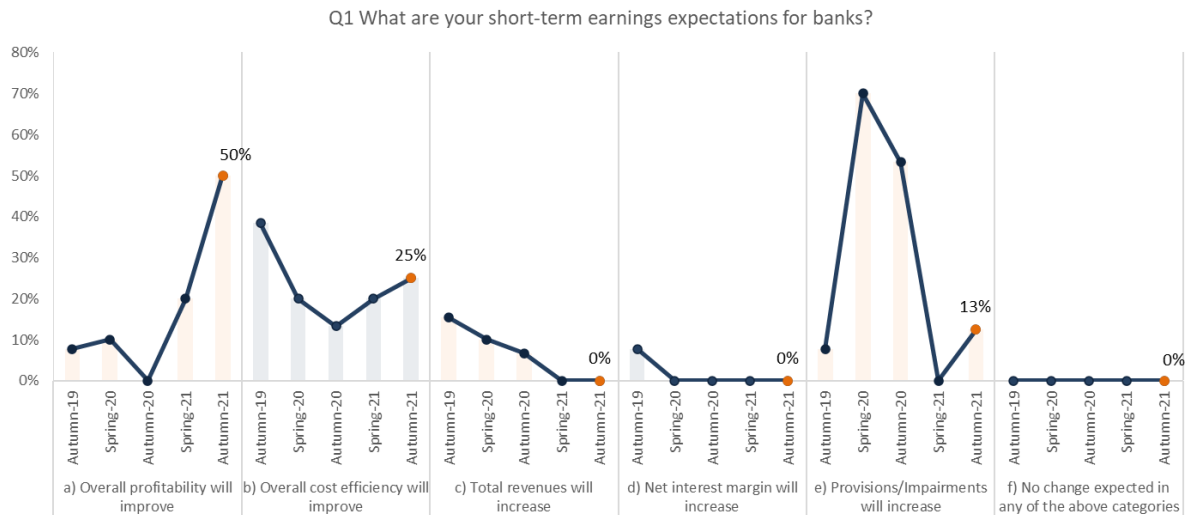
Market analysts' questionnaire

1. Business model / strategy / profitability

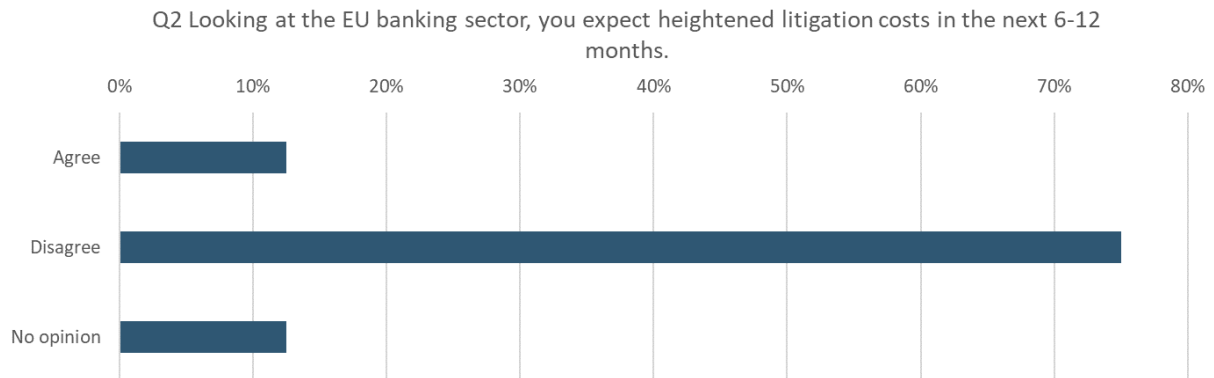
Question 1: Autumn 2021 results



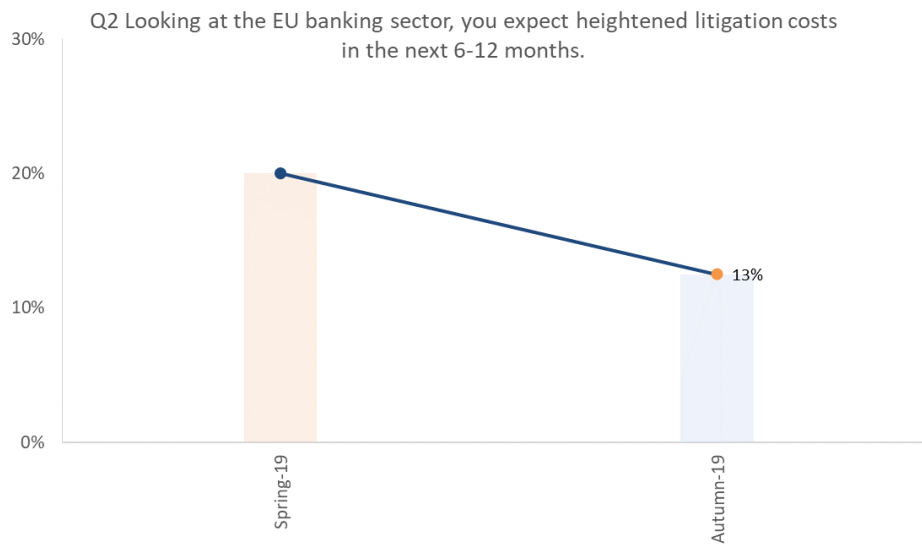
Question 1: Comparison with earlier results



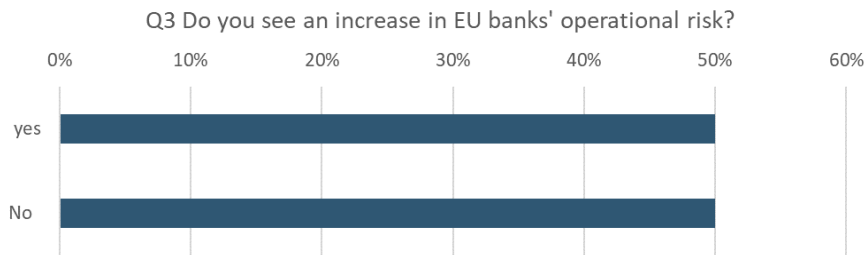
Question 2: Autumn 2021 results



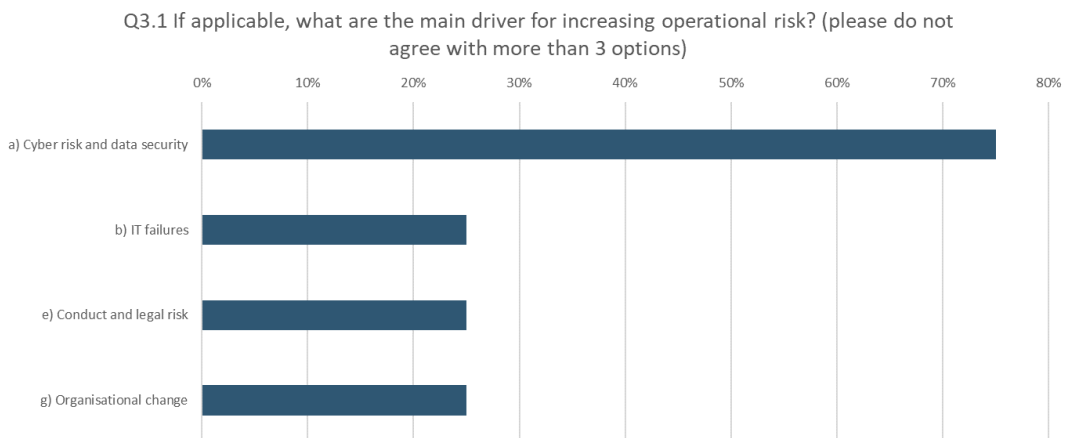
Question 2: Comparison with earlier results



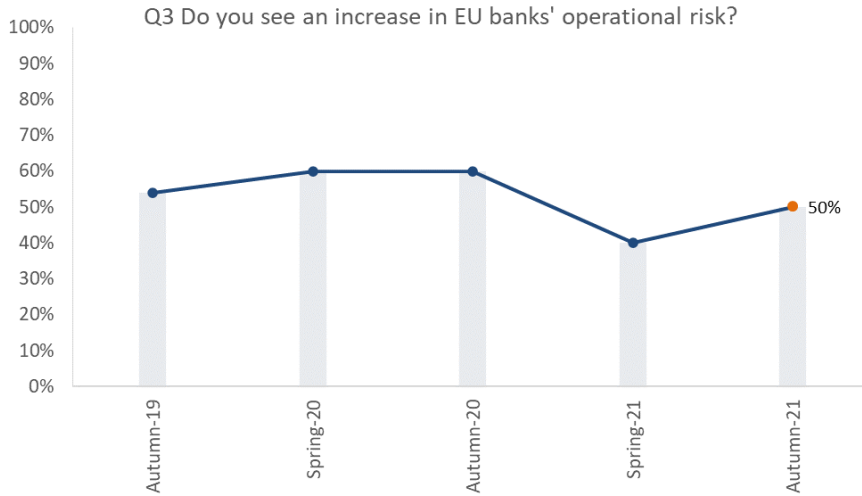
Question 3: Autumn 2021 results



Question 3.1: Autumn 2021 results

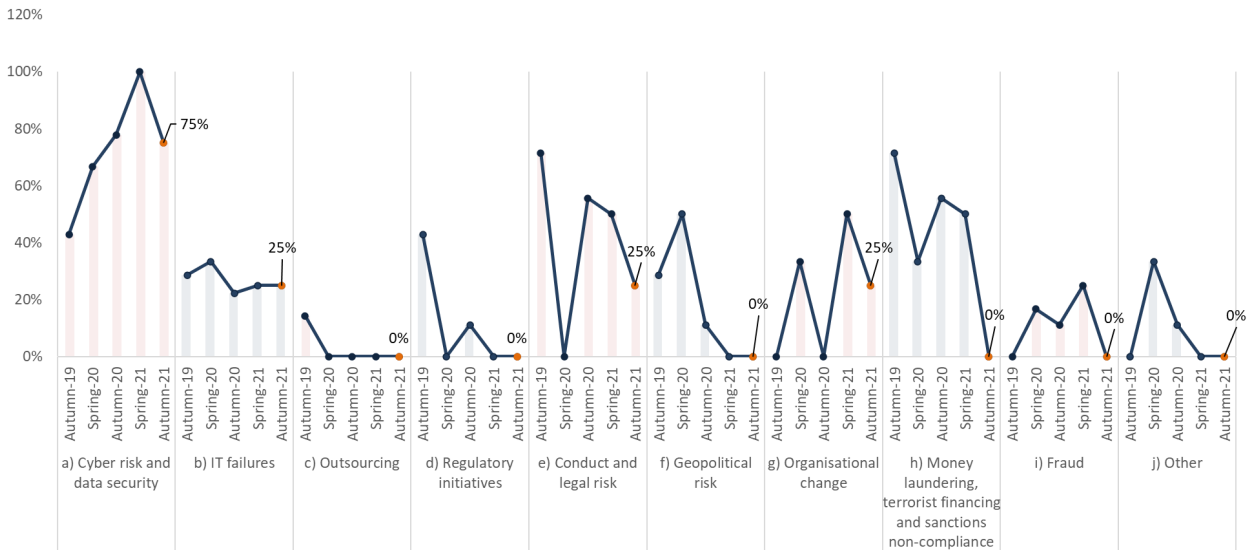


Question 3: comparison with earlier results



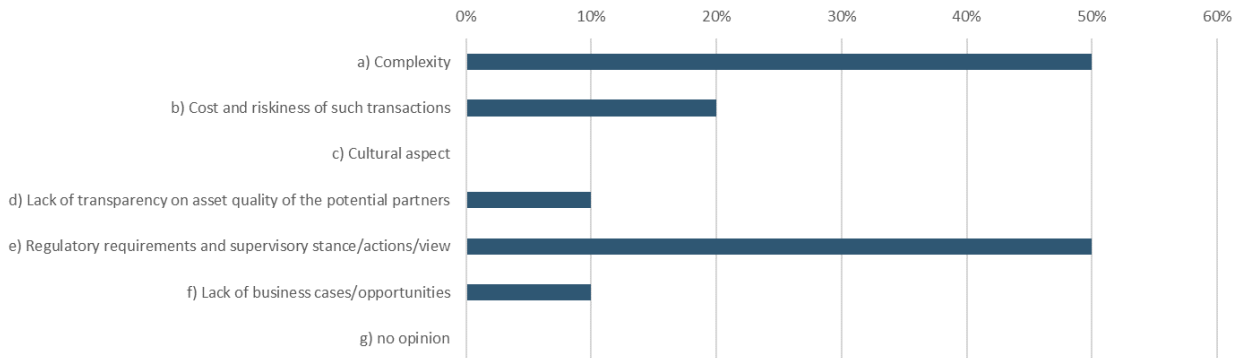
Question 3.1: comparison with earlier results

Q3.1 If applicable, what are the main driver for increasing operational risk? (please do not agree with more than 3 options)



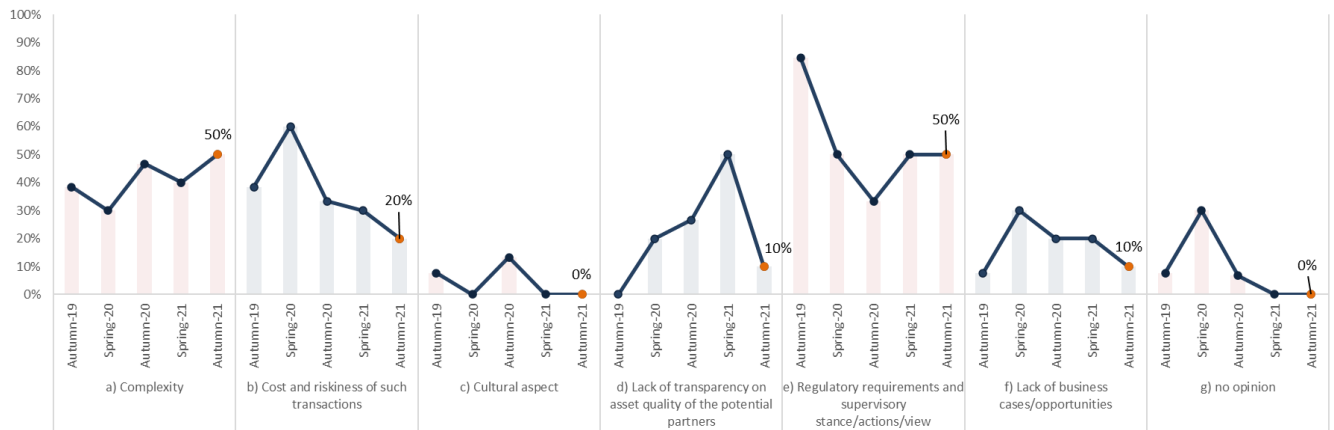
Question 4: Autumn 2021 results

Q4 What are the main obstacles to M&A? (please do not agree with more than 2 options)



Question 4: comparison with earlier results

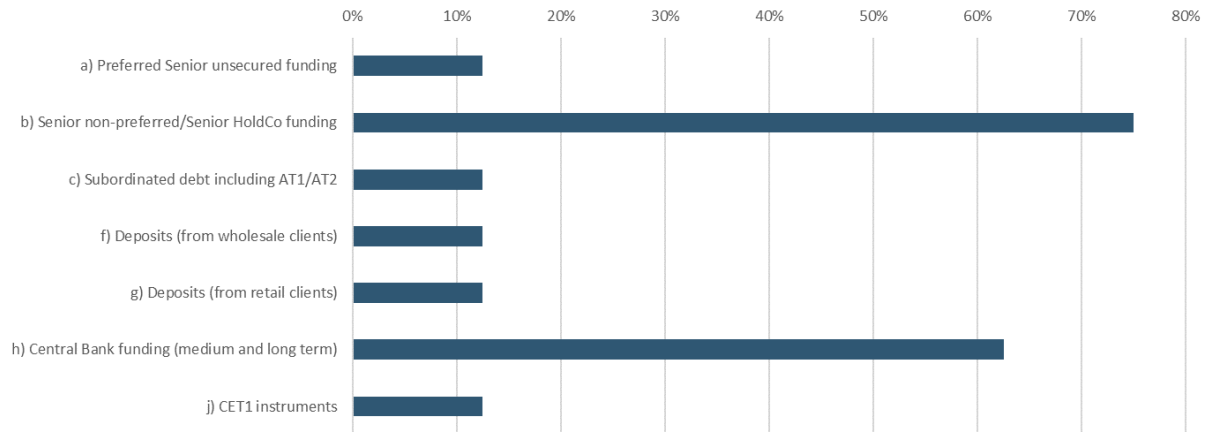
Q4 What are the main obstacles to M&A? (please do not agree with more than 2 options)



2. Funding / Liquidity

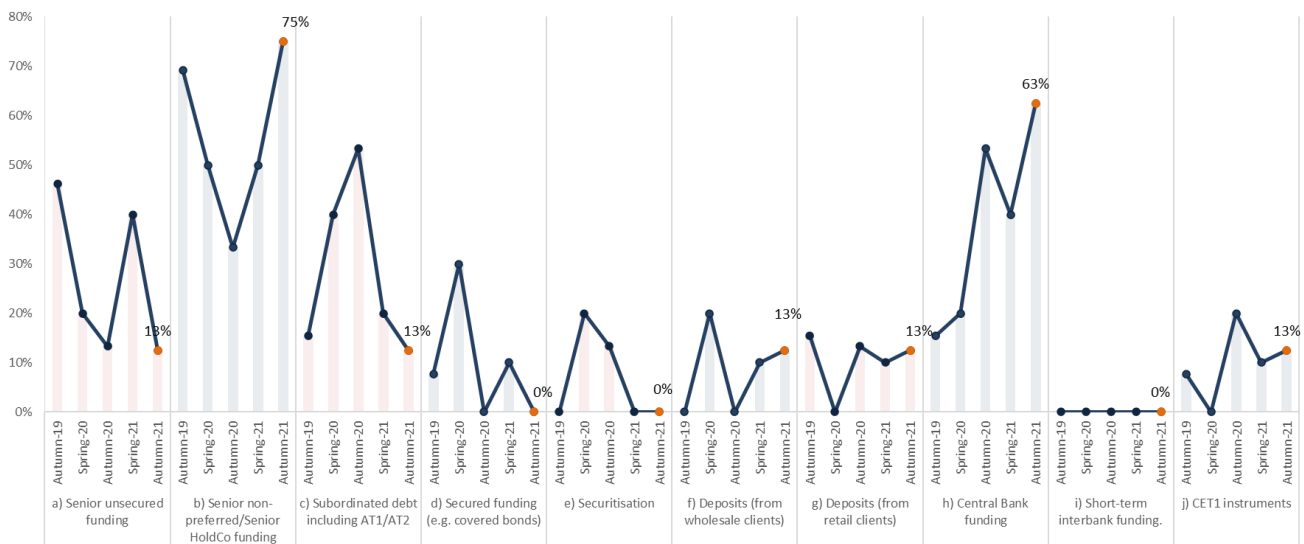
Question 5: Autumn 2021 results

Q5 In the next 12 months, which funding instruments do you expect banks to focus on?
(please do not agree with more than 2 options)



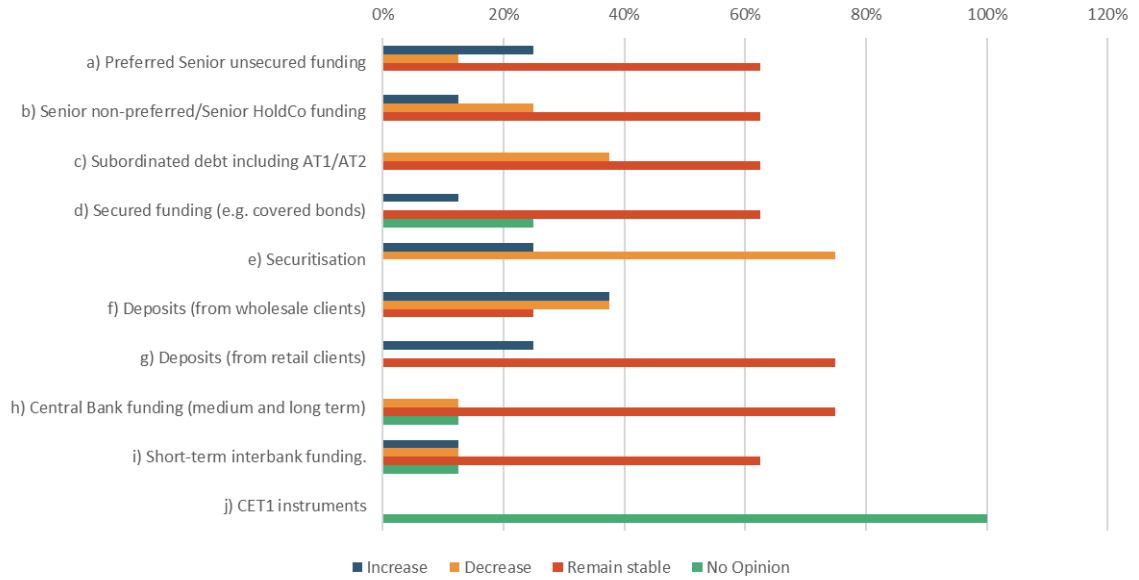
Question 5: comparison with earlier results

Q5 In the next 12 months, which funding instruments do you expect banks to focus on? (please do not agree with more than 2 options)



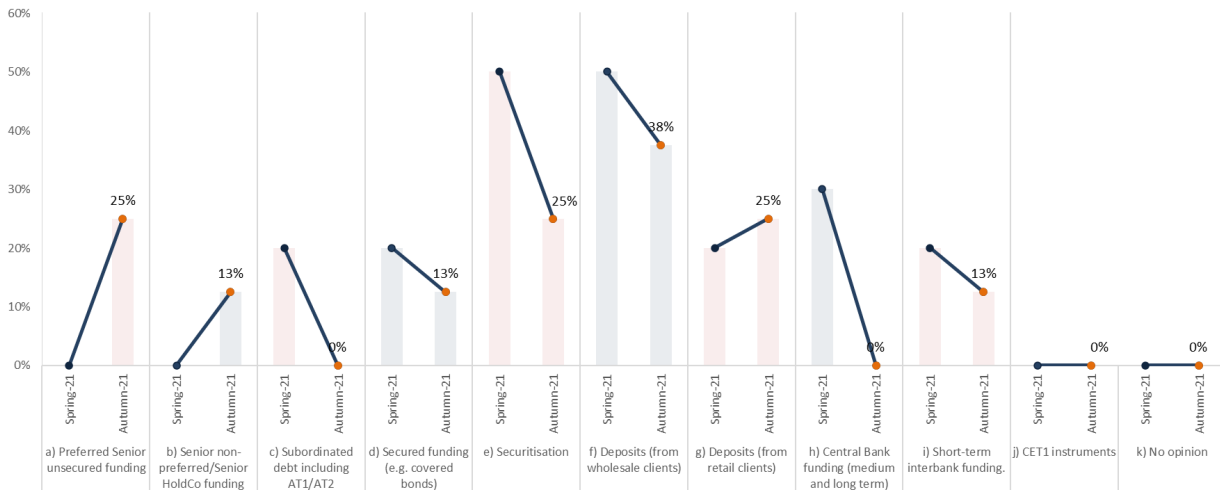
Question 6: Autumn 2021 results

Q6 In the next 12 months, which are your expectations on the cost of the following funding sources?



Question 6: comparison with earlier results

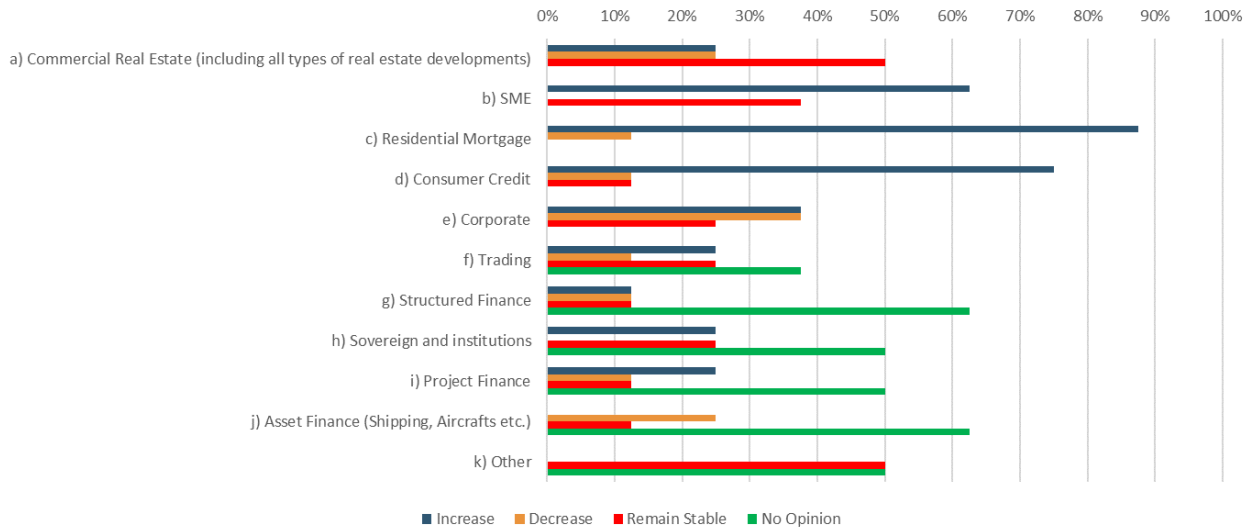
Q6 Funding sources for which you expect an increase in the next 12 months



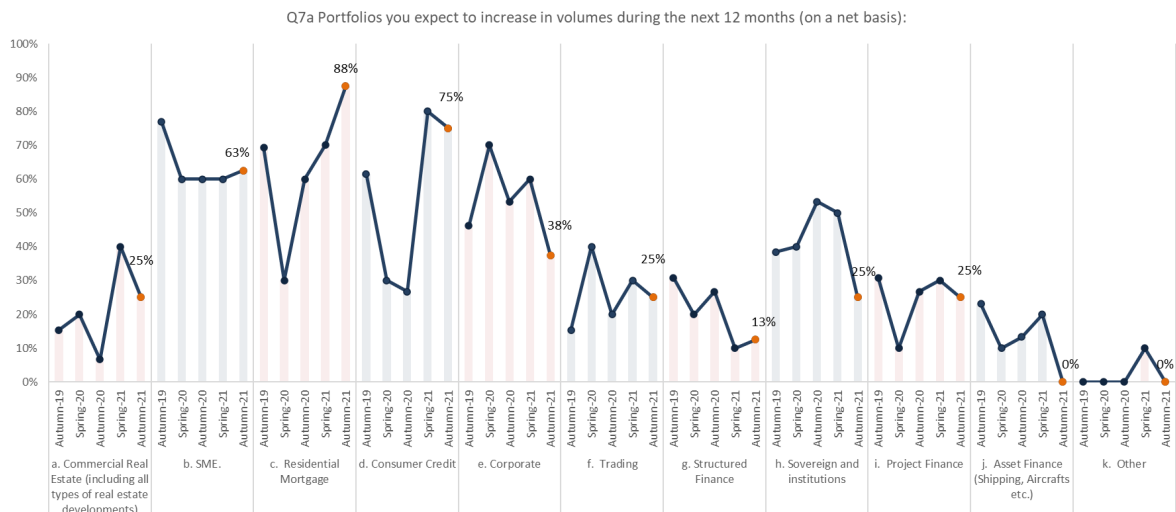
3. Asset composition & quality

Question 7: Autumn 2021 results

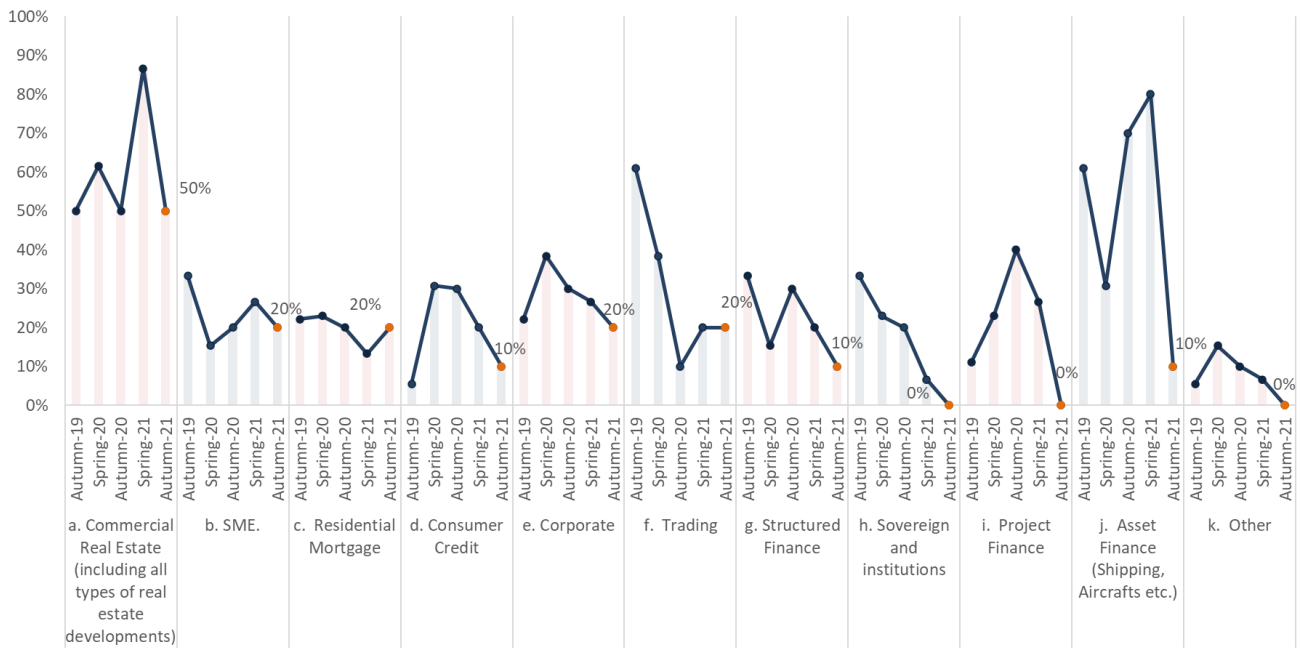
Q7 Which portfolios do you expect to increase/decrease in volume during the next 12 months? (on a net basis)



Question 7: comparison with earlier results

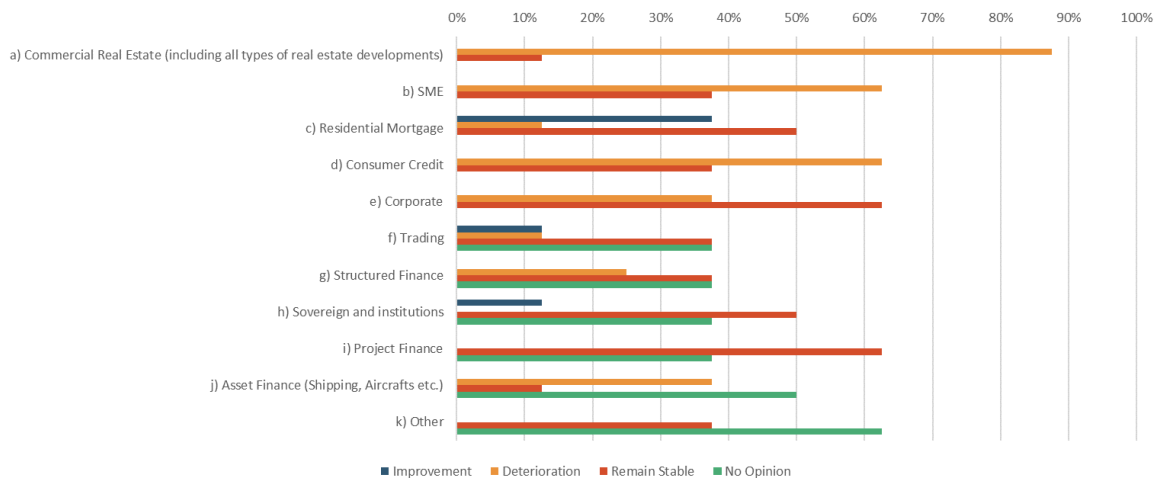


Q7b Portfolios you expect to decrease in volumes during the next 12 months (on a net basis):



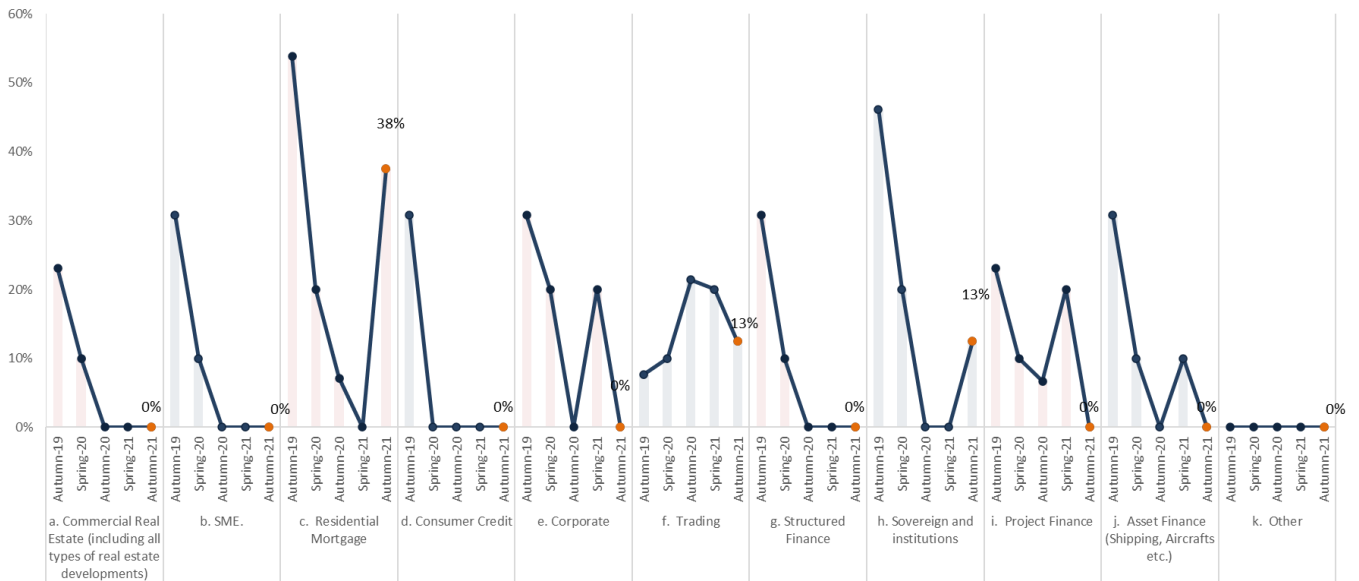
Question 8: Autumn 2021 results

Q8 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?

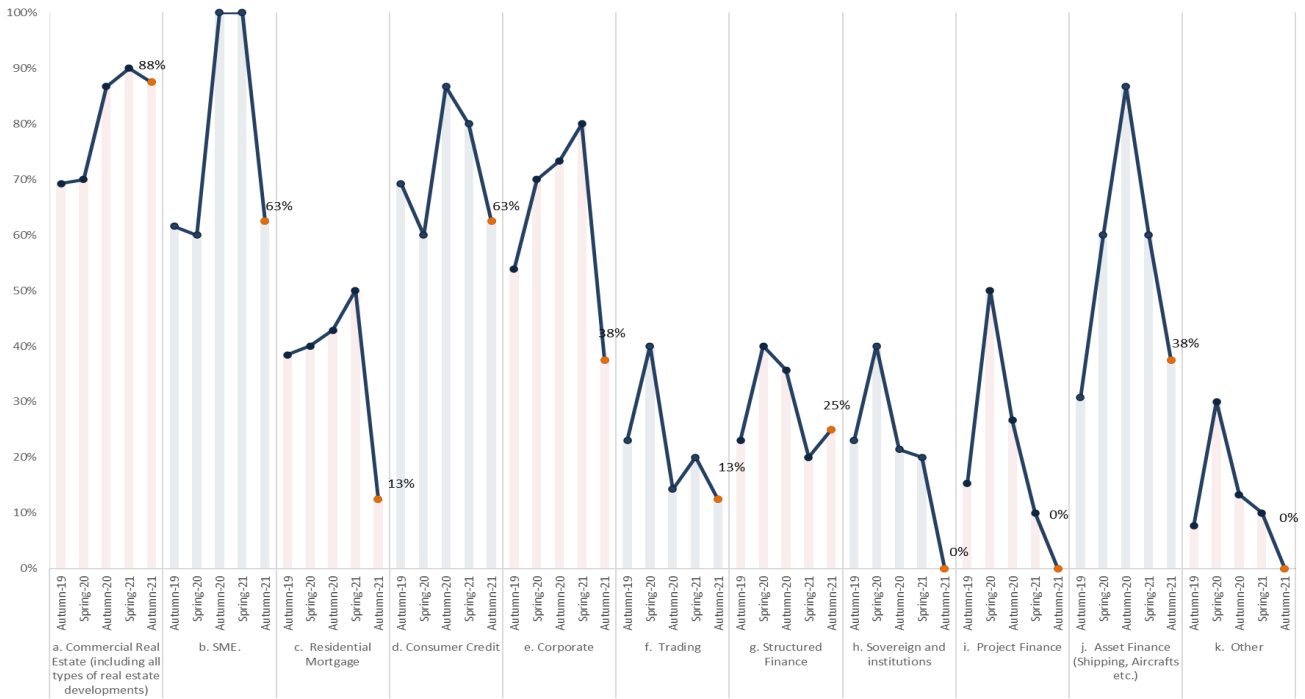


Question 8: comparison with earlier results

Q8a For which sectors do you expect an improvement in asset quality in the following 12 months?

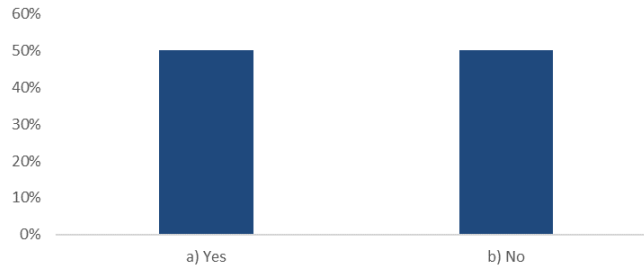


Q8b For which sectors do you expect a deterioration in asset quality in the following 12 months?



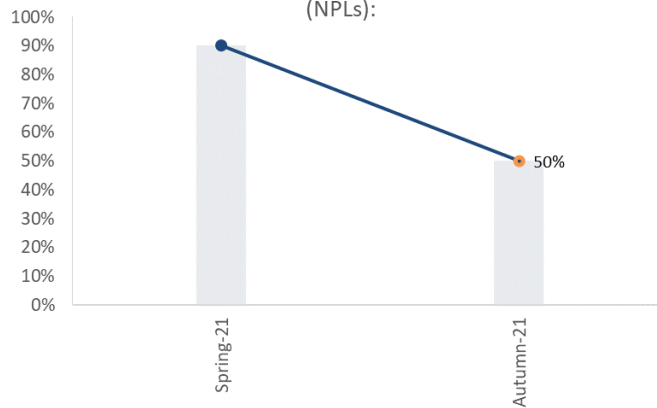
Question 9: Autumn 2021 results

Q9 Are there any impediments for banks to resolve their stock and new flows non-performing loans (NPLs):



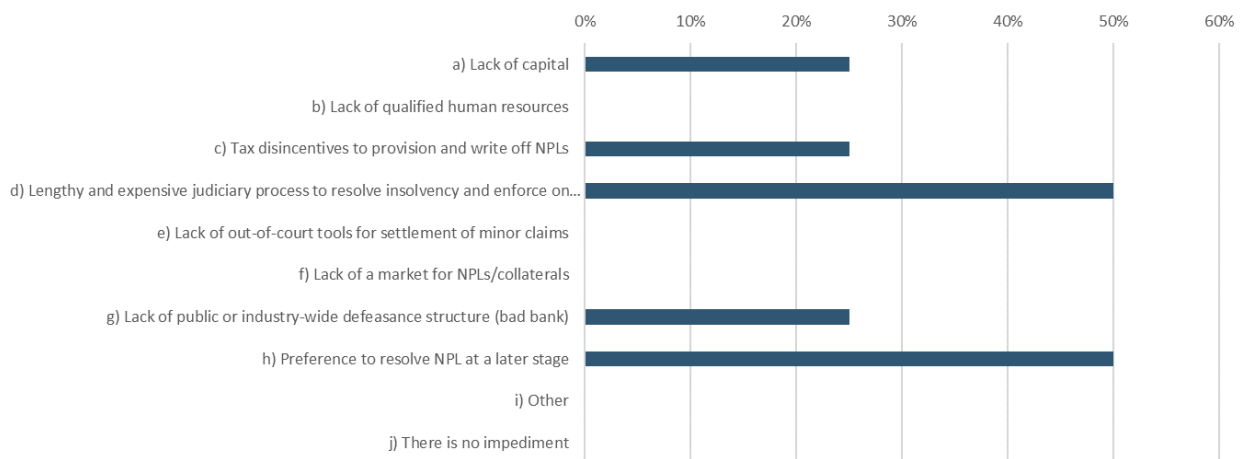
Question 9: comparison with earlier results

Q9 Are there any impediments for banks to resolve their stock and new flows non-performing loans (NPLs):

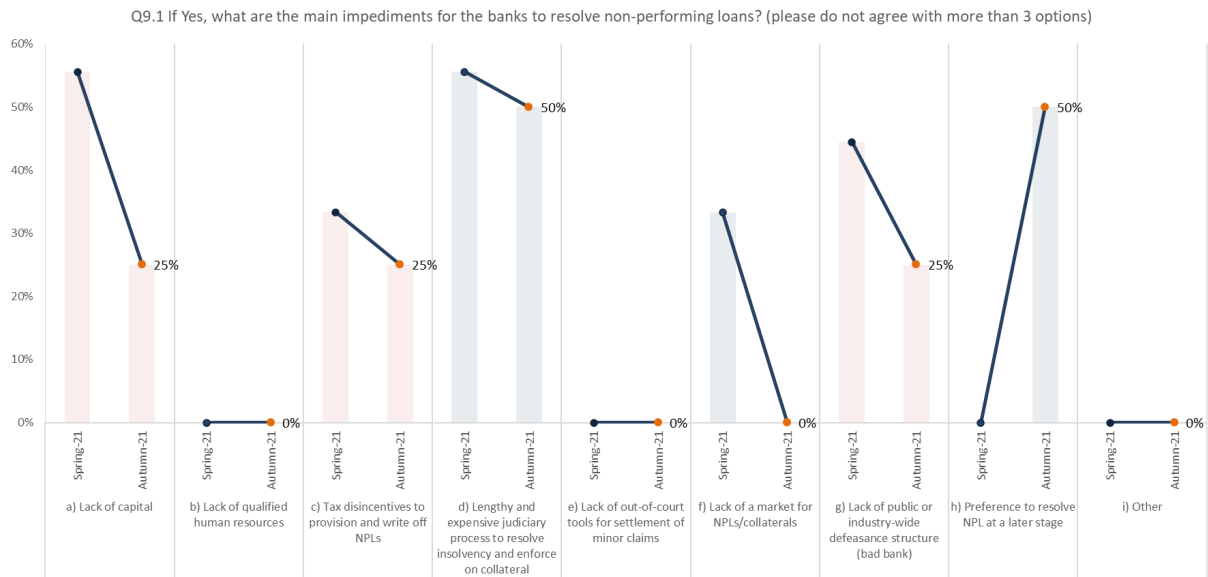


Question 9.1: Autumn 2021 results

Q9.1 If Yes, what are the main impediments for the banks to resolve non-performing loans? (please do not agree with more than 3 options)

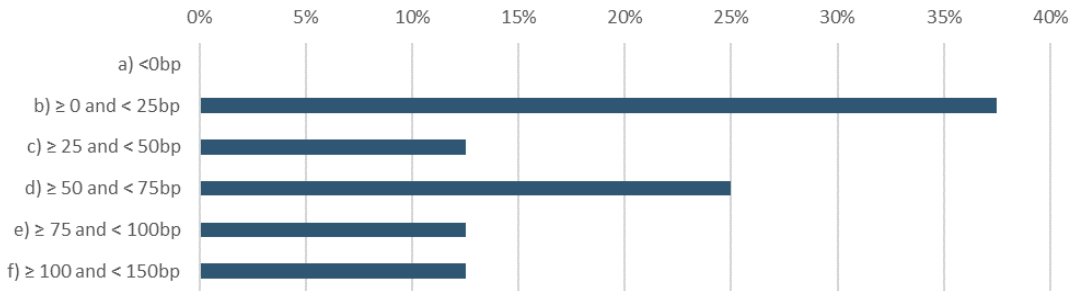


Question 9.1: comparison with earlier results



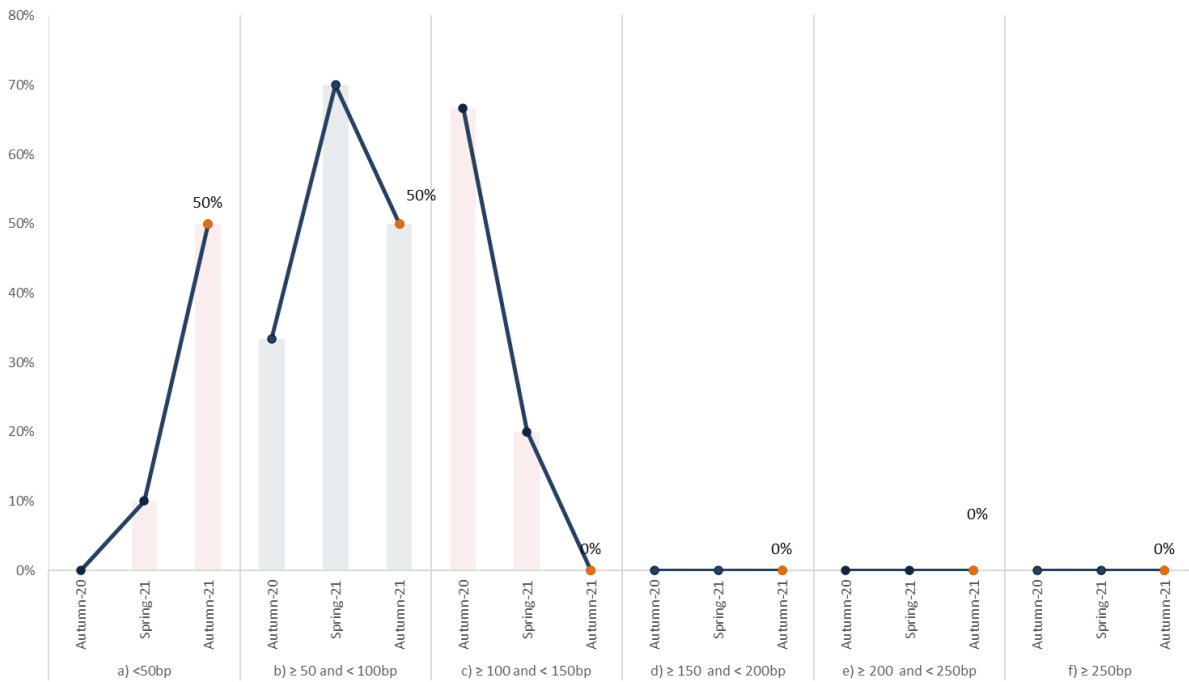
Question 10: Autumn 2021 results

Q10 What is your Cost of Risk estimation (change in allowances and provisions as a ratio of total loans and advances subject to impairment) for the EU Banking Sector in the current financial year on broad average?



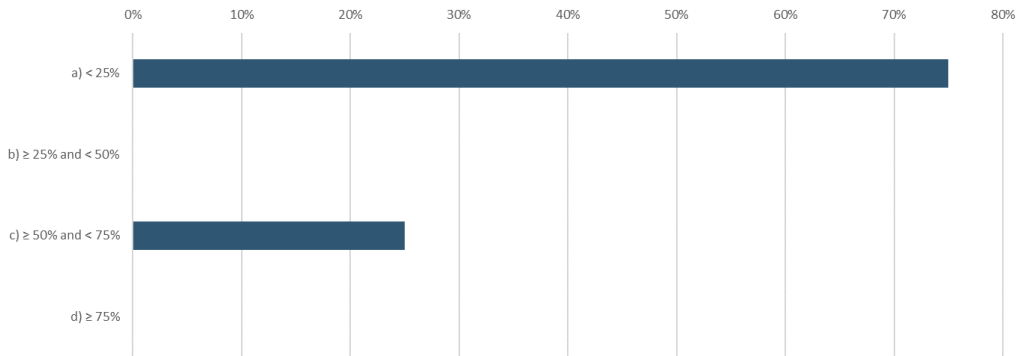
Question 10: comparison with earlier results

Q10 What is your Cost of Risk estimation (change in allowances and provisions as a ratio of total loans and advances subject to impairment) for the EU Banking Sector in the current financial year on broad average?



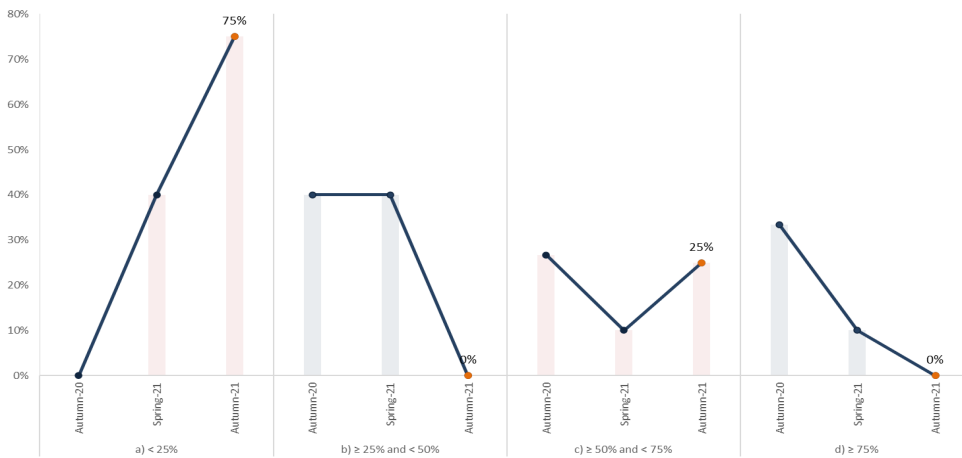
Question 11: Autumn 2021 results

Q11 Of the above amount, how much is estimated due to the COVID-19 overlay, i.e. the part of the 2021 cost of risk which will be considered through additional management judgement and is due to COVID-19?"



Question 11: comparison with earlier results

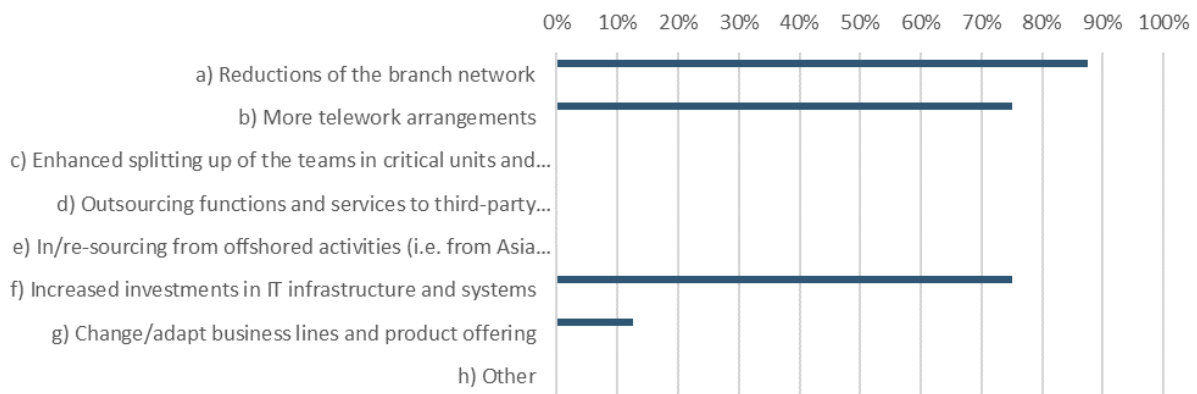
Q11 Of the above amount, how much is estimated due to the COVID-19 overlay, i.e. the part of the 2021 cost of risk which will be considered through additional management judgement and is due to COVID-19?"



4. General Questions

Question 12: Autumn 2021 results

Q12 What permanent organisational changes have banks widely implemented as response to the COVID-19 crisis?



Annex: List of EU banks involved in current RAQ survey

Financial Institution	Country
BAWAG Group	Austria
Erste Group Bank AG	Austria
RBI	Austria
Belfius Bank	Belgium
KBC Group	Belgium
First Investment Bank AD	Bulgaria
Bank of Cyprus	Cyprus
Hellenic Bank	Cyprus
Danske Bank A/S	Denmark
Nykredit Realkredit Group	Denmark
AS LHV Pank	Estonia
Nordea Bank Abp	Finland
OP Financial Group	Finland
BNP PARIBAS S.A.	France
CONFEDERATION NATIONALE CREDIT MUTUEL (CNCM)	France
CREDIT AGRICOLE SA	France
Groupe BPCE	France
La Banque Postale	France
Societe Generale	France
Commerzbank AG	Germany
Deutsche Bank AG	Germany
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	Germany
Helaba - Landesbank Hessen-Thüringen	Germany
Landesbank Baden-Württemberg	Germany
NORD/LB Norddeutsche Landesbank - Girozentrale	Germany
ALPHA Bank	Greece
Eurobank S.A.	Greece
NATIONAL BANK OF GREECE	Greece
PIRAEUS FINANCIAL HOLDINGS S.A.	Greece
OTP Bank Nyrt.	Hungary
Allied Irish Banks Plc	Ireland
Bank of Ireland	Ireland
Landsbankinn hf.	Iceland

Financial Institution	Country
Banca Monte dei Paschi di Siena Spa	Italy
Banco BPM SpA	Italy
BPER Banca S.p.A.	Italy
INTESA SANPAOLO	Italy
UniCredit S.p.A.	Italy
Banque et Caisse d'Epargne de l'Etat	Luxembourg
Bank of Valletta plc	Malta
ABN AMRO	The Netherlands
Cooperatieve Rabobank U.A.	The Netherlands
ING Groep N.V.	The Netherlands
DNB Bank ASA	Norway
SpareBank 1 SR-Bank ASA	Norway
Bank Pekao S.A.	Poland
PKO Bank Polski S.A.	Poland
Banco Comercial Português S.A.	Portugal
Caixa Geral de Depósitos, S.A. (CGD)	Portugal
BANCA TRANSILVANIA	Romania
Nova Ljubljanska banka	Slovenia
Banc Sabadell, S.A.	Spain
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	Spain
BANKINTER, S.A.	Spain
CAIXABANK, S.A.	Spain
Santander Group	Spain
SEB	Sweden
Svenska Handelsbanken AB	Sweden
Swedbank AB	Sweden

Appendix: Risk Assessment Questionnaire for banks

[added on the following pages]



EBA Risk Assessment Questionnaire for Banks - Autumn 2021

Fields marked with * are mandatory.

Respondent information

* Financial Institution

* Country

LEI code of financial institution

Text of 20 to 20 characters will be accepted

* Contact e-mail address

I agree with EBA privacy notice

[EBA_Privacy_notice_2021.pdf](#)

Please note the EBA RAQ booklet, which summarises the aggregate results of the survey ([see the last version](#)), will again include a list of participating banks (no bank by bank results or similar will be disclosed)."

Business model/strategy/profitability

* Q1 Are you considering (or have you considered) M&A transactions?

- a) Yes
- b) No

*** Q1.1 if Yes, are you potentially considering M&A transactions with/of?**

- a) Domestic business units and/or portfolios
- b) Domestic credit institutions
- c) Credit institutions, business units and/or portfolios in other EU/EEA
- d) Credit institutions, business units and/or portfolios from outside the EU/EEA
- e) Fintech firms (domestic or foreign).
- f) Non-bank financial service providers

*** Q1.2 if No, what are the main reasons for not considering M&A transactions? (please do not agree with more than 2 options)**

at most 2 choice(s)

- a) Complexity
- b) Cost and riskiness of such transactions
- c) Cultural aspects
- d) Lack of transparency on asset quality of the potential partners
- e) Regulatory requirements and supervisory stance/actions/view
- f) Lack of business cases/opportunities
- g) Not envisaged

*** Q2 What is the minimum return on equity (ROE) level that your bank needs to operate on a longer term basis?**

- a) < 6%
- b) ≥ 6% and < 8%
- c) ≥ 8% and < 10%
- d) ≥ 10% and < 12%
- e) ≥ 12% and < 14%
- f) ≥ 14%

*** Q3 Are your current earnings (ROE) covering the cost of equity?**

- a) Yes
- b) No
- c) No Opinion

*** Q4 What is your Cost of Equity estimation?**

- a) < 6%
- b) ≥ 6% and < 8%
- c) ≥ 8% and < 10%
- d) ≥ 10% and < 12%
- e) ≥ 12%

*** Q5 Do you expect an overall increase in your bank's profitability in the next 6 to 12 months?**

- a) Yes
- b) Probably Yes
- c) Probably No
- d) No
- e) No Opinion

Q6 Which areas do you primarily target to increase profitability of your bank in the next 6 to 12 months? (ranking according to priority with 1-High Priority and 4-Low Priority)

at least 6 answered row(s)

	1	2	3	4	N/A
* a) Net interest income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Net fee and commission income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Other operating income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Operating expenses / costs reduction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Impairments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Q6.1 If you rank net interest income with (1) or (2), what are the main areas to increase net interest income? (please do not agree with more than 2 options)

at most 2 choice(s)

- a) increasing lending volumes
- b) focusing on higher risk assets (e.g. consumer finance, commercial real estate, SME, CLOs)
- c) reducing funding costs
- d) Other

* Q7 Which measures are you primarily taking to reduce operating expenses / costs? (please do not agree with more than 3 options)

at most 3 choice(s)

- a) Overhead and staff costs reduction
- b) Outsourcing
- c) Off-shoring or near-shoring
- d) Reducing business activities (business lines and locations, incl. branches)
- e) Increasing automatization and digitalisation
- f) Other

* Q8 How do you expect rising market yields to affect your bank's profitability in the next 6 to 12 months?

- a) Very positive impact
- b) Rather positive impact
- c) Rather negative impact
- d) Very negative impact
- e) No impact

* Q9 In which areas is your bank working on solutions for the replacement of IBOR benchmark rates (EONIA, LIBOR etc.)?

- a) Related to new business (e.g. issuance of new funding instruments with variable rates referring to new / alternative risk free rates)
- b) Related to existing business (e.g. preparing the change of existing contracts, replacing existing IBOR references to alternative ones)

- c) Related to the bank's internal operations, capabilities and systems (e.g. valuation models)
- d) Not applicable

Q10 In which area would you currently see the biggest challenges and potentially the biggest risks in your preparations in view of the IBOR replacements?

	Agree	Somewhat Agree	Somewhat Disagree	Disagree	No Opinion
* a) Related to existing business on the asset side (e.g. variable rate loans)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Related to existing funding (e.g. debt securities issued with variable rates)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Related to other existing instruments / business (e.g. derivatives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Related to new business (e.g. newly issued debt securities, variable rate loans or derivatives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Related to changes in the bank's internal operations, capabilities and systems (e.g. valuation models)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Do not see any big challenges / big risks related to the IBOR replacements.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Funding/liquidity

*** Q11 In the next 12 months, which funding instruments do you intend to focus on? (please do not agree with more than 2 options)**

at most 2 choice(s)

- a) Preferred senior unsecured funding
- b) Senior non-preferred / Senior HoldCo funding
- c) Subordinated debt including AT1/T2
- d) Secured funding (covered bonds)
- e) Securitisations
- f) Deposits (from wholesale clients)
- g) Deposits (from retail clients)
- h) Central Bank funding (medium and long-term)
- i) Short-term interbank funding
- j) CET1 instruments
- k) Not applicable

*** Q12 Which are the main constraints to issue instruments eligible for MREL? (please do not agree with more than 2 options)**

at most 2 choice(s)

- a) Pricing (e.g. spread between MREL-eligible and MREL-ineligible instruments)
- b) No sufficient investor demand (e.g. these instruments are not attractive in risk-return considerations)
- c) No sufficient investor demand due to regulatory and supervisory uncertainty
- d) Uncertainty on required MREL amounts and their composition
- e) Uncertainty on eligibility of instruments for MREL
- f) Have already attained sufficient amounts of MREL-eligible instruments
- g) There are no constraints

*** Q13 In the current low and negative interest rate environment, which of the following actions have you taken in relation to deposits?**

- a) Charging negative rates to household deposits or current accounts
- b) Charging negative rates to non-financial corporate deposits or current accounts
- c) Charging higher fees for household deposits or current accounts and related services (e.g. payments or transfer of funds, direct debits, standing orders, annual or monthly fee, issuance fee for debit card etc)
- d) Charging higher fees for non-financial corporate deposits or current accounts and related services (e.g. payments or transfer of funds, direct debits, standing orders, annual or monthly fee, etc)
- e) None of the above

*** Q14 What are your main considerations for avoiding to charge negative rates? (please do not agree more than 2 options)**

at most 2 choice(s)

- a) Legal clarity (e.g. legal restrictions on negative deposit rates)
- b) Reputational issues
- c) A preference for charging higher fees
- d) Competition from other banks and non-banks
- e) Preserving the stability of the deposit base
- f) Official interest rates are positive
- g) Not applicable

Asset composition and quality

Q15 Which portfolios do you plan to increase/decrease in volume during the next 12 months (on a net basis)?

	Increase	Decrease	Stable	No Opinion
* a) Commercial Real Estate (including all types of real estate developments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) SME	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Residential Mortgage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* d) Consumer Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Corporate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Trading	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Structured Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Sovereign and institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Project Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* j) Asset Finance (Shipping, Aircrafts etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* k) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q16 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?

	Improve	Deteriorate	Remain Stable	No Opinion
* a) Commercial Real Estate (including all types of real estate developments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) SME	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Residential Mortgage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Consumer Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Corporate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Trading	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Structured Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Sovereign and institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Project Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* j) Asset Finance (Shipping, Aircrafts etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* k) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*** Q17 What is your Cost of Risk (change in allowances and provisions as a ratio of total loans and advances subject to impairment) estimation for the current financial year?**

- a) < 0bp
- b) ≥ 0 and < 25bp
- c) ≥ 25 and < 50bp
- d) ≥ 50 and < 75bp
- e) ≥ 75 and < 100bp
- f) ≥ 100 and < 150bp
- g) ≥ 150 and < 200bp
- h) ≥ 200 and < 250bp

- i) $\geq 250\text{bp}$

*** Q18 Of the above amount, how much is estimated due to the COVID-19 overlay, i.e. the part of the 2021 cost of risk which will be considered through additional management judgement and is due to COVID-19?**

- a) $< 25\%$
 b) $\geq 25\%$ and $< 50\%$
 c) $\geq 50\%$ and $< 75\%$
 d) $\geq 75\%$

*** Q19 What are your most common strategies for NPL reduction and to prevent built-up of NPL (please do not agree with more than 2 options)?**

at most 2 choice(s)

- a) Hold and forbearance based strategies (i.e. holding NPLs and applying suitable workout strategies and forbearance options)
 b) Active portfolio reductions: sales (e.g. NPL and other portfolio transactions)
 c) Active portfolio reductions: NPL securitisations
 d) Change of type of exposure or collateral (e.g. foreclosure, debt to equity, debt to asset swaps, collateral substitution)
 e) Legal options (e.g. insolvency proceedings, out-of-court solutions)

*** Q20 Are there any impediments to resolve non-performing loans (stock and new flow)?**

- a) Yes
 b) No

*** Q20.1 If Yes, what are the main impediments for your institution to resolve non-performing loans? (please do not agree with more than 2 options)**

at most 2 choice(s)

- a) Lack of capital
 b) Lack of qualified human resources
 c) Tax disincentives to provision and write off NPLs
 d) Inefficient legal framework and judiciary process to resolve insolvency and enforce on collateral (please do not agree with more than 2 options)
 e) Lack of out-of-court tools for settlement of minor claims
 f) Lack of a market for NPLs/collaterals
 g) Lack of public or industry-wide defeasance structure (bad bank)
 h) Preference to resolve NPL at a later stage
 i) Other
 j) Not applicable (i.e. there is no need to resolve NPLs)

Conduct, Reputational and Operational risk

*** Q21 Since the end of your Financial Year 2007/8, how much has your firm paid out in the form of compensation, redress, litigation and similar payments [converted to EUR, aggregate amount]?**

- a) < EUR 100m
- b) ≥ EUR 100m and < EUR 500m
- c) ≥ EUR 500m and < EUR 1bn
- d) ≥ EUR 1bn and < EUR 5bn
- e) ≥ EUR 5bn and < EUR 10bn
- f) ≥ EUR 10bn and < EUR 20bn
- g) ≥ EUR 20bn

*** Q22 Do you see an increase in operational risk in your bank:**

- a) Yes
- b) No
- c) No Opinion

*** Q22.1 If applicable, what are the main drivers for increasing operational risk is (please do not agree with more than 3 options):**

at most 3 choice(s)

- a) Cyber risk and data security
- b) IT failures
- c) Outsourcing
- d) Regulatory initiatives
- e) Conduct and legal risk
- f) Geopolitical risk
- g) Organisational change
- h) Breaches of anti-money laundering and counter terrorism financing obligations
- i) Breaches of applicable restrictive measures (financial sanctions)
- j) Fraud
- k) Other

Q23 How do you expect your ML/TF risk exposure related to the following products / business lines to evolve in the next 6 to 12 months?

	Increase	Decrease	No impact
* a) Corporate finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Trading and sales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Retail banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Commercial banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Payment and settlement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Agency services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Asset management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Retail brokerage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*** Q24 What permanent organisational changes are now in place as response to the COVID-19 crisis?**

- a) Reductions of the branch network
- b) More telework arrangements
- c) Enhanced splitting up of the teams in critical units and setting-up of new locations

- d) Outsourcing functions and services to third-party providers
- e) In/re-sourcing from offshored activities (i.e. from Asia back to the EU)
- f) Increased investments in IT infrastructure and systems
- g) Change/adapt business lines and product offering
- h) Other

FinTech

***Please note that for the purposes of this questionnaire FinTech is defined as ‘Technologically enabled financial innovation that could result in new business models, applications, processes, or products with an associated material effect on financial markets and institutions and the provision of financial services’ (Financial Stability Board).**

Q25 What budgetary changes are you planning from Q2 2021 onwards as a result of COVID-19?

	Significant increase (more than 10%)	Slight increase (10% or less)	No change	Slight decrease (10% or less)	Significant decrease (more than 10%)
* a) Investment in non-bank FinTech firms/start-ups (e.g. acquisitions, participations, venture capital)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Spending on IT upgrade and maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Spending on digital innovation /new technologies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q26 What is the level of involvement of your institution with the application of the following technologies?

	In use / launched	Pilot testing	Under development	Under discussion	No activity
* a) Cloud computing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Digital/Mobile wallets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Distributed Ledger Technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Big Data analytics (defined as the use of advanced analytic techniques such as machine learning, against very large, diverse data sets from different sources, and in different sizes.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Biometrics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* f) Artificial Intelligence (including machine learning and natural language processing)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Smart contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q26.1 If 'In use / launched' or 'Pilot testing', please list some actual use cases/applications of these technologies. (OPEN ENDED QUESTION)

a) Cloud computing

b) Digital/Mobile wallets

c) Distributed Ledger Technology

d) Big Data analytics (defined as the use of advanced analytic techniques such as machine learning, against very large, diverse data sets from different sources, and in different sizes.)

e) Biometrics

f) Artificial intelligence (including machine learning and natural language processing)

g) Smart contracts

Sustainable Finance

*** Q27 For which of the following financial risk categories do you consider ESG factors in your risk management?**

- a) Credit risk – loss resulting from defaults
- b) Market risk – trading loss

- c) Liquidity risk – loss due to liquidity shortage
- d) Operational risk – loss due to operational failures and legal risk
- e) Business/strategic risk – loss of basis for business model
- f) Reputational risk – loss of reputation
- g) Other (please specify)
- h) None of the above

g) Other

*** Q28 What methodologies do you use to assess or measure your ESG risks^[1]?**

[1] For additional information please see section 3 of EBA Report on management and supervision of ESG risks for credit institutions and investment firms (EBA/REP/2021/18)

- a) Portfolio alignment method
- b) Exposure method – internal ESG scores or ratings
- c) Exposure method – external ESG scores or ratings
- d) Risk framework method, including scenario analysis or stress testing
- e) Other (please specify)
- f) None of the above

e) Other

*** Q29 What metrics do you use to assess your balance sheet's exposure to environmental, including climate-related, risks (e.g. the risks stemming from the impact of environmental factors on your counterparties or asset invested)?**

- a) Carbon or greenhouse gas (GHG) financed emissions (i.e. counterparties' emissions associated with lending and investment activities of the institutions) of all portfolios
- b) Carbon or GHG financed emissions (i.e. counterparties' emissions associated with lending and investment activities of the institutions) of some portfolios
- c) Share of green exposures [Based on institutions' own approaches or other available approaches]
- d) Share of environmentally harmful exposures [Based on institutions' own approaches or other available approaches]
- e) Environmental scores or ratings of counterparties
- f) Other (please specify)
- g) None of the above

f) Other

Q30 What are the main data sources you are expecting to rely on in the short-term for the purposes of ESG risk assessment and monitoring? (ranking according to priority with 1-High Priority and 4-Low Priority)

	1	2	3	4	N/A
* a) Non-Financial Reporting Directive (NFRD) / Corporate Sustainability Reporting Directive (CSRD)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Data collection through bilateral engagements with counterparties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) External data providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Other

Open question

*** Q31 Looking at the EU banking sector, you expect other sources of risk or vulnerabilities to increase further in the next 6 to 12 months. Please indicate possible additional sources of risks and vulnerabilities.**

Appendix: Risk Assessment Questionnaire for market analysts

[added on the following pages]



EBA Risk Assessment Questionnaire for Market Analysts - Autumn 2021

Fields marked with * are mandatory.

Respondent information

* First Name

* Last Name

* Position

* Company

* Contact e-mail address

I agree with the EBA privacy notice

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A. Business model/strategy/profitability

Please select your choice for every box.

Your response should reflect the degree of agreement to the statement made.

Q1 What are your short-term earnings expectations for banks?

	Agree	Somewhat agree	Somewhat disagree	Disagree	No Opinion
* a) Overall profitability will improve	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Overall cost efficiency will improve	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Total revenues will increase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Net interest margin will increase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Provisions/Impairments will increase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) No change expected in any of the above categories	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*** Q2 Looking at the EU banking sector, do you expect heightened litigation costs in the next 6 to 12 months?**

- a) Yes
- b) No
- c) No Opinion

*** Q3 Do you see an increase in EU banks' operational risk?**

- a) Yes
- b) No
- c) No Opinion

*** Q3.1 If applicable, what are the main driver for increasing operational risk? (please do not agree with more than 3 options)**

at most 3 choice(s)

- a) Cyber risk and data security
- b) IT failures
- c) Outsourcing
- d) Regulatory initiatives
- e) Conduct and legal risk
- f) Geopolitical risk
- g) Organisational change
- h) Breaches of anti-money laundering and counter terrorism financing obligations
- i) Breaches of applicable restrictive measures (financial sanctions)
- j) Fraud
- k) Other

*** Q4 What are the main obstacles to M&A? (please do not agree with more than 2 options)**

at most 2 choice(s)

- a) Complexity
- b) Cost and riskiness of such transactions
- c) Cultural aspect
- e) Regulatory requirements and supervisory stance/actions/view
- f) Lack of business cases/opportunities
- g) No opinion

- d) Lack of transparency on asset quality of the potential partners

B. Funding/liquidity

*** Q5 In the next 12 months, which funding instruments do you expect banks to focus on? (please do not agree with more than 2 options)**

at most 2 choice(s)

- | | |
|--|---|
| <input type="checkbox"/> a) Preferred Senior unsecured funding | <input type="checkbox"/> g) Deposits (from retail clients) |
| <input type="checkbox"/> b) Senior non-preferred/Senior HoldCo funding | <input type="checkbox"/> h) Central Bank funding (medium and long term) |
| <input type="checkbox"/> c) Subordinated debt including AT1/AT2 | <input type="checkbox"/> i) Short-term interbank funding. |
| <input type="checkbox"/> d) Secured funding (e.g. covered bonds) | <input type="checkbox"/> j) CET1 instruments |
| <input type="checkbox"/> e) Securitisation | <input type="checkbox"/> k) No opinion |
| <input type="checkbox"/> f) Deposits (from wholesale clients) | |

Q6 In the next 12 months, which are your expectations on the cost of the following funding sources?:

at least 11 answered row(s)

	Increase	Decrease	Remain Stable	No opinion
* a) Preferred Senior unsecured funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Senior non-preferred/Senior HoldCo funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Subordinated debt including AT1/AT2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Secured funding (e.g. covered bonds)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Securitisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Deposits (from wholesale clients)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Deposits (from retail clients)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Central Bank funding (medium and long term)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Short-term interbank funding.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* j) CET1 instruments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* k) No opinion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Asset composition & quality

Q7 Which portfolios do you expect to increase/decrease in volume during the next 12 months (on a net basis)?

at least 11 answered row(s)

	Increase	Decrease	Remain stable	No opinion
* a) Commercial Real Estate (including all types of real estate developments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) SME	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Residential Mortgage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Consumer Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Corporate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Trading	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Structured Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Sovereign and institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Project Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* j) Asset Finance (Shipping, Aircrafts etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* k) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?

	Improve	Deteriorate	Remain Stable	No opinion
* a) Commercial Real Estate (including all types of real estate developments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) SME	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Residential Mortgage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Consumer Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Corporate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Trading	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Structured Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Sovereign and institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Project Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* j) Asset Finance (Shipping, Aircrafts etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* k) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*** Q9 Are there any impediments for banks to resolve their stock and new flows non-performing loans (NPLs):**

- a) Yes
- b) No

*** Q9.1 If Yes, what are the main impediments for the banks to resolve non-performing loans? (please do not agree with more than 3 options)**

at most 3 choice(s)

- a) Lack of capital
- b) Lack of qualified human resources
- c) Tax disincentives to provision and write off NPLs
- d) Lengthy and expensive judiciary process to resolve insolvency and enforce on collateral
- e) Lack of out-of-court tools for settlement of minor claims
- f) Lack of a market for NPLs/collaterals
- g) Lack of public or industry-wide defeasance structure (bad bank)
- h) Preference to resolve NPL at a later stage
- i) Other
- j) There is no impediment

*** if "i) Other", please provide the key impediments**

*** Q10 What is your Cost of Risk estimation (change in allowances and provisions as a ratio of total loans and advances subject to impairment) for the EU Banking Sector in the current financial year on broad average?**

- a) < 0bp
- b) ≥ 0 and < 25bp
- c) ≥ 25 and < 50bp
- d) ≥ 50 and < 75bp
- e) ≥ 75 and < 100bp
- f) ≥ 100 and < 150bp
- g) ≥ 150 and < 200bp
- h) ≥ 200 and < 250bp
- i) ≥ 250bp

*** Q11 Of the above amount, how much is estimated due to the COVID-19 overlay, i.e. the part of the 2021 cost of risk which will be considered through additional management judgement and is due to COVID-19?"**

- a) < 25%
- b) ≥ 25% and < 50%
- c) ≥ 50% and < 75%
- d) ≥ 75%

General Questions

*** Q12 What permanent organisational changes have banks widely implemented as response to the COVID-19 crisis?**

- a) Reductions of the branch network
- b) More telework arrangements
- c) Enhanced splitting up of the teams in critical units and setting-up of new locations
- d) Outsourcing functions and services to third-party providers
- e) In/re-sourcing from offshored activities (i.e. from Asia back to the EU)
- f) Increased investments in IT infrastructure and systems
- g) Change/adapt business lines and product offering
- h) Other

*** Q13 Looking at the EU banking sector, do you expect other sources of risks or vulnerabilities to increase further in the next 6-12 months? Please indicate possible additional of risks and vulnerabilities**



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